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November 13, 2012

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

RE: Interim Guidelines for Natural Gas Distribution Company Eligible Customer Lists;
Docket No. M-2012-2324075; **REPLY COMMENTS OF NATURAL GAS
SUPPLIERS TO TENTATIVE ORDER**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the original Reply Comments of Natural Gas Suppliers to Tentative Order in the above-captioned docket.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

Todd S. Stewart
*Counsel for Shipley Energy Company,
Dominion Retail, Inc., and Interstate
Gas Supply, Inc.*

TSS/jld/151446.3
Enclosures

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Interim Guidelines for Natural Gas :
Distribution Company Eligible :
Customer Lists : Docket No.: M-2012-2324075

**REPLY COMMENTS
OF NATURAL GAS SUPPLIERS
TO TENTATIVE ORDER**

NOW COME, the Natural Gas Supplier Parties (“NGS Parties”), which include Shipley Choice, LLC d/b/a Shipley Energy (“Shipley”), Interstate Gas Supply, Inc. d/b/a IGS Energy (“IGS”) and Dominion Retail, Inc. d/b/a Dominion Energy Solutions (“DES”), hereby offer the following Replies to several Commenters who have offered Comments to the Commission’s Tentative Order, entered September 27, 2012, in this proceeding. The NGS Parties submitted Comments to the Tentative Order and have reviewed the Comments filed by a number of other parties, including the Office of Consumer Advocate (“OCA”), the Energy Association of Pennsylvania (“EAP”), several Natural Gas Distribution Companies (“NGDC”) and the Industrial Customer Group known as IECPA.

A. Introduction.

The NGS Parties are optimistic about the level of uniformity and/or non-objection that it found in its review of those Comments. For example, there appears to be near universal agreement that NGDCs should provide customer lists that include, at a minimum, the ten data points discussed in the Tentative Order. Moreover, while it is true that NFGD currently does not

provide customer lists, it did state unequivocally that it would comply with any Commissioner *requirements* for the provision of customer lists. Columbia Gas Company also stated that it would provide the ten (10) data points recommended by the Commission's Tentative order and that it would provide the entire customer account number as part of that process. PECO, the only other Natural Gas Distribution Company to provide Comments, currently provides an ECL.

EAP did not appear to have any significant objection to the requirements of the Tentative Order, but wanted to ensure that the Commission understood that these requirements were not binding, and that the NGDCs should therefore have maximum "flexibility" in implementing the procedures outlined therein. Moreover, EAP apparently is concerned that NGDCs have flexibility in the method of cost recovery as well.

IECPA simply want to ensure that its members are exempt from the provisions of the Tentative Order, both from the aspect of having their names (as large C&I customers) not included on the list in the first instance and secondly, to prohibit the release of any of their information without their direct affirmative consent. The NGS Parties do not oppose this position.

Finally, the Officer of Consumer Advocate ("OCA") appears to endorse the Commission's methodology that the list be compiled and maintained on an opt-out basis, with some caveats to ensure that customer privacy is still paramount and that suppliers are required to treat customer information in a responsible manner. Other than the respond piecemeal to these Comments, the NGS Parties will respond in a more general fashion.

B. Flexible Cost Recovery.

With regard to the suggestion of several of the NGDCs and EAP, the NGS Parties do not oppose flexible cost recovery mechanisms, so long as those mechanisms do not impose fees

directly upon NGSs or solely upon shopping customers for the creation and maintenance of customers lists. Creating, maintaining and providing the lists is a cost of doing business as an NGDC and should be recovered like any other such costs. The NGS Parties would not object to alternative recovery, as suggested by EAP, in the event that statutory revisions are made in the future that will allow for a more flexible and more timely recovery.

C. List Maintenance.

With regard to the methods by which customers are able to exercise their right to opt out, the NGS Parties agree with the Comments of several Commenters including Columbia Gas and the OCA, that customers should be able to opt out by employing any of all of the following modalities: by returning a postcard to the NGDC, over internet or by calling the NGDC directly. All of these methodologies are currently employed and should be easy to adopt, as a whole package—allowing customers quickly and easily to effectuate their choice serves everybody’s interests.

The Tentative Order contains two (2) requirements for refreshing the eligible customer list: a complete re-do of the list on a triennial basis; and, an ongoing or optional annual refreshment. Several Commentors questioned the need for the triennial refreshing of the list and suggested that if the ongoing efforts were undertaken, there would be no need for additional solicitations. The NGS Parties understand that dedicated solicitations in any form, whether on an annual or tri-annual basis, are costly and potentially confusing to customers. The NGS Parties are comfortable with the methods currently approved, and in use in the electric industry, namely the processes by which EDCs currently update lists on a going forward basis through bill messages or bill stuffers, and by providing new/moving customers with postcards. The NGS Parties believe, however, that there is merit to periodically soliciting all customers through a

dedicated solicitation that educates customers on the fundamentals of the ECL and the pros and cons of opting out. Periodically providing this education and opportunity will go a long way to keeping customers updated on their status and providing them an opportunity to change their minds. To the extent that NGDCs believed that a triennial update would be costly, or the OCA believes that it could be confusing to customers, the NGS Parties are sensitive to these opinions as well. One potential solution to address these concerns would be to extend the period from three (3) to five (5) years for the updates. In this way, the ECL would be updated on a regular basis, but the costs could be spread over a longer period of time. Customer confusion could be mitigated by indicating the customer's current status on the postcard or other mail piece, so that customers understand their current choice which can then inform their deliberations. The NGS Parties believe that it is probable, without regular and complete updating of the ELC, that lists could become out-of-date and/or stale.

D. Large C&I Customers are different.

The NGS Parties do not object to IECPA's suggestion regarding a separate scheme for large commercial and industrial customers. Historically, these customers have had significant experience buying their own natural gas for many years. They do not require the same sort of marketing from NGSs to be brought into the market – most already are there. Presently, they do not fall into the class of customers whose information is shared generally with all entities. The NGS Parties understand that these customers correctly believe that their usage and other information is competitively sensitive, and agree that it would not be appropriate to include them in the ECL. Accordingly, the NGS Parties do not object to excluding large C&I customers from the ECL. Moreover, they concur with the current process of requiring letters of authorization from these customers to release their information.

E. Cost Recovery.

With regard to cost recovery, the NGS Parties are sensitive to the cost and cost recovery concerns raised by the various parties and ask the Commission to be flexible in allowing for recovery of these costs, so long as they are recovered as distribution costs. The NGS Parties caution, however, against the notion that processes can be trimmed in order to save money, including efforts to educate customers about the significance of the choices that they make. Each opportunity to change a customer's status must be accompanied by clear instructions and education.

F. Guidelines v. Rulemaking.

The NGS Parties are acutely aware of the fact that these interim guidelines are not legally binding upon the NGDCs. The NGDCs and their surrogate, the EAP, make that fact abundantly clear in their Comments. As a consequence of their experience with certain NGDCs, the NGS Parties are concerned that allowing these guidelines to remain as such could prove to be problematic in the future. The NGS Parties, therefore, urge the Commission to institute a rulemaking to create binding regulations, with all due haste. Regulations are needed to provide consistent and binding policy for all NGDCs, and EDCs in Pennsylvania. While the NGS Parties believe that flexibility is warranted, the basic requirement that ECLs be updated and provided on an ongoing and regular basis should not be allowed to lapse or to be otherwise impaired.

G. Conclusion.

The NGS Parties thank the Commission for this opportunity to provide Comments on this important set of guidelines and urge the Commission to adopt these guidelines with all due haste and to further engage in a binding regulatory process which will produce regulations for both the natural gas and electric industry on a relatively short-term basis.

Respectfully submitted,



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