

V. BILLING AND PAYMENT PROCESSING

1.0 INTRODUCTION

This section presents business practices for billing and payments in a Retail Access environment. Billing and payment processing encompass a variety of steps and interactions between the Billing Party and the Non-Billing Party beginning with the receipt of billable units. Steps include calculating billable charges; printing and distributing the bill; posting payments; and, remittance practices. Interactions include the transfer of data necessary to accurately bill and process payments received from the Customer for energy, transmission and distribution related charges. Model business practices should be applied within the context of regulatory requirements and agreements documented between parties in Billing Service Agreement.

1.1. There are three general billing models discussed: Consolidated Billing, Dual Billing and Single Retailer.

1.1.1. Consolidated Billing: The Billing Party produces a Customer bill consolidating the energy, transmission and distribution related charges of the Utility and the Supplier, for which a single payment from the customer is expected.

1.1.2. Dual Billing: The Utility and Supplier render separate bills to the Customer, each containing charges by that party for the service provided, for which separate payments from the Customer are expected.

1.1.3. Single Retailer Billing: The Supplier produces a Customer bill for all energy, transmission, and distribution related services. In this market model, a supplier purchases energy, transmission and distribution related services, and therefore all charges on the bill are supplier charges. A single payment from the customer is expected.

~~**1.1.3.**~~

1.2. Alternative payment processing models exist for the Consolidated Billing Option based upon various cash posting sequences discussed in the section. The two methods discussed are "Assumption of Receivables" and "Pay as You Get Paid."

1.2.1. Assumption of Receivables: The Billing Party assumes the Non-Billing Party's receivables and sends the Non-Billing Party payment at predetermined intervals for all Non-Billing Party amounts billed that are not In Dispute, regardless of when (or whether) the Customer pays the Billing Party. The Customer remains responsible for payment to the Billing Party.

1.2.2. Pay as You Get Paid: The Billing Party forwards payment to the Non-Billing Party for the Non-Billing Party charges only after receiving payment from the Customer. The Customer remains responsible for payment to the Non-Billing Party.

2.0 GENERAL BILLING AND PAYMENT PRINCIPLES

2.1. The Utility or Supplier may assume the role of either Billing Party or Non-Billing Party provided that applicable regulatory or legal criteria are met.

2.2. The Supplier may elect to offer its Customers one or more of the billing options that are available in the Utility's territory.

2.3. Both Utility and Supplier should be approved, certified or licensed, to the extent required by the Applicable Regulatory Authority, execute a Billing Service Agreement (BSA), and demonstrate the technical capability to exchange information electronically using the Uniform Electronic Transactions and to meet the operational time frames which have been defined to support the billing options required.

2.3.2.4. The Supplier should provide adequate advance notice to the Utility of plans to offer another available, approved billing option that would impact the Utility. The option may not be operational until proof of successful data interchange is demonstrated to the Parties and any additional requirements have been met.

2.4.2.5. Either party should provide adequate advance notice to the other party when changing billing and or payment systems that affect electronic data interchange between the parties, to ensure adequate data exchange.

~~2.5. Both Utility and Supplier should be approved, certified or licensed, to the extent required by the Applicable Regulatory Authority, execute a Billing Service Agreement (BSA), and demonstrate the technical capability to exchange information electronically using the Uniform Electronic Transactions and to meet the operational time frames which have been defined to support the billing options required.~~

2.6. Required metering data that are necessary to validate and complete all billing should be made available to ~~both~~ the Billing Party(s) and Non-Billing Party via Uniform Electronic Transactions or as otherwise allowed in the Billing Servicess Agreement.

2.7. Applicable state and local taxes will be calculated, collected, and remitted in accordance with state statutes and local government ordinances.

2.8. The cancel and re-bill process should be clear and reproducible, and be communicated to all affected parties.

3.0 CONSOLIDATED BILLING OPTION

3.1. GENERAL BILLING PRACTICES

3.1.1. The Billing Party and Non-billing Party should execute a Billing Servicess Agreement.

3.1.2. The Billing Party should render a Consolidated Bill in accordance with the requirements set by the Applicable legal-Regulatory Authority and consumer disclosure requirements and any mutually agreed-upon standards set forth in the Billing Services Agreement.

3.1.3. The Billing Party should issue a bill directly to the Customer.

3.1.4. The Customer should pay the Billing Party.

~~3.1.2. The Consolidated Bill format should be within the Billing Party's discretion, subject to the following:~~

~~3.1.3.1.3.1.4.1. The Consolidated Bill should meet the standards set by the Applicable Regulatory Authority.~~

~~3.1.2.2. reinstate the list of bill items For large¹ commercial and industrial Customers, the elements on a Customer's Consolidated Bill and its format will be predetermined and stated in the Billing Service Agreement.~~

~~3.1.3.3.1.4.2. For residential and small commercial Customers, the Consolidated Bill should itemize Utility and Supplier charges separately, each in enough detail to provide the Customer enough information to determine the accuracy of the bill.~~

~~3.1.4.3.1.5. When the supplier is the Billing Party it should be responsible for delivering to Customers bill enclosures or bill messages to Customers containing non-billing related information that is mandated by regulations.~~

~~3.1.5.3.1.6. When a Consolidated Bill is rendered there should be one Customer payment due date.~~

3.2. BILL READY BILLING METHOD

3.2.1. The Billing Party should receive the Non-Billing Party's billing information within two (2) business days following the meter reading entity's transmission of valid usage information.

3.2.2. Notifications Pertaining to the Receipt Non-Billing Party's Electronic File

3.2.2.1. When the Non-Billing Party files are received, the Billing Party should acknowledge receipt of a file via Uniform Electronic Transaction within one (1) business day of receipt of the file.

3.2.2.2. If, upon examination, it is determined that the Non-Billing Party's file cannot be processed then the Billing Party should reject it. Rejection, accompanied by appropriate uniform error code(s), should be communicated via the appropriate Uniform Electronic Transaction within one (1) business day of receipt of the file.

3.2.3. Notifications Pertaining to Individual Transactions within the Non-Billing Party's Electronic File

3.2.3.1. If the Non-Billing Party's transaction is accepted, the Billing Party should bill the Customer(s) within two (2) business days.

~~3.4.1.2.7.1.~~¹ Definition of large and small Customers ~~shall~~should be left to the discretion of the Applicable Regulatory Authority.

3.2.3.2. When the Billing Party is able to process the Non-Billing Party's transactions but is unable to issue (render) a significant number of Customer bills within two (2) business days the Billing Party should promptly notify the Non-Billing Party.

3.2.3.3. If the Non-Billing Party's transactions are received within the appropriate time frame and a transaction is rejected, then the Billing Party will notify the Non-Billing Party of the rejection accompanied by appropriate uniform error code(s). via Uniform Electronic Transaction within one (1) business day. The Non-Billing Party may if time permits, submit a file containing corrected transactions for inclusion in the current billing statement.

3.2.3.4. If the Non-Billing Party transactions are sent to the Billing Party outside the appropriate time frame such that charges could not be included on the bill, then the Billing Party may should pursuant to the Billing Services Agreement:

3.2.3.4.1. Reject the transaction and notify the Non-Billing Party within two (2) business days via Uniform Electronic Transaction that the charges were not billed. In this scenario, the Non-Billing Party should resubmit its charges in the following billing period in accordance with the time requirements outlined above, or

3.2.3.4.2. Hold the transaction for processing on the next bill and the Billing Party should notify the Non-Billing Party that charges were received too late and will be reflected on the next bill.

3.2.3.5. If Billing Party errors cause the Non-Billing Party charges to miss the billing window and the bill has been issued, the Billing Party should cancel and reissue the bill as soon as practicable, unless the Billing Party and Non-Billing Party arrange a mutually agreeable alternative bill correction process.

3.2.4. Whenever a Bill Ready Consolidated Bill is to be canceled, the following practices should be followed:

3.2.4.1. Canceled usage will be by metering period;

3.2.4.2. The usage sent in the cancel transaction should match the usage sent in the original transaction;

3.2.4.3. Unless there has been a product or rate change, ~~t~~The restated usage should be sent at the same level of detail as the original usage;

3.2.4.4. In order to restate usage for a period, the metering entity first should completely cancel all usage for that period and all subsequent periods, if applicable, and then, if appropriate, send the full set of restatement transactions.

3.2.4.5. ~~After receipt of the restated usage transaction,~~ The Billing Party should

receive the Non-Billing Party's billing information within two (2) business days following the meter reading entity's transmission of valid restated usage information.~~the Non-Billing Party should transmit the corrected charges within two (2) business days.~~

3.3. RATE READY BILLING METHOD

3.3.1. At least 30 days prior to using a new Rate Code, or as otherwise provided in the Billing Services Agreement, the ~~The~~ Non-Billing Party ~~rates~~ should be provided to the Billing Party information needed to establish the new Rate Code. at least 30 days prior to using a new rate code for billing or as stated in the Billing Service Agreement.

3.3.2. When the price associated with an ~~elements of an~~ existing Rrate Ccode ~~are is~~ to be changed, the Non-Billing Party should provide the new rates-price to the Billing Party at least 10 days prior to the next billing date to allow sufficient time for the Billing Party to implement the change.

3.3.3. The Billing Party will send a Uniform Electronic Transaction when accounts of the Non-Billing Party are billed thus notifying the Non-Billing Party that its customers have been billed and will indicate the usage and amount so billed for each customer account.

3.3.4. Whenever a Rate Ready Consolidated Bill is to be canceled and rebilled, the following practices should be followed:

~~3.3.3.1.~~ **3.3.4.1.** Canceled usage will be by metering period;

3.3.4.2. The usage sent in the cancel transaction should match the usage sent in t~~The~~ original transaction;

3.3.4.3. In order to restate usage for a period, the metering entity first should completely cancel all usage for that period and all subsequent periods, if applicable, and then, if appropriate, send the full set of restatement transactions;

3.3.4.4. Unless there has been a product or rate change, the restated usage should be sent at the same level of detail as the o~~Original~~ usage;~~;(multiple options under consideration)~~

3.3.4.5. The Billing Party should re-bill the Customer by applying the proper usage and proper Billing and Non-Billing Party ~~service rates~~Rate Code as necessary to correct the previously issued bill.

3.3.4.5. ~~In order to restate usage for a period, the metering entity first should completely cancel all usage for that period and all subsequent periods, if applicable, and then, if appropriate, send the full set of restatement transactions;~~

3.3.4.6. After the cancel/re-bill event has taken place, the Billing Party should

transmit notice of the credit, debit, or the net amount, to the Non-Billing Party so that the accounts receivable of the Customer will be properly stated.

3.4. PAYMENT PROCESSING AND REMITTANCE PRACTICES

3.4.1. Payment Processing Methods

3.4.1.1. The responsibilities of the parties, performance parameters, financial arrangements and other details associated with payment processing and remittance should be set forth in the Billing Services Agreement.

3.4.1.2. “Assumption of Receivables” Option

3.4.1.2.1. The Billing Services Agreement should specify any level of ~~Un~~collectible ~~R~~evenues to be reflected in the amount due to the Non-Billing Party.

3.4.1.2.2. The Billing Services Agreement should specify any creditworthiness criteria that the Non-billing Party's Customers would have to satisfy to be eligible for a Consolidated Bill. ~~be eligible for a Consolidated Bill.~~

3.4.1.2.3. On or before the date the payment is due ~~Within five business days of making a payment~~ to the Non-Billing Party's account, the Billing Party should send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments to be made. By mutual agreement between the parties the Billing Party may send account-specific information with the remittance of funds in an electronic certification to the bank in lieu of or in addition to direct notification to the Non-Billing Party.

3.4.1.2.4. The Billing Party forwards payment for all undisputed charges to the Non-Billing Party five (5) days after the due date stated on the Customer's bill or as specified in the Billing Services Agreement.

3.4.1.2.5. 3.4.1.2.5. The Billing Party Remittance of funds should be made by electronic means to a bank designated by the Non-Billing Party. By mutual agreement between the parties the Billing Party may send account-specific information with the remittance of funds in an electronic certification to the bank in lieu of or in addition to direct notification to the Non-Billing Party.

3.4.1.2.6. In the circumstance where the Utility is the Billing Party, it can reject an enrollment transaction that specifies Consolidated Billing if the customer does not satisfy the creditworthiness criteria specified in the appropriate governing document. The ability to reject an enrollment transaction may be subject to applicable regulatory requirements. In such a case, the Non-Billing Party may resubmit the enrollment transaction and specify Dual Billing.

3.4.1.2.7. In the circumstance where the Utility is the Billing Party it may initiate conversion of a Customer to Dual Billing where a threshold of overdue payments or identified delinquencies as specified in the Billing Services Agreement. In addition to the notice that is provided to the customer, the Billing Party should notify the Non-Billing Party via Uniform Electronic Transaction. The account should revert to Dual Billing for the next Billing Cycle provided notification is received before the next scheduled meter read cycle pursuant to the Billing Services Agreement and applicable regulations.

3.4.1.2.8. Return of the Customer to Consolidated Billing should be at the discretion of the Billing Party and subject to the creditworthiness criteria set forth in the Billing Service Agreement.

3.4.2. “Pay as You Get Paid” Option

3.4.2.1. The Billing Party should process and post funds received each business day.

3.4.2.2. The Billing Party should process payments in accordance with a predetermined payment posting order as established by the Applicable Regulatory Authority or as agreed to in the Billing Services Agreement.

3.4.2.3. Payment Notification and Remittance

3.4.2.2.1. Within one (1) business day after posting a payment to the Customer's account, the Billing Party should send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments due to be remitted to the Non-Billing Party.

3.4.2.2.2. The Billing Party should remit to the Non-Billing Party funds associated with Customer payments posted for all undisputed Non-Billing Party Charges within the rules established by the Applicable Regulatory Authority or as agreed to in the Billing Services Agreement. Remittance of funds should be made by electronic means to a financial institution designated by the Non-Billing Party. By mutual agreement between the parties, the Billing Party may send account-specific information with the remittance of funds in an electronic transaction to the financial institution in lieu of, or in addition to, direct notification to the Non-Billing Party.

3.4.3. General Payment Processing Practices

3.4.3.1. Payment Not Received by Non-Billing Party

If the Non-Billing Party does not receive payment from the Billing Party for undisputed charges within the appropriate time frame, then the Billing Party should pay interest and/or fees on the un-remitted amount in accordance with the terms and conditions of the Billing Services Agreement. The rights and remedies associated with breach of contract are not modified by these model business

practices.

3.4.3.2. Disputed Charges

3.4.3.2.1. Notification of Disputed Charges

3.4.3.2.1.1. The Billing Party, upon placing the Non-billing Party's charges In Dispute, should, within one (1) business day, notify the Non-Billing Party, in a manner as specified in the Billing Services Agreement, of the subject and amount In Dispute, ~~if known~~.

3.4.3.2.1.2. The Non-Billing Party should notify the Billing Party when Non-Billing Party charges are placed In Dispute, in a manner as specified in the Billing Services Agreement.

3.4.3.2.1.3. Once such a Dispute is resolved and the charges are no longer In Dispute, the party resolving the dispute should notify the other party of the resolution, in a manner as specified in the Billing Services Agreement, ~~of the resolution~~.

3.4.3.2.1.4. Payment of Disputed Charges to the Non-billing Party

When Non-billing Party charges are placed In Dispute under the Assumption of Receivables payment processing method:

3.4.3.2.1.4.1. The Billing Party should may withhold payment to the Non-billing Party of the amount In Dispute.

3.4.3.2.1.4.2. If the Billing Party has made payment of the disputed charges, the Billing Party should may initiate an electronic transaction to reverse the payment of the disputed charges.

3.4.3.2.2. Application of Payment

Where charges have been placed In Dispute, payments should be applied against charges that are not In Dispute first unless otherwise directed by the Applicable Regulatory Authority.

3.4.3.3. Multiple Account Payment Processing

When a single payment is made on behalf of multiple account customers or multiple customers, the Billing Party and Non-Billing Party should instruct such customer(s) that payment application advice should be provided on an individual account basis.

3.4.4. Non-Billing Party's Balance

3.4.4.1. When a customer with a balance due switches suppliers, the balance due should If the customer owes a balance due to the Non-billing Party prior to switching, the not be transferred to the new Billing Party unless mutually

~~agreed upon by both parties. se practices assume that the Non-billing Party will continue to bill the customer separately for that amount. That amount is not transferred unless mutually agreed upon by both parties.~~

- 3.4.4.2. When a customer with a balance due changes billing options, the balance due should not be transferred to the new Billing Party unless mutually agreed upon by both parties.

~~The Non-Billing Party will continue to bill the Customer separately for any outstanding balances until such balances are fully paid.~~

- 3.4.4.3. In the Pay-As-You-Get-Paid method, the Billing Party should maintain a current and past due balance for each active account of the Non-Billing Party.
- 3.4.4.4. In the Pay-As-You-Get-Paid method, following a switch, the Billing Party should carry forward any inactive Non-Billing Party arrears on a bill, consistent with requirements of the Applicable Regulatory Authority, or as outlined in the Billing Services Agreement-. If amounts remain unpaid the Billing Party should forward a Uniform Electronic Transaction to the Non-Billing Party to return any outstanding arrears as specified in the Billing Services Agreement or as required by the Applicable Regulatory Authority.

3.4.5. Late Payment Charges

- 3.4.5.1. Each party should be responsible for the calculation of its late payment charges unless directed otherwise by the Applicable Regulatory Authority or as specified in the Billing Services Agreement. The Billing Party should be responsible for placing those charges on the bill.
- 3.4.5.2. When the Non-Billing Party calculates and assesses late payment charges it should send notification of such charges by Uniform Electronic Transaction to the Billing Party. ~~When the Billing Party calculates and assesses the late payment charges under the Pay-As-You-Get-Paid method it should send notification of such charges by Uniform Electronic Transaction to the Non-Billing Party.~~

3.5. Payment Reversal or Adjustment

In the Pay As You Get Paid method, when a customer's payment is reversed or aAdjusted by the Billing Party, within one (1) business day the Billing Party should send notification to the Non-Billing Party and make any necessary adjustment via Uniform Electronic Transaction.

3.6. Payment Arrangement

If a Customer enters into a multi-month payment arrangement for all or a portion of the bill, it is the responsibility of the Party entering into such agreement with the Customer to maintain proper accounting for such transaction. Neither the Billing Party nor the Non-Billing Party should enter into such an agreement for amounts owed to the other

Party, unless otherwise directed by the Applicable Regulatory Authority or specified in the Billing Services Agreement.

4.0 DUAL BILLING MODEL

4.1 The Utility and the Supplier each acts as a Billing Party and should independently produce and render separate bills directly to the Customer in accordance with the requirements set by the Applicable Regulatory Authority.

4.2. The Customer should make two separate payments; one to the Utility and one to the Supplier.

~~3.4.6. Under Dual Billing each Party is responsible for its own bill format.~~

~~(OR)~~

~~The Utility's bill should conform to the standards set by the Applicable Regulatory Authority.~~

~~3.4.7. The Supplier's bill format shall be at the Supplier's discretion, subject only to legal and regulatory requirements.~~

~~3.4.6. For large commercial and industrial Customers, the elements on a Customer's bill and its format may be negotiated between each Billing Party and its Customer, subject only to legal and regulatory requirements.~~

~~3.4.9. For residential and small commercial Customers, the bill shall itemize charges, each in enough detail to provide the Customer enough information to calculate the accuracy of the bill. The required elements on the Customer dual bill shall be the same as those elements specified for Consolidated Bills in Section D.1.b.(3), with the following exceptions, unless the Customer agrees to other billing arrangements:~~

~~3.4.10. Customer Information:~~

~~3.4.10.1. Non-Billing Party account number does not apply;~~

~~3.4.10.2. Utility rate identifier does not apply for the Supplier bill;~~

~~3.4.10.3. Utility special pay plans or riders do not apply for the Supplier bill;~~

~~3.4.11. Non-Billing Party Information:~~

~~3.4.11.1. No elements are applicable; and~~

~~3.4.11.2. Miscellaneous Information;~~

~~3.4.11.3. Space for bill message by the Non-Billing Party does not apply.~~

4.3 Cancelled Usage

Whenever usage is being cancelled and restated in a Dual Billing situation, the following practices ~~shall~~should be followed:

~~X.X.X.X. Canceled usage will be by metering period;~~

~~3.3.4.7. The usage sent in the cancel transaction should match the usage sent in the original transaction;~~

~~3.3.4.8. In order to restate usage for a period, the metering entity first should completely cancel all usage for that period and all subsequent periods, if applicable, and then, if appropriate, send the full set of restatement transactions;~~

~~3.3.4.9. The restated usage should be sent at the same level of detail as the original usage;~~

~~Canceled usage will be by metering period;~~

~~The consumption sent in the cancel transaction must match the consumption sent in the original transaction;~~

~~Canceled usage must be sent at the same level of detail as the original usage.~~

~~In order to restate usage for a period, the metering entity first must completely cancel all usage for that period and then send the full set of restatement transactions.~~