



State of New Jersey  
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STEFANIE A. BRAND  
Director

March 11, 2013

**Via UPS Overnight Delivery and Electronic Mail**

Secretary Kristi Izzo  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

Re: I/M/O Board's Staff Utility Consolidated Billing/  
Purchase of Receivables Proposal  
BPU Dkt. No. Pending

Dear Secretary Izzo:

We enclose for filing an original and ten (10) copies of the Division of Rate Counsel's comments in the above referenced matter. These comments are being submitted pursuant to the Board's Notice of Opportunity to Comment on Board's Staff Utility Consolidated Billing/Purchase of Receivables Proposal issued in this matter. We are also sending an electronic copy of these comments to the e-mail account [energy.comments@bpu.state.nj.us](mailto:energy.comments@bpu.state.nj.us). We understand that a copy of these comments will also be circulated via the Board's electronic service list in this docket.

We are enclosing one additional copy of the materials transmitted. Please stamp and date the copy as "filed" and return in the self-addressed stamped envelope enclosed. Thank you for your consideration and assistance.

Respectfully submitted,

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By: *s/ Brian Weeks*  
Brian Weeks, Esq.  
Deputy Rate Counsel

c: Service List (via BPU e-service list)

**Board Staff's Utility Consolidated Billing/  
Preliminary Purchase of Receivables Proposal**

**Comments of the Division of Rate Counsel**

**March 11, 2013**

Please accept these comments on behalf of the Division of Rate Counsel on Board Staff's Utility Consolidated Billing ("UCB") / Purchase of Receivables ("POR") Proposal, circulated to the POR/Price to Compare Working Group on February 25, 2013. Rate Counsel's comments track the format of that seven-page proposal, and focus on suggested changes to the Staff recommendations.

1) Customer Eligibility - Class

Staff recommends requiring the gas distribution companies ("GDCs") and electric distribution companies ("EDCs") (collectively, "utilities") "to offer consolidated billing with POR to all residential and small to mid-sized commercial customers..." [POR Proposal p. 2.] Rate Counsel asks that Staff define, or ask input from the utilities to define, a "small to medium size" commercial customer.

Staff suggests that the utilities may offer at their option UCB/POR to "their large commercial and industrial accounts," but must continue to provide UCB/POR to these same customer classes if they currently do so. [POR Proposal p. 3.] Rate Counsel disagrees with this proposal, since it would expose ratepayers to a potentially significant expansion of their risk of non-payment by large commercial and industrial accounts. Instead, Rate Counsel asks that Staff maintain the status quo by allowing only those utilities who already do so to continue offering UCB/POR to their large commercial and industrial accounts who already participate.

In the alternative, Rate Counsel requests that Staff gather additional information from the utilities, including the amounts billed to their large commercial and industrial accounts and the default rates and trends for those customers, so the Parties may estimate the scale of additional non-payment risk to which this proposal would expose ratepayers.

#### 2) Customer Eligibility – 12 Month Restriction

Staff recommends that the utilities should not be able to deny UCB/POR to “a customer that has been dropped from UCB/POR to dual billing within the past 12-months if the customer makes payments that bring the relevant account to the point where it is not 90 or more days in arrears.” [POR Proposal p. 4.] Rate Counsel proposes modifying this proposal, to require utilities to offer UCB/POR to “a customer that has been dropped from UCB/POR to dual billing within the past 12-months if the customer makes payments that bring the relevant account to the point where it is **paid up to current status.**” This would limit the amount of potentially uncollectible accounts from third-party suppliers (“TPSs”) whose cost may be imposed on ratepayers by this proposal. With that modification, this Staff recommendation would be acceptable to Rate Counsel.

#### 3) Payment to TPS

Rate Counsel supports the Staff recommendation to continue the utilities’ current practices on the timing of payments to the TPSs.

#### 4) Drop to Dual Bills

Staff recommends that the minimum number of days that an electric customer’s account must be in arrears before an EDC providing consolidated billing to the customer may drop the customer to dual billing be increased from 60 days to 120 days. [POR Proposal p. 5.] Since this Staff recommendation would shift to ratepayers an additional

risk of non-payment, Rate Counsel's support is conditional. Rate Counsel agrees with continuing the current practice that a gas customer in arrears may continue on consolidated billing for a minimum of 120 days before the GDC may drop the customer to dual billing.

In a free market, the TPSs would assume such risks in exchange for the potentially profitable benefits. A free market model, however, assumes freely available information to ratepayers on the benefits of selecting a TPS. Unfortunately, while the Staff recommendation would shift to ratepayers some of the free market risk that properly belongs to the TPSs, ratepayers do not have full access to market information needed to make informed decisions about their energy providers. Accordingly, Rate Counsel asks that Staff assemble and analyze data on the actual cost savings that utility customers have achieved by selecting a TPS. With the provision of that market information, enabling more informed ratepayer decisions, this Staff recommendation would be acceptable to Rate Counsel.

#### 5) Arrearage Reports

Rate Counsel conditionally supports the Staff recommendation that the utilities provide the TPSs with monthly TPS customer arrearage reports including certain information. However, Rate Counsel recommends that the TPSs bear the cost of providing those reports, through the discount factors charged by the utilities for their UCB/POR services.

#### 6) Discount Factors / Consolidated Billing Fees

Rate Counsel supports the Staff recommendation that the utilities may seek to create or modify their discount factors or consolidated billing fees in a rate case

proceeding. Discount factors and consolidated billing fees should be set to compensate the utilities for their costs to bill on behalf of the TPSs and to avoid imposing any of the TPSs' billing costs on ratepayers. Based on experience in other states, Rate Counsel believes that an appropriate discount factor at this time would be in the range of 3%.

Rate Counsel thanks Staff for the opportunity to comment on its Utility Consolidated Billing / Purchase of Receivables Proposal.

cc: POR Working Group (via electronic mail only)