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March 11, 2013

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Kristi Izzo
Secretary
New Jersey Board of Public Utilities
44 S. Clinton Avenue, 9th Floor
Trenton, NJ 08625-0350

Re: Board Staff's Utility Consolidated Billing/ Purchase of Receivables Proposal

To the Honorable Commissioners of the New Jersey Board of Public Utilities:

This firm represents FirstEnergy Solutions Corp. ("FES"), and respectfully submits these Comments regarding the New Jersey Board of Public Utilities ("BPU") Staff's Utility Consolidated Billing/ Purchase of Receivables Proposal ("UCB/POR Proposal"), which was posted to the BPU website and e-mailed to participants in the Purchase of Receivables/Price to Compare Working Group (POR/PTC Working Group) on February 25, 2013.

FES, a subsidiary of FirstEnergy Corp., is a licensed third party supplier ("TPS") in New Jersey, authorized by the BPU to provide competitive electric generation supply to retail customers in the state. FES participated in POR / PTC Working Group meetings on February 8, 2011 and March 15, 2011, submitted questions for the utility data request due March 9, 2011, and submitted responses to Staff's Preliminary Proposed Utility POR Design document on May 11, 2011.

FES appreciates the Board's efforts to ensure an open line of communications between TPSs and Electric Distribution Utilities ("EDUs") on POR and PTC matters. The POR / PTC Working Group meetings were extremely helpful to that end.

Overall, Staff's UCB/POR Proposal represents a step in the right direction to remove any unnecessary barriers to effective competition. However, FES proposes that Staff make two modifications to the UCB/POR Proposal. First, FES does not support any drop of customers to dual billing. Second, budget billing of supplier charges should be implemented as set forth in the Staff's Preliminary Proposed Utility POR Design in 2011. FES respectfully submits that the implementation of these proposals would serve to strengthen and enhance the retail electric market in New Jersey.

A. The UCB/POR Proposal should be modified to eliminate any drop to dual billing provision.

Section 2) of the UCB/POR Proposal proposes to eliminate utilities' current practice of refusing utility consolidated billing to customers who have been dropped to dual billing within the past 12 months. FES strongly supports this recommendation.

However, Section 4) of the UCB/POR Proposal retains the drop to dual billing provision, and extends the customer arrearage period from 60 to 120 days. FES opposes the retention of the drop to dual billing under any circumstances.

The discussions during the POR / PTC Working Group made it clear that certain suppliers do not have dual billing capability and therefore cannot continue to serve these customers. Customers whose payments are in arrears should not be prevented from receiving the savings available through shopping for their electric generation supply; in fact, these are the customers who most benefit from the ability to shop. Further, TPSs who do have dual billing capability and continue to serve those customers have to price their offers taking into consideration the risk that customers will be dropped to dual billing. There would be a premium associated with that risk, resulting in less savings for customers.

Further, dropping customers from the POR program to dual billing shifts the uncollectibles risk to the TPS, while EDUs receive recovery of uncollectible costs from ratepayers. The inequity of this situation is further apparent from the fact that only EDUs have the ability to disconnect customers for non-payment.

FES has experience marketing its services in 25 EDU territories across 6 states[1], and can state unequivocally that a well-structured POR program is an incentive to new suppliers entering a new market. New Jersey's inclusion of any drop to dual billing in its POR program serves to discourage further TPS participation in the state. No other state in which FES does business has a similar drop to dual billing requirement in its POR program, including those with a zero percent discount program similar to those of the New Jersey EDUs. For the above reasons, FES respectfully submits that the Board Staff should recommend the complete elimination of the drop to dual billing requirement in New Jersey's POR program

B. <u>The POR Proposal should be modified to include budget billing of supplier charges.</u>

In the Staff's Preliminary POR Design and Questions document, budget billing was proposed to be addressed as follows:

[1] FES is a licensed electric generation supplier in Ohio, Pennsylvania, Illinois, Michigan and Maryland, in addition to New Jersey.

> Customers in the POR/Consolidated billing program shall have the option to go on budget billing. Customers who are already on budget billing when they select a TPS shall remain on budget billing automatically. The utility shall determine the budget billing amount and shall bill the customer accordingly. The utility shall pay the TPS as though the customer were not on budget billing.

FES supported this preliminary proposal and believes that this element should be included in the final UCB/POR Proposal.

If a budget bill customer elects to shop with a TPS who does not have this functionality, he or she is essentially no longer able to receive a budgeted bill (the distribution portion of the bill would remain flat, but the generation portion would vary). It is costly for a TPS to build budget billing functionality into existing billing systems, which then leads to higher costs for customers. To the extent that these billing costs are reflected in the TPS's rates, customers pay twice for the ability to receive a budget bill. Most Pennsylvania utilities have agreed to budget bill supplier charges in addition to utility charges as it is less confusing and less costly for customers to receive a consolidated bill. In a POR situation the EDU owns the receivable, so there is no reason why the EDU should not be able to leverage their existing system to budget the entire bill and pay the TPS based on the actual charge.

C. CONCLUSION

FES appreciates the opportunity to submit these comments. For the reasons discussed above, FES respectfully submits that BPU Staff should modify the UCB/POR Proposal to entirely eliminate the drop to dual billing provision and to implement budget billing of supplier charges.

Respectfully submitted,
FIRSTENERGY SOLUTIONS CORP.
By: COZEN O'CONNOR

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