

Attached is the redraft of the billing and payments document in the new format for discussion on the CPS conference call Tuesday June 17th.

A few notes:

- 1) I used Bill Newbold's Creditworthiness document as the base document and cut and pasted from the latest red-lined document Rick Alston sent me. All the red-lines were accepted before I started.
- 2) I tried very hard to include everything from the document that was reviewed by the sub-committee as written. I did omit a few things intentionally and noted that in highlighted text. Any other omissions were strictly unintentional. The document should be reviewed closely to make sure I didn't inadvertently miss or alter something.
- 3) The automatic formatting in Word drove me crazy. I finally gave up and just typed in the section number that should have appeared. It may be easiest just to have someone start from scratch and retype it, inserting the formatting as they go. But this should be good enough for Tuesday's discussion.

Billing and Payment Processing

(Title Page)

Version Notes

(To be completed)

Introduction

(To be completed)

Executive Summary

(To be completed)

Business Process and Practices

A. Overview

Introduction *[note – removed numbering]*

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/transportation and distribution related charges. Model business practices should be applied within the context of regulatory requirements and agreements between the parties documented in a Billing Services Agreement.

There are three billing options: Consolidated Billing, Dual Billing and Single Retail Supplier Billing.

- Consolidated Billing: The Billing Party renders a Customer bill consolidating the energy transmission/transportation and distribution charges of the Utility and the Supplier, for which a single payment from the Customer is expected.
- Dual Billing: The Utility and Supplier, each assuming the role of a Billing Party, render separate Customer bills, each containing charges for the energy, transmission/transportation or distribution services provided by that party, for which separate payments from the Customer are expected.
- Single Retail Supplier Billing: The Supplier renders a Customer bill for all energy, transmission/transportation, and distribution related charges. The Supplier purchases or otherwise acquires energy, transmission/transportation and distribution services, and therefore, all charges on the bill are Supplier charges. A single payment from the Customer is expected.

Alternative payment processing methods exist for the Consolidated Billing option based upon various cash posting sequences. The two methods are "Assumption of Receivables" and "Pay As You Get Paid."

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 do not have a status of In Dispute, regardless of when (or whether) the Customer pays the Billing Party.

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.

Principles

None

[note – there were three "Principles" in the Single Retailer section that had not been reviewed by the sub-committee, two of these were the same as items in the new 2.1.1 so they were not repeated, one was added as a "practice" under single retailer and is highlighted]

Definitions

Later

B. Model Business Practices

1.2 (2.1) General Billing and Payment Practices

1.2.1 (2.1.1) Model Business Practices

- 2.1.1.1 The Supplier may elect to offer its Customers one or more of the billing options that are available in the Utility's territory.
- 2.1.1.2 Both Utility and Supplier should be approved, certified or licensed, to the extent required by the Applicable Regulatory Authority 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.
- 2.1.1.3 The Supplier should provide adequate advance notice to the Utility if it plans to implement another available, approved billing option. Such option should not become operational until proof of successful data interchange is demonstrated to the satisfaction of both Parties and all requirements are met.
- 2.1.1.4 When making changes to its billing or payment systems that may affect electronic data interchange, the Supplier or Utility making those changes should provide advance notice to the other party prior to implementation.
- 2.1.1.5 Required metering data that are necessary to fulfill billing responsibilities should be made available to all appropriate Party(s) via Uniform Electronic Transactions.
- 2.1.1.6 Applicable state and local taxes will be calculated, collected, and remitted in accordance with state statutes and local government ordinances.
- 2.1.1.7 The cancel and re-bill process should be clear and reproducible, and be communicated to all affected parties.

2.1.2 Datasets

Later

2.1.3 Models

Later

2.2 Dual Billing Method [note – previously called an "Option", changed to "Method" for consistency with other titles]

1.2.1 (2.2.1) Model Business Practices

- 2.2.1.1 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.
- 2.2.1.2 The Customer should make two separate payments; one to the Utility and one to the Supplier.
- 2.2.1.3 Whenever meter usage is cancelled, the following practices should be used:
 - Usage for all applicable periods should be individually cancelled by metering period; and
 - The usage sent in the cancellation transaction should match the usage sent in the original transaction.
- 2.2.1.4 Whenever meter usage is restated, the following practices should be used:
 - Usage for all applicable periods should be individually restated by metering period.
 - Unless there has been a product or rate change, the restated usage should be sent at the same level of detail as the original usage.

2.2.2. Datasets

Later

2.2.3. Models

None

2.3 Consolidated Billing - General

2.3.1. Model Business Practices

- 2.3.1.1. 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.
- 2.3.1.2. The Billing Party and Non-Billing Party should execute a Billing Services Agreement. 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.

2.3.1.3. The Billing Party should render a consolidated bill in accordance with the requirements set by the Applicable Regulatory Authority and any agreements set forth in the Billing Services Agreement.

2.3.1.4. When the Supplier is the Billing Party it should be responsible for delivering to Customers bill enclosures or bill messages containing non-billing related information that is mandated by the Applicable Regulatory Authority.

2.3.1.5. When a consolidated bill is rendered there should be one Customer payment due date.

2.3.2. Datasets

Later

2.3.3. Models

Later – Billing Services Agreement

2.4 Consolidated Billing - Bill Ready Billing Method

1.4.1 (2.4.1) Model Business Practices

1.4.1.1 (2.4.1.1) 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.

1.4.1.2 (2.4.1.2) Notifications Pertaining to the Receipt of Non-Billing Party's Electronic File: *[note – previously all numbered, changed to bullet items to fit new format]*

- 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.
- 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.

1.4.1.3 (2.4.1.3) Notifications Pertaining to Individual Transactions within the Non-Billing Party's Electronic File: *[note – previously all numbered, changed to bullet items to fit new format]*

- If the Non-Billing Party's transaction is accepted, the Billing Party should bill the Customer(s) within two (2) business days of receipt of such transaction.
- When the Billing Party is able to process the Non-Billing Party's transactions but is unable to render a significant number of Customer bills within two (2)

business days of receipt, the Billing Party should promptly notify the Non-Billing Party.

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

1.4.1.4 (2.4.1.4) If the Non-Billing Party's transactions are sent to the Billing Party outside the appropriate time frame such that charges could not be included on the bill, then, as specified in the Billing Services Agreement, the Billing Party should:

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

1.4.1.5 (2.4.1.5) If the Billing Party's errors cause the Non-Billing Party's 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.

1.4.1.6 (2.4.1.6) Whenever a Bill Ready consolidated bill is to be cancelled, the following practices should be used:

- Usage for all applicable periods should be individually cancelled by metering period; and
- The usage sent in the cancellation transaction should match the usage sent in the original transaction.

1.4.1.7 (2.4.1.7) When a cancelled Bill Ready consolidated bill is to be rebilled, the following practices should be used:

- Usage for all applicable periods should be individually restated by metering period. Unless there has been a product or rate change, the restated usage should be sent at the same level of detail as the original usage; and
- The Billing Party should receive the Non-Billing Party's restated billing information within two (2) business days following the transmission of valid restated usage information.

1.4.2 (2.4.2) Datasets

Later

1.4.3 (2.4.3)Models

None

2.5 Consolidated Billing - Rate Ready Billing Method

1.5.1 (2.5.1)Model Business Practices

- 1.5.1.1 (2.5.1.1) At least thirty (30) days prior to using a new Rate Code, or as otherwise provided in the Billing Services Agreement, the Non-Billing Party should provide to the Billing Party information needed to establish the new Rate Code.
- 1.5.1.2 (2.5.1.2) When the price associated with an existing Rate Code is to be changed, the Non-Billing Party should provide the new price to the Billing Party at least ten (10) days prior to the next billing date to allow sufficient time for the Billing Party to implement the change.
- 1.5.1.3 (2.5.1.3) 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.
- 1.5.1.4 (2.5.1.4) Whenever a Rate Ready consolidated bill is to be cancelled; the following practices should be used:
 - Usage for all applicable periods should be individually cancelled by metering period; and
 - The usage sent in the cancellation transaction should match the usage sent in the original transaction.
- 1.5.1.5 (2.5.1.6) Whenever a cancelled Rate Ready consolidated bill is to be rebilled, the following practices should be used:
 - Usage for all applicable periods should be individually restated by metering period. Unless there has been a product or rate change, the restated usage should be sent at the same level of detail as the original usage;
 - The Billing Party should rebill the Customer by applying the proper usage and proper Billing and Non-Billing Party Rate Code(s) as necessary to correct the previously rendered bill; and
 - After the cancel/rebill 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.

1.5.2 (2.5.2)Datasets

Later

1.5.3 (2.5.3)Models

None

2.6 **Single Retail Supplier Billing Method** *[note – introductory paragraph removed, it doesn't fit here, the description of Single Retailer in the Introduction covers the concepts in the paragraph that was removed but uses different words]*

1.6.1 (2.6.1) Model Business Practices

- 1.6.1.1 (2.6.1.1)For large commercial and industrial Customers, the elements on a Customer's bill and its format may be negotiated between the Supplier and its Customer, subject only to legal and regulatory requirements. *[note – similar language removed from other sections by the subcommittee]*
- 1.6.1.2 (2.6.1.2)For residential and small commercial Customers, the bill format and elements are at the Supplier's discretion, subject only to legal and regulatory requirements. The bill should include sufficient detail to provide the Customer enough information to determine the accuracy of the bill. *[note – similar language removed from other sections by the subcommittee]*
- 1.6.1.3 (2.6.1.3)The Supplier should issue bills as promptly as practicable after receipt of billing determinants.
- 1.6.1.4 (2.6.1.4)Bills should be issued to residential customers in writing and delivered via the United States Postal Service (U.S. mail). The Supplier may provide bills to a customer electronically if both parties agree to such an arrangement.
- 1.6.1.5 (2.6.1.5)Canceled usage should be by metering period: *[note – "will" changed to "should". The section on cancels should be revised to use the same construction as in previous Cancel" sections]*
 - The usage sent in the cancel transaction should match the usage sent in the original transaction;
 - Unless there has been a product or rate change, The restated usage should be sent at the same level of detail as the original usage

- 1.6.1.6 (2.6.1.6) 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. *[note – The section on cancels should be revised to use the same construction as in previous Cancel" sections]*
- 1.6.1.7 (2.6.1.7) If the Supplier does not receive actual meter reading data on a timely basis, the Supplier may issue a bill based on an estimated reading.
- 1.6.1.8 (2.6.1.8) After the meter is read for a point of delivery, the Utility should transmit to the Supplier an invoice for the Utility's total delivery system charges associated with that point of delivery. The Utility should separately identify the delivery system charges and billing determinants on the invoice for each point of delivery served by a Supplier. Invoices should be transmitted via Uniform Electronic Transaction. *[note –from "Billing of Delivery Services" section of Single Retailer]*
- 1.6.1.9 (2.6.1.9) Utility invoices are subject to adjustment due to estimated reads or errors including, but not limited to, arithmetic errors, computational errors, and meter reading errors. The Utility should cancel and rebill the original invoice that was incorrect. *[note –from "Billing of Delivery Services" section of Single Retailer; added "utility as first word of sentence for clarity]*
- 1.6.1.10 (2.6.1.10) Having assumed the obligation to pay the Utility within the acceptable time frame for amounts owed the Utility, the Supplier should have the flexibility to change billing and payment practices subject only to applicable laws, regulatory requirements, or as otherwise allowed in any agreement between the parties regarding terms and conditions of delivery of electric power and energy. *[on hold for sub-team review] [note –from "Billing of Delivery Services" section of Single Retailer]*
- 1.6.1.11 (2.6.1.11) The Supplier may elect either to accept charges other than usage-based charges or to have the Utility bill those charges directly to the Customer. *[note this was previously a "principle" under single retailer]*

1.6.2 (2.6.2) Datasets

Later

1.6.3 (2.6.3) Models

None

2.7 Consolidated Payment Processing – General

1.2.2 (2.7.1) Model Business Practices

1.2.2.1 (2.7.1.1) If the Non-Billing Party does not receive payment for undisputed charges from the Billing Party within the appropriate time frame, then the Non-Billing Party should send notification to the Billing Party of the interest and/or fees, if any, applicable to the un-remitted amount. Such notification should be sent via Uniform Electronic Transaction and in accordance with the terms and conditions of the Billing Services Agreement or pursuant to the requirements of the Applicable Regulatory Authority. Remittance of interest and/or fees, if any, should be made by electronic means to a financial institution designated by the Non-Billing Party.

1.2.2.2 (2.7.1.2) Notification of Disputed Charges: *[note – previously all numbered, changed to bullet items to fit new format]*

- The Billing Party, upon placing the Non-Billing Party's charges In Dispute, should, within one (1) Business Day, notify the Non-Billing Party of the subject and amount In Dispute, in a manner specified in the Billing Services Agreement.
- The Non-Billing Party, upon placing its charges In Dispute, should, within one (1) Business Day, notify the Billing Party of the subject and amount In Dispute, in a manner specified in the Billing Services Agreement.
- 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 specified in the Billing Services Agreement.

1.2.2.3 (2.7.1.3) 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.

1.2.2.4 (2.7.1.4) When there is a change in Billing Party, the Non-Billing Party's balance should not be transferred to the new Billing Party unless mutually agreed upon by all of the affected Billing Parties and Non-Billing Parties.

1.2.2.5 (2.7.1.5) Late Payment Charges *[note - these appear to belong in the Bill Ready Billing section] [note – previously all numbered, changed to bullet items to fit new format]* :

- Both the Billing Party and the Non-Billing Party should be responsible for the calculation of their late payment charges, if applicable, 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.
- When the Non-Billing Party calculates and assesses late payment charges it should send notification of such charges to the Billing Party via Uniform Electronic Transaction.

1.2.2.6 (2.7.1.6)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.

1.2.2.7 .**2.8 Consolidated Payment Processing – Assumption of Receivables Method****1.7.1 (2.8.1)Model Business Practices**

- 1.7.1.1 (2.8.1.1) The Billing Services Agreement should specify any level of uncollectible revenues to be reflected in the amount due to the Non-Billing Party.

- 1.7.1.2 (2.8.1.2) 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.
- 1.7.1.3 (2.8.1.3) On or before the date the payment is due to the Non-Billing Party, the Billing Party should send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments to be made. By mutual agreement, 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.
- 1.7.1.4 (2.8.1.4) The Billing Party forwards payment for all undisputed charges to the Non-Billing Party within five (5) Business Days of the due date stated on the Customer's bill or as specified in the Billing Services Agreement.
- 1.7.1.5 (2.8.1.5) The Billing Party remittance of funds should be made by electronic means to a bank designated by the Non-Billing Party.
- 1.7.1.6 (2.8.1.6) 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 the requirements of the Applicable Regulatory Authority. If the enrollment is rejected for these reasons, the Non-Billing Party may resubmit the enrollment transaction and specify Dual Billing.
- 1.7.1.7 (2.8.1.7) When the Utility is the Billing Party it may initiate conversion of a Customer to Dual Billing, in accordance with the Billing Services Agreement and the requirements of the Applicable Regulatory Authority, when a threshold of overdue payments or delinquencies is reached. The following practices should be used:
- Prior to conversion, the Billing Party may notify the Non-Billing Party of the status of overdue payments or delinquencies;
 - In addition to any notice that may be required to be sent to the Customer, the Billing Party should notify the Non-Billing Party, via Uniform Electronic Transaction, of the effective date of the conversion; and
 - The effective date of the conversion to Dual Billing should be the first day of the next billing cycle, provided notification is sent by the Billing Party to the Non-Billing Party no later than the fifth day of that next billing cycle.

1.7.1.8 (2.8.1.8) 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 Services Agreement.

1.7.1.9 (2.8.1.9) When Non-Billing Party charges are placed In Dispute under the Assumption of Receivables payment processing method:

- The Billing Party should withhold payment to the Non-Billing Party of the amount In Dispute; or
- If the Billing Party has made payment of the disputed charges, the Billing Party should initiate a Uniform Electronic Transaction to reverse the payment of the disputed charges

1.7.2 (2.8.2) Datasets

Later

1.7.3 (2.8.3) Models

None

2.9 Consolidated Payment Processing – Pay as You Get Paid Method

1.2.3 (2.9.1) Model Business Practices

- 1.2.3.1 (2.9.1.1) Each Business Day the Billing Party should process and post funds received.
- 1.2.3.2 (2.9.1.2) 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.
- 1.2.3.3 (2.9.1.3) 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.
- 1.2.3.4 (2.9.1.4) 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.
- 1.2.3.5 (2.9.1.5) When a Customer's payment that was previously transmitted to the Non-Billing Party is reversed or adjusted by the Billing Party, the Billing Party should adjust the Customer's account accordingly and send notification of the adjustment to the Non-Billing Party via Uniform Electronic Transaction within one (1) Business Day.
- 1.2.3.6 (2.9.1.6) 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.
- 1.2.3.7 (2.9.1.7) In the Pay As You Get Paid method, 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..

2.10 Method

1.2.4

2.11 Consolidated Payment Processing – Single Retail Supplier Method

1.8.1 (2.10.1) Model Business Practices

1.8.1.1 (2.10.1.1) The Supplier should pay the Utility in accordance with applicable payment terms between the parties. The Supplier should transmit payment application advice to the Utility via the appropriate Uniform Electronic Transaction. Payments should be made via electronic means (e.g., electronic funds transfer or automated clearinghouse) to a bank designated by the Utility..

1.8.1.2 (2.10.1.1) Unless otherwise governed by any agreement between the Utility and the Supplier, or by any applicable regulatory rules, partial payments will be applied pro-rata to all separately stated charges.[under further review].

1.8.2 (2.10.2) Datasets

Later

1.8.3 (2.10.3) Models

None