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November 15, 2012

Via Electronic Filing

Rosemary Chiavetta
Executive Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

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

Dear Secretary Chiavetta:

Enclosed for filing with the Commission are the Reply Comments of Peoples Natural Gas Company LLC and Peoples TWP LLC in the above mentioned docket.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me at (412) 208-6834.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jennifer L. Petrisek", written over a circular scribble.

Jennifer L. Petrisek
Counsel for Peoples Natural Gas Company
LLC and Peoples TWP LLC

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

**REPLY COMMENTS OF
PEOPLES NATURAL GAS COMPANY LLC AND PEOPLES TWP LLC**

I. Introduction

On September 27, 2012, the Pennsylvania Public Utility Commission (the “Commission”) issued a Tentative Order proposing interim guidelines for the provision of Eligible Customer Lists (“ECL”) by Natural Gas Distribution Companies (“NGDC”) to Natural Gas Suppliers (“NGS”). The Tentative Order sought comments on the proposed interim guidelines which were drafted by the Commission to provide for greater uniformity in the customer account information provided by NGDCs to NGSs in order to assist in the development of the retail market for natural gas supply.

Between October 26, 2012 and October 31, 2012, various parties submitted comments to the Tentative Order. Pursuant to the Tentative Order, reply comments are due fifteen (15) days following the submission of initial comments, which were originally due on October 29, 2012. As a result of Hurricane Sandy’s impacts upon the mid-Atlantic area, the Commission was closed on October 29th and October 30th – thus the initial comment due date was extended until October 31, 2012. In accordance with the Tentative Order, Peoples Natural Gas Company LLC and Peoples TWP LLC (collectively, “Peoples”) submits these Reply Comments on November 15, 2012, fifteen (15) days following the Comment submission date.

II. Reply Comments

Peoples supports the Commission's desire to propose interim guidelines designed to provide for greater uniformity in the customer account information provided by NGDCs to NGSSs. Peoples further supports the desire outlined by several parties to provide clear and meaningful education and communications to customers about the ECL, as well as providing messages about the ECL that are consistent amongst the companies. There are, however, several areas of comment that were filed by various stakeholders with which Peoples does not agree, for the reasons set forth below. Accordingly, Peoples submits these reply comments to address those positions raised by various stakeholders in the initial comments.

A. The Eligible Customer List Should Contain Only the Residential and Small Business Customers.

In the Initial Comments, Hess Corporation suggested that the ECL guidelines should apply to all customers including large customers within the industrial and commercial classes (the "Large I&C Customers"). The Industrial Energy Consumers of PA ("IECPA") suggested that the Large I&C Customers should be exempt from the ECL guidelines; Peoples supports the IECPA regarding these customers. The Large I&C Customers already have a long-standing history of shopping with alternative suppliers and, as evidenced by switching statistics maintained by the Commission, have enjoyed high switching rates over the years. As of the October 2012 Monthly PA Gas Switch Update, statewide, over 98 percent of the load for industrial customers has switched and over 61 percent of the load for commercial customers has

switched. (See attached copy of the Monthly PA Gas Switch Update which is found on the Commission website at the following address: http://www.puc.state.pa.us/consumer_info/natural_gas/natural_gas_shopping.aspx). Clearly, the Large I&C Customers have the knowledge and information necessary to shop for alternative suppliers. Furthermore, as IECPA detailed in their Comments, when the original content of the ECL was considered by the Commission in 2000¹, the Commission explicitly excluded Large I&C Customers from the ECL requirements. Considering the current switching rates for the Large I&C Customers, at this time Peoples does not see a compelling reason to add the Large I&C Customers to the ECL, which would potentially cause programming expenses for the NGDCs and potentially cause competitive concerns for the Large I&C Customers over the release of information they may view as confidential, propriety and highly sensitive.

B. Flexibility Should Exist for the Recovery of Costs Associated with the ECL.

In the initial comments, the stakeholders discussed various positions with regards to rate recovery for the costs associated with the ECL. Peoples supports the position of the Energy Association of Pennsylvania (the "EAP") that NGDCs should be permitted to timely recover those expenses through various methods depending upon the specific needs of the NGDC. The NGDCs should maintain the flexibility to seek recovery the costs associated with the ECL through a base rate proceeding or other appropriate methods.

¹ *Procedures Applicable to Natural Gas Distribution Companies and Natural Gas Suppliers during the Transition to Full Retail Choice; Final Order, Docket Number M-00991249F0009, Final Order adopted May 11, 2000.*

C. Separate and Distinct Mailings Solely Related to the ECL Should Not be Required.

The comments of the Office of Consumer Advocate (“OCA”) suggest that when a NGDC sends a notice to customers regarding the ECL the mailing should be conspicuously marked with language that indicates that it contains financial information regarding privacy². Peoples infers from this suggestion that OCA would expect ECL communications to be mailed in a separate envelope from regular communications made to customers (i.e. bills). The proposed ECL requirements contained within the Tentative Order do not require a separate and distinct mailing process. Peoples does not support a requirement for separate and distinct mailings related to the ECL. Any mailings outside of those regularly made to customers (i.e. bills) will increase the costs associated with the implementation and maintenance of the ECL. Additionally, Peoples is not convinced that sending a separate and distinct mailing to customers will induce a greater response by, or cause a great education to, customers. The separate mailing may be seen as an advertisement or “junk” mailing and the customer may discard the mailing before reviewing the same. There is nothing argued in the Comments that the current methods used by the NGCDs to solicit for and educate about the ECL, such as bill messages, welcome packets, bill inserts, and/or website communications, are insufficient or an ineffective means to educate customers about the ECL. As such, Peoples does not support incurring additional costs to provide separate and distinct mailings for the ECL.

² Office of Consumer Advocate, Comments, page 4.

D. Triennial Solicitations for the ECL are unnecessary.

The proposed interim guidelines recommend that NGDCs re-solicit their entire customer base every three (3) years and upon each triennial solicitation, reset all customer opt-out selections. Columbia Gas of Pennsylvania, Inc. and PECO Energy Company each submitted comments that there is no need for a new list/solicitation every three years. Peoples supports the Comments of PECO and Columbia and agrees that the ongoing communications made by NGDCs, through bill messages, welcome packets, bill inserts, and/or website communications, are sufficient to educate customers on the ECL. These ongoing communications provide customers with the option to change their ECL designation at any time by contacting the company. Instituting a triennial requirement to reset the list and wipe clean the prior customer's designation seems unnecessary when ongoing communications about the ECL occur. Further, the triennial reset may cause customer confusion in that customers may not understand that their prior designation will be reset unless they take action at each triennial requirement. A reset approach may also cause the information of customers, who desire to opt-out and maintain the confidentiality of their information, to be released if the customer does not appreciate the distinction associated with a triennial refresh. Although the NGDCs, if the triennial reset is required, would provide careful communications to the customers to explain that they must re-select their ECL designation on a triennial basis, Peoples believes that the risk of releasing information that customers deem to be confidential out-ways the need for a triennial reset – specifically when the NGDCs are, or will, provide on-going communications about the ECL.

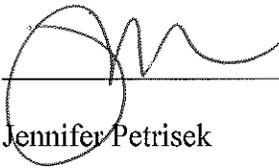
E. The Data Points Contained on the ECL Should be Limited to the Ten Data Points Proposed in the Tentative Order.

Several parties provided initial comments suggesting that the data points provided in the ECL should be expanded to include Peak Demand CCF, Base Factor, Use Factor and County location. The commenting parties explained that the expanded information would be useful and would allow NGSs to more accurately price their offers. However, none of the NGSs discussed that these data points were absolutely necessary for marketing efforts. More importantly, Peoples believes that the information is unnecessary for the NGDCs to provide as the NGSs may derive the information, should they desire to know it, from the ten (10) original data points identified in the Tentative Order or from communicating with potential customers about their usage patterns. For example, National Energy Markets Association (NEM²) suggested that the ECL should contain the county as an additional data point. The NGSs already receive the full address of the customer on the ECL and from this address could very easily determine in which county the customer is located. Washington Gas Energy Service, the Natural Gas Suppliers and NEM also seek to add Peak Demand CCF, Base Factor and Use Factor to the data points suggesting that these factors will enhance the NGSs ability to forecast their load which will provide greater efficiency and cost savings. Again, Peoples believes this information is unnecessary to provide as the NGSs will already receive twelve (12) months of monthly consumption, as well as twelve (12) months of monthly peak demand, if the NGDC has the same available. From this information, and/or by communicating with the potential customer, the NGSs can calculate these factors.

III. Conclusion

Peoples supports the Commission's desire to propose interim guidelines designed to provide for greater uniformity in the customer account information provided by NGDCs to NGSs. Peoples respectfully requests that any Final Order incorporate the suggestions set forth in these Reply Comments.

Respectfully submitted,



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Dated: November 15, 2012