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June 8, 2015

**VIA ELECTRONIC FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor North  
Harrisburg, PA 17120

Re: **Investigation of Pennsylvania's Retail Natural Gas Market:  
Joint Natural Gas Distribution Company – Natural Gas Supplier Bill  
Docket No. M-2015-2474802**

Dear Secretary Chiavetta:

Enclosed for filing, please find Comments of Columbia Gas of Pennsylvania, Inc., in accordance with the Pennsylvania Public Utility Commission's Tentative Order dated April 23, 2015, regarding the above referenced docket.

Please direct any questions with regard to this filing to the undersigned by calling (717) 238-0463.

Respectfully submitted,

Andrew S. Tubbs  
Senior Counsel

AST/sfh  
Enclosures

cc: Dave Hixson (via email)  
Megan Good (via email)  
Ken Stark (via email)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania’s Retail :  
Natural Gas Market: :  
Joint Natural Gas Distribution Company : Docket No. M-2015-2474802  
– Natural Gas Supplier Bill :  
:

**COMMENTS OF COLUMBIA GAS OF PENNSYLVANIA, INC.**

**I. INTRODUCTION**

On April 23, 2015, the Pennsylvania Public Utility Commission (“Commission”) entered a Tentative Order at the above-captioned docket relative to a proposed Natural Gas Distribution Company (“NGDC”) and Natural Gas Supplier (“NGS”) joint bill (“Joint Bill”). In its Tentative Order, the Commission determined that the development of a joint NGDC-NGS bill, similar to the model used in Pennsylvania’s retail electric market, “may provide customers with an increased recognition of their suppliers and aid in the development of the relationship between NGSs and customers.” Tentative Order at 3.

Columbia Gas of Pennsylvania, Inc. (“Columbia” or the “Company”) appreciates the opportunity to comment on the prudence of the Joint Bill for the natural gas supply market in Pennsylvania, including the Shopping Information Box, inclusion of the NGS logo, the NGS Bill Messaging space, and the appropriate cost recovery mechanisms to develop, implement and maintain the Joint Bill by NGDCs. Below, the Company will address each of the items identified by the Commission and will do so following the manner in which the issues appear in the Tentative Order.

## **II. COMMENTS ON COMMISSION PROPOSALS**

### **A. Inclusion of the NGS's Logo**

Columbia has offered NGSs the option of including their logo on Columbia's Choice bills since the late 1990's and currently 6 out of the 23 NGSs using NGDC consolidated billing have elected this option. The logo appears next to the NGS contact information and below the NGS gas supply charges on the Choice customer's bill. Columbia charges an NGS a flat amount of \$400.00 for the initial setup of its logo. However, based upon Columbia's experience, the actual cost to include an NGS logo on the Company's Choice bill has averaged \$4,000.00.

### **B. Expansion of NGS Bill Messaging Spacing**

Currently, Columbia does not offer NGS Bill Messaging. However, Columbia is amenable to offering NGS Messaging space, but the Company's proposal would be limited to text only, would be at the customer account level and, because of the potential volume of submitted messages, the Company would not be responsible or held liable for any message appearing on its bill that was submitted by an NGS. Therefore, Columbia agrees with the Commission's proposal suggesting that the bill messaging space be limited to providing contract expiration information. Tentative Order at 7. Because of the number of Choice NGSs that are active on Columbia's system, as well as the need to have the final bill message formatted prior to the beginning of the monthly billing cycle for each NGS, ample time will be needed to allow for message setup.

Another concern relates to bill messaging space. The proposal to add both the Shopping Information Box and the NGS bill message space to a Choice customer bill

would involve a significant amount of text. Costs that are associated with an additional page added to the bill because of these two proposals are estimated to be as high as \$247,822 per year. Columbia proposes that any NGS bill messages that cause the postage to exceed the bulk mail rate be rejected. When possible, Columbia anticipates the NGS Bill Messaging space will follow the Detail of Charges section of the bill that includes the NGS gas supply charges, and more specifically will appear directly below the NGS Logo and contact information.

### **C. Inclusion of a Shopping Information Box**

Columbia supports the Commission's proposal of a Shopping Information Box. However, the requirement for the Shopping Information Box should be limited to only Choice eligible customers. On Columbia's system, that includes residential customers and those non-residential customers using 64,400 therms or less each year eligible for the Choice program. Large commercial and industrial customers using more than 64,400 therms annually are not eligible for the Choice program on Columbia's system. Further, due to the mature level of shopping among this group of customers, the additional expense to add the Shopping Information Box to their invoices is unnecessary.

In its Tentative Order, the Commission proposed that the Shopping Information Box include the customer account number/customer number, the customer's Rate Schedule, a reminder to know your contract expiration date, and an indication that this information is needed when shopping with an NGS. Columbia proposes that the Shopping Information Box also include the Price-to-Compare. As ordered in the Revised Final Rulemaking Order in Docket No. L-2008-2069114, the Price-to-Compare

already appears on a customer bill and is offered as a tool when a customer is shopping. Therefore, it is appropriate to include it alongside other information that is necessary to choose a new natural gas supplier. Adding the Price-to-Compare to the Shopping Information Box will not take up additional space on the bill if it is simply moved from the space where it currently exists and placed within the Shopping Information Box.

#### **D. Other Proposals**

At this time Columbia does not have any further recommended changes in order to make the utility-consolidated bill more supplier-oriented.

### **III. COMMENTS ON INCLUSION OF NGS INSERTS**

As a third party, NGSs currently have the opportunity to enter into a contract with NiSource Corporate Services Company (“NCSC”), Columbia’s affiliated service company, to include a bill insert in customer bills. However, there are limitations that are associated with third party bill inserts. Specifically, bill inserts that are required by existing Pennsylvania statute, regulation, and safety messages must take precedence over any other bill insert. Two examples of inserts that are required by statute and are required to be the only insert for an entire billing cycle are the NGDC’s annual 1307(f) notice, and notices related to the filing of a base rate case. 52 Pa. Code §§ 53.45; 53.68. These two inserts will impact the ability of NGSs to include a bill insert with an NGDC bill. In addition, the Company notes that it traditionally provides annual bill inserts to inform customers to “Prepare Now” for winter, “Call before you Dig” 811 safety messages, the Eligible Customer List bill insert, and low income program messages promoting LIHEAP, Crisis, CAP and Dollar Energy, and the required semi-annual

Eligible Customer List bill insert. Columbia recommends that third party bill inserts not impact its ability to communicate and to educate its distribution customers relative to these important topics.

As recognized by the Commission in its Tentative Order, another important issue to consider relative to bill inserts is the additional costs, which may be incurred by NGDCs. Specifically, the increased weight of a customer's monthly bill due to NGS bill inserts could be significant, considering that Columbia renders in excess of 400,000 bills each month. Presently, to the extent a third party bill insert results in the envelope and its contents, including the third party insert, exceeding the bulk mail weight limitation of one ounce, the third party insert is postponed to a future month or the NGS is invoiced for the additional postage costs. Columbia maintains that this is a necessary safeguard against requiring the Company's distribution customers paying for increased postage fees associated with third party bill inserts.

Another key aspect is lead time. Under its existing process, Columbia requires that a contract be executed between NCSC and the third party requesting a bill insert. The contract includes the requirement to provide proof of indemnification and insurance. Further, NCSC needs sufficient time to review a draft of the insert. Currently, NCSC requires that third parties provide a draft bill insert for its review and approval well before the proposed date of an insert mailing. In addition, NCSC must make sure that the proposed third-party insert will fit into Columbia's customer bills. Once reviewed and determined to meet contractual obligations, the bill inserts must be printed and submitted at least two weeks prior to the first date of insertion. Finally, the third party bill inserts are placed into a scheduling queue with other previously approved third party bill stuffers.

#### **IV. COMMENTS ON INCLUSION OF VALUE-ADDED SERVICES**

Columbia applauds the Commission's decision that NGDCs should not be required to bill NGS value-added services at this time. As recognized by the Commission, the application of customer bill payments and the effect of non-payment for NGS value-added services becomes complicated very quickly. The associated effects on credit and collections further complicate the process.

Further, from a customer perspective, natural gas supply charges that are bundled with other products and services may make it more difficult to evaluate and compare NGS offers. The addition of an added layer of information could lead to customer confusion and is contrary to the existing NGDC Purchase of Receivable programs<sup>1</sup>. In a time when the emphasis is on encouraging customers to shop for a natural gas supplier, the goal should be to make that shopping experience as easy and transparent as possible. Pricing products and services separately from the natural gas supply is one attribute of a customer friendly market.

Although the Commission encourages NGSs to offer customers diverse products and services, NGSs have the option to send a separate electronic invoice for value-added services. This will ensure that customers understanding what they are purchasing while offering another opportunity for the NGS to further develop a relationship with the customer.

#### **V. COMMENTS ON DUAL AND SUMMARY BILLS**

Based upon the Commission's Tentative Order, Columbia understands that "summary bills" are to be defined as an invoice comprised of monthly bill amounts for

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<sup>1</sup> 52 Pa. Code § 62.224(a)(3).

multiple accounts. Tentative Order at 11. Currently, Columbia does not offer summary bills. If a breakdown of individual charges is provided on a summary bill, and that is coupled with implementing a Shopping Information Box, NGS Bill Messaging, and including the NGS logo for each account, the time and expense of implementing and maintaining such a bill will be both complicated and expensive. Further, the NGDC bill may become overly cumbersome for both the NGDC and the customer, especially if there are different NGSs serving different accounts on the summarized bill.

The Commission also asked for comments regarding the appropriateness of the Joint NGDC/NGS Bill proposals for all customer classes or whether there are certain customer classes or rate classes wherein these proposals may be difficult or not possible. Columbia supports including the NGS Logo and NGS Bill Messaging space only on non-CAP, Choice customer bills and the Shopping Information Box on all non-CAP residential and small commercial customer bills. As previously stated, the large commercial and industrial gas transportation programs for all Pennsylvania NGDCs are notably mature and, on Columbia's system, this market is dual billed. Therefore, the expense of adding the Joint NGDC NGS Bill proposals in the large commercial and industrial market does not enhance the relationship with their NGS.

## **VI. COMMENTS ON COSTS AND TIMELINE**

### **A. Costs and Cost Recovery**

Columbia has prepared an initial estimate of the IT costs associated with adding the Shopping Information Box to Choice-eligible bills and adding the NGS Bill Messaging space to Choice bills (See Table 1). As noted above, Columbia already offers NGSs the option of adding their logo in black and white format to Choice bills next to

the NGS contact information and below the NGS gas supply charges on the bill. Therefore, the proposal below does not include any additional implementation costs associated with the NGS logo proposal. However, there are additional logo costs that are discussed in the cost recovery paragraph below.

**Table 1**

<u>Format Component</u>	<u>Application</u>	<u>Estimated Implementation Cost</u>
Shopping Information Box	Choice-eligible bills	\$44,436.00
NGS Bill Messaging space	Choice bills	\$200,284.00
NGS Logo	Choice bills	\$0.00

Columbia proposes to recover the implementation costs associated with developing and implementing the Shopping Information Box from Choice-eligible customers through Columbia's existing Rider Customer Choice<sup>2</sup>.

Section 2205 (c)(3) of the Public Utility Code, provides that incremental costs relating to billing services designed, implemented and rendered by the NGDC on behalf of a NGS may be charged to the NGS or other entity. 66 Pa. C.S. § 2205(c)(3). Further, it states that nothing in this section shall permit the recovery of such costs from natural gas supply service customers of the NGDC. *Id.* Therefore, Columbia proposes that costs associated with developing and implementing the NGS Bill Messaging space be billed to the Choice NGSs.

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<sup>2</sup> Columbia's existing tariff includes the Rider Customer Choice and the rider currently recovers from Choice-eligible customers costs associated with the triennial letter related to the Eligible Customer List as ordered in Docket No. M-2012-2324075.

Currently Columbia charges an NGS requesting its logo on customers' bills a one-time setup fee of \$400.00. Historically, the IT costs associated with setting up an NGS logo average \$4,000.00, depending on testing and the number of logo setups requested at the same time. Any NGS that opts to have its logo added to bills should individually bear *all* the IT costs associated with setting up and adding the logo to the bills.

#### B. Timeline

Based upon initial review of the Commission proposals, Columbia is not confident that it will be able meet the June 1, 2016 implementation date proposed by the Commission because of other existing IT priorities and the "pancaking" of RMI initiative implementation dates included in existing and future orders. Columbia supports the comments offered by the Energy Association of Pennsylvania which request that the deadline for implementation of the Joint NGDC/NGS Bill proposal be one year from issuance of a final order at this docket.

### **VII. COMMENTS ON EXISTING NGDC JOINT BILL INITIATIVES**

Columbia has no comments regarding existing joint bill initiatives by PECO and PGW.

### **VIII. COMMENTS ON PROVISION OF DRAFT AND SAMPLE BILLS**

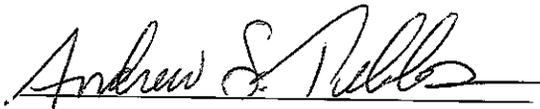
Columbia will provide OCMO with drafts of its revised Choice-eligible and Choice bills that comply with the Final Order in this proceeding. Further, Columbia will provide OCMO with its drafts 45 days prior to the planned dissemination of the revised bills, to allow for staff review and feedback. Although, the Company will work with OCMO staff to implement any requested changes to the draft bills, such changes may

result in a delay in the implementation date of the revised bill dissemination. Once the final bill formatting is complete, Choice-eligible and Choice sample bills will be provided to the Office of Consumer Advocate, the Office of Small Business Advocate and the Commission's Office of Communications.

## **IX. CONCLUSION**

Columbia Gas of Pennsylvania, Inc. appreciates the opportunity to provide these comments to the Tentative Order. For the reasons set forth above, Columbia Gas of Pennsylvania, Inc. respectfully requests that the Commission enter a Final Order incorporating the Company's comments.

Respectfully submitted,



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Date: June 8, 2015

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