

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF MARYLAND**

<b>In the Matter of the Investigation</b>	)	
<b>Into Changes in Certain Commission</b>	)	
<b>Regulations on Service Terminations,</b>	)	<b>Case No. 8919</b>
<b>Payment Plans, Residential Customer</b>	)	
<b>Deposits and Certain Emergency Regulations</b>	)	

**DISCUSSION PROPOSAL OF THE  
NATIONAL ENERGY MARKETERS ASSOCIATION**

Pursuant to the April 16, 2002, Notice circulated in the above-referenced proceeding, the National Energy Marketers Association (NEM) hereby submits the following proposal for discussion at the April 30, 2002, meeting of interested parties.

The Commission has undertaken a review of COMAR section 20.30.02 pertaining to residential customer deposits and COMAR section 20.31 pertaining to termination of service and payment plans. In its Order instituting this proceeding the Commission noted that, "as retail competition develops, this inquiry may contribute to a future consideration of the roles played by, and the requirements placed upon, unregulated gas and electric service providers versus that of the conventional utilities or any providers of last resort gas or electric service." (Order 77670 at page 4.)

NEM submits that an important consideration underpinning the termination of service to a customer, particularly in the case of utility-rendered consolidated billing, is the timely receipt and processing of accurate competitive supplier billing information. Competitive billing for electric customers is required by statute. (See Public Utilities Company Article Section 7-511.) The Commission did not require the provision of competitive billing for gas customers. (See Case No. 8846, Order 77245, at page 13.) According to the Gas Supplier Roundtable Supplemental Report and Recommendations, only one utility has endeavored to accommodate supplier consolidated billing.

Many implementation problems persist in the development of business rules, processes and procedures for handling billing problems with respect to customers that have migrated. At the very least, these implementation problems lead to customer confusion and errors with respect to payment allocation and account arrearages. In severe cases, these implementation problems, if left unremedied could lead to unwarranted termination of service. NEM urges that billing, processes, procedures, tariffs and rules should permit competitive suppliers to properly credit or debit a customer's bill and ensure that such modifications are clearly and timely reflected on customer bills provided by the utility.

An example of an unwarranted termination scenario is as follows: If a customer is overcharged incorrectly on a utility consolidated bill for commodity (due to transcription error or otherwise), and the utility does not implement changes to the bill to reflect the proper charges, when payment is received it will be allocated to the oldest receivable. If the oldest receivable is the incorrect commodity charge, it could cause the customer to be deficient in payment of the regulated charges.

A utility's prolonged failure to modify the incorrect commodity charge coupled with a failure to allocate monies received to the proper commodity and regulated charges could lead to unwarranted termination of service. Simultaneously, a competitive supplier will unjustifiably lose a customer that it has incurred expenses to enroll, service and maintain. None of this is in the public interest and merely serves to confuse consumers and engender ill-will.

NEM submits that the Commission should implement an interim solution before competitive billing becomes fully unbundled and before proper shopping credits are developed and implemented for customers to shop for competitive billing services. NEM understands that there is considerable investment required for utilities to properly configure and accommodate a dynamic electronic exchange of competitive supplier information. Indeed, NEM supports investment incentives to upgrade the technology spine of this industry.

However, until that is accomplished it is vital that consumers get error free bills, proper credits for payments made and marketers are not unfairly penalized with undue difficulties in billing customers, improper termination notices and lengthy wait times for account receivables. To solve all these problems in a fair and competitively-neutral way, NEM urges the Commission to consider permitting marketers to elect to have the utility billing party to cash out the receivables at a reasonable rate and handle all billing issues internally until billing is competitively unbundled and outsourced.

Given the enormous problems with legacy systems, this seems the only fair and equitable solution to what is becoming an insurmountable problem in the state of Maryland. This will also mitigate the consequences of the current state of uncertainty in billing rules, processes and standards to consumers and competitive suppliers.

Marketers and/or their customers should be able to indicate to the utility rendering a consolidated bill that a billing error has taken place in order to prevent unwarranted termination notices from being issued. Accordingly, NEM submits that the COMAR regulations should be modified to reflect these concerns as follows:

**COMAR Section 20.31.02.01 Insufficient Reasons for Terminations**

The following may not constitute sufficient cause for the utility to terminate service to an existing customer:

...

C. Payment allocation and billing errors and disputes with respect to a consolidated bill, when the customer receives service from a competitive provider, and for which the customer has remitted payment in satisfaction of the competitive provider's charge as calculated and/or modified by the competitive provider.

For the foregoing reasons, NEM urges the Hearing Examiner to incorporate these recommendations into the Report to be provided to the Commission in this proceeding.

Respectfully submitted,

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Dated: April 26, 2002.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 26<sup>th</sup> day of April 2002, that a copy of the foregoing Notice of Intervention was sent to the email service list in Case No. 8919.

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Stacey Rantala