**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

 Public Meeting held April 23, 2015

Commissioners Present:

Robert F. Powelson, Chairman

John F. Coleman, Jr., Vice Chairman

James H. Cawley

Pamela A. Witmer

Gladys M. Brown

Investigation of Pennsylvania’s M-2015-2474802

Retail Natural Gas Market:

Joint Natural Gas Distribution Company –

Natural Gas Supplier Bill

**TENTATIVE ORDER**

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) are recommendations from the Commission’s Office of Competitive Market Oversight (OCMO) for enhancing the natural gas supplier (NGS) information available on the natural gas distribution company (NGDC) bill. Specifically, OCMO recommends the inclusion of the NGS’s logo on the bill, the expansion of bill messaging space allotted to NGSs and the inclusion of a Shopping Information Box. The Commission believes that these three proposals will aid the customer in not only developing a stronger recognition of, and relationship with, his or her NGS, but will also increase customer awareness when participating in the competitive retail natural gas market.

# BACKGROUND

During its Investigation of Pennsylvania’s Retail Electricity Market (Electric RMI), this Commission directed OCMO to provide recommendations, by the end of 2013, on how the existing electric utility-consolidated bill could be more supplier-oriented.[[1]](#footnote-2) OCMO’s inquiry could include, but not be limited to, making the electric generation supplier’s (EGS) information more prominent; including the EGS’s logo on the electric distribution company’s (EDC) bill; providing increased spacing for EGS messaging and potentially allowing EGS bill inserts. The Commission stated that the “expected end-result would look more like a joint EDC-EGS bill.”[[2]](#footnote-3)

The Commission adopted OCMO’s recommendations regarding a joint EDC-EGS bill via a Final Order on May 22, 2014.[[3]](#footnote-4) In the Joint EDC-EGS Bill Final Order, the Commission directed the EDCs to implement, by June 1, 2015, the following billing changes: 1) include the EGS’s logo on the EDC bill;[[4]](#footnote-5) 2) expand the EGS bill messaging space from two (2) to four (4) lines with up to 80 characters each; and, 3) include a Shopping Information Box that provides a customer’s account/customer supplier identification (ID) number (whichever is applicable to effectuate a switch in electric generation supplier), the customer’s Rate Schedule and an indication that this information is needed when shopping with an EGS.[[5]](#footnote-6) The Commission believed the inclusion of this information would aid customers in not only developing a stronger recognition of and relationship with their supplier, but would also increase customer awareness when participating in the competitive retail energy market.[[6]](#footnote-7)

On December 18, 2014, we issued a Final Order at Docket No. I‑2013-2381742 (hereinafter Gas RMI Final Order), announcing specific topics and issues that we intend to pursue in our Investigation of Pennsylvania’s Retail Natural Gas Supply Market (“Investigation” or “Gas RMI”).[[7]](#footnote-8) Through the Gas RMI Final Order, we outlined our priorities and finalized specific action plans to be undertaken by OCMO, including the establishment of working groups and our intent to propose regulations on specific issues. We expressed a belief that a joint NGDC-NGS bill may provide customers with an increased recognition of their suppliers and aid in the development of the relationship between NGSs and customers. Additionally, we maintained our belief that the inclusion of supplier information on the utility-consolidated bill may increase customer awareness when participating in the competitive retail natural gas market. Therefore, we directed OCMO to develop recommendations no later than the second quarter of 2015 regarding the applicability of a joint NGDC-NGS bill. With that goal, the Commission directed stakeholders to submit to OCMO, at ra-ocmo@pa.gov, by February 28, 2015, informal comments[[8]](#footnote-9) on the supplier-related elements and requirements that would be most appropriate for inclusion on the utility-consolidated bill.[[9]](#footnote-10)

 The following parties submitted informal comments to OCMO regarding the implementation of a joint NGDC-NGS bill: the Energy Association of Pennsylvania (EAP); PECO Energy Company (PECO); the Pennsylvania Energy Marketers Coalition (PEMC); Philadelphia Gas Works (PGW); RESA; UGI Utilities, Inc. – Gas Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. (collectively, UGI).

# DISCUSSION

 The Public Utility Code, through the Natural Gas Choice and Competition Act, empowers the Commission to license NGSs and establish standards to govern the conduct of NGSs to ensure that all customer classes may choose to purchase natural gas from an NGS. 66 Pa. C.S. §§ 2208(a), 2208(f) (citing Chapter 56 of Commission regulations regarding Standards and Billing Practices). This Commission strives to ensure that customers receive clear, adequate, accurate and timely information from both NGSs and NGDCs. *See* 66 Pa. C.S. § 2206(c). NGSs must provide accurate information about their services using plain language and common terms in communications with customers. 52 Pa. Code § 62.114(1). NGDCs must adhere to Commission orders and regulations regarding the billing of customers. 66 Pa. C.S. § 2205(c)(1); *see* 52 Pa. Code §§ 56.15, 56.265 (Billing information) and 62.74 (Bill format for residential and small business customers).

 Based on the informal feedback received from stakeholders, the Commission proposes three changes to utility-consolidated bills to make them more supplier-oriented: the inclusion of the NGS’s logo on the NGDC bill; an expansion to the bill messaging space provided to NGSs; and the inclusion of a Shopping Information Box. Informal comments were provided regarding the inclusion of NGS inserts. While the Commission does not recommend the inclusion of NGS inserts at this time, we address this issue below and request that more information be provided. The Commission also specifically requests that cost estimates and recovery proposals be provided on these proposed requirements, as well as any additional proposals provided within comments. Lastly, the Commission proposes that these changes be implemented no later than June 1, 2016, and requests comments on this proposed deadline.

**A. Commission Proposals**

 **1. Inclusion of the NGS’s Logo**

 As previously discussed, in our Gas RMI Final Order, this Commission directed OCMO to review, among other methodologies, the inclusion of an NGS’s logo on the utility-consolidated bill. After a review of the informal comments provided by stakeholders, the Commission recommends the placement of the NGS logo on the NGDC-consolidated bill. The Commission believes the inclusion of the logo will make the NGS’s information more noticeable and will increase customer awareness of their selected NGS. The Commission also believes that the presence of an NGS logo on the NGDC bill will strengthen the relationship between the customer and their selected NGS. The NGS logo could either be in black and white or in color.

 The informal comments did not indicate any major technical obstacles to placing the NGS logo on the NGDC bill. In fact, PECO, in successfully implementing a new *Choice Friendly Bill*[[10]](#footnote-11) for both electric and natural gas customers, already has the ability to include supplier logos on its bills, while PGW states its intention to include NGS logos on consolidated bills as part of a new Purchase of Receivables/Consolidated Billing (POR/CB) initiative. PECO Informal Comments at 1-2; PGW Informal Comments at 1-3. However, similar to concerns raised during the Electric RMI, a few stakeholders express concerns with whether the NGDC or NGS controls placement of the NGS logo on the consolidated bill, as well as the cost of NGS logo inclusion. While the Commission agrees that logo placement, estimated costs and the associated recovery are concerns, the Commission believes the benefits of having an NGS logo on the NGDC bill may be worth the costs. We propose that the NGDCs be allowed flexibility regarding the placement of NGS logos; however, we strongly suggest that the NGDCs place the logos as near to the NGS charges as possible to reinforce the connection between the supply charges and the supplier. As noted later in this Tentative Order, we propose that the NGDCs provide to OCMO, for its review and feedback, a draft of the new bills, at which time OCMO can determine if the placement of the logos meets the intent of this initiative (*i.e.,* reinforcing the connection between the supplier and its charges).

 **2. Expansion of NGS Bill Messaging Spacing**

 In our Gas RMI Final Order, this Commission directed OCMO to evaluate expanding the space on the NGDC bill currently afforded to NGSs for bill messaging. After a review of the informal comments provided by stakeholders, the Commission recommends an expansion of bill messaging space for NGSs. We propose a similar directive as was provided regarding EDC bills – allowing four (4) lines on each NGDC’s bill for NGS messaging. However, we recognize that there may be differences between electric and natural gas bills and, therefore, request that stakeholders, especially the NGDCs, provide more information on the existing amount of NGS bill messaging space provided on NGDC bills and feedback on the feasibility and appropriateness of providing four lines of messaging space. If four lines of space are not feasible and/or appropriate, we request that parties provide information as to why this would not be feasible and/or the appropriate amount of NGS messaging space.

 We would like to make it clear that this increased messaging space would be made available for use by NGSs, but we do not propose a requirement that NGSs include text in this spacing on every bill. Additionally, we propose that the content of the text included in the spacing be at the discretion of the NGS and not the associated NGDC. As in our Joint EDC-EGS Bill Final Order,[[11]](#footnote-12) we encourage NGSs to use such messaging space to provide contract expiration information, such as the expiration date, to customers. We request feedback from stakeholders on the amount of messaging space necessary to include such information.

 By virtue of this Tentative Order, the Commission also encourages collaboration among NGDCs and NGSs to ensure that additional bill messaging space can be formatted within the framework of existing NGDC bill templates. The Commission agrees with those NGDCs commenting on the need to avoid the burdens and additional costs of adding additional pages to their bills.

 **3. Inclusion of a Shopping Information Box**

Through review of stakeholders’ informal comments and consistent with what we directed in the Electric RMI, this Commission proposes the creation of a conspicuous “Shopping Information Box” that can be developed and placed on the NGDC bill. As we advocated with electric consolidated billing, the Commission wants important natural gas shopping information to be easily accessible to the customer, and not embedded among a laundry list of other charges on the NGDC bill. Furthermore, we also agree with several commenters that the Shopping Information Box should be limited to basic shopping information needed to allow a customer to more readily shop.

 Accordingly, we suggest the following in utility-consolidated bills: a “Shopping Information Box” that includes a customer’s account/customer number (whichever is applicable to effectuate a switch to an NGS), a customer’s Rate Schedule and an indication that this information is needed when shopping with an NGS. Additionally, following a review of the Shopping Information Box initiative on the electric side, we again believe the inclusion of language regarding contract expiration is beneficial to increase customer awareness of potential supply contract expiration dates. Therefore, we propose that the Shopping Information Box also include a statement reminding customers to know their contract expiration date. We believe that the Shopping Information Box, as described above and exemplified below, can be easily incorporated by the NGDCs at a one-time cost because, in most cases, once set, the information in this box will not change. An example of this box is presented below:

|  |
| --- |
| **Shopping Information Box** |
| When shopping for gas with a Natural Gas Supplier, please provide the following:  Account number/customer supplier ID number:  Rate Schedule:If you are already shopping, know your contract expiration date. |

 Certainly the example above is not the only wording that would be acceptable to the Commission, but there are a number of inherent characteristics this box must have:

* It must be conspicuous;
* It must be placed on the bill separate and apart from other charges; and,
* It must include necessary information to assist customers when shopping (account or customer number, rate schedule and explanation of the “Shopping Information Box”).

In light of this recommendation, the Commission is interested in receiving comments on the suggested placement and presentation of the Shopping Information Box, specifically including comments regarding the presentation of information for customers with multiple customer/account numbers. As discussed below, while we are proposing some flexibility in the Shopping Information Box language, we are also proposing that the NGDCs provide to OCMO, for its review and feedback, a draft of their new bills, at which time OCMO can determine whether or not the language and placement of the Shopping Information Box meets the intent of this initiative (*i.e.,* to provide customers with the basic information necessary in order to participate in the competitive natural gas market).

**4. Other Proposals**

 While the Commission proposes and solicits comments on the three recommendations outlined above, if any party has other recommended changes in order to make the utility-consolidated bill more supplier-oriented, we request that those be submitted in comments.

**B. Inclusion of NGS Inserts**

In our Gas RMI Final Order, the Commission recommended that OCMO review, among other things, the inclusion of NGS billing inserts. This insert could be a letter, a notice or marketing material provided by the customer’s current NGS.

One stakeholder, RESA, provided informal feedback supporting the availability of NGS billing inserts, suggesting that NGDCs be required to propose, for OCMO’s review, some allocation of available inserts and a schedule for NGS use of those bill inserts. RESA Informal Comments at 2. Conversely, other informal comments were provided expressing concerns regarding the cost of such an insert, as well as its feasibility with current billing systems and mailing methodologies. EAP Informal Comments at 3; PGW Informal Comments at 4; UGI Informal Comments at 2.

 While the Commission recognizes that NGS inserts may provide a customer with more information regarding the product he or she is currently receiving or regarding other options that may be available, we are concerned with the potential for increased costs and complexities attendant to inserts. Additionally, because an insert would need to be provided at some point in time before the bill is mailed, it is possible that some of the inserts may be outdated by the time they are received by customers. However, we do not believe we have enough information, at this time, to show that the benefits of inserts would outweigh the costs and complexities. Accordingly, we request that parties provide comments regarding the practical inclusion of NGS inserts.

Sections 62.141 and 62.142 of our regulations establish standards of conduct regarding the retail supply of natural gas. 52 Pa. Code §§ 62.141-62.142. Section 62.142(16) requires legible disclaimers when an affiliated NGS communicates to the public using an NGDC name or logo. Section 62.142(17) restricts an NGDC from joint marketing with an affiliated NGS, including the use of bill inserts, unless the NGDC offers or provides these services to nonaffiliated NGSs on the same terms and conditions. 52 Pa. Code § 62.142(17)(ii). Therefore, we also request specific comments on the applicability of, or any necessary revisions to, Sections 62.141-62.142 of our regulations.

**C. Inclusion of Value-Added Services**

Multiple parties provided informal comments regarding the inclusion of NGS value-added services (*e.g.,* products and services in addition to natural gas supply) on NGDC bills. Proponents of such an inclusion aver that restricting billing options only to natural gas supply limits the creativity in offerings that NGSs could be providing to customers. Opponents of this idea believe such inclusions would be costly and difficult to track and aver that NGDCs should not be required to collect non-basic charges.

 This Commission maintains its opinion as expressed in its Joint EDC-EGS Bill Final Order regarding the inclusion of value-added services in utility-consolidated bills.[[12]](#footnote-13) Specifically, we have concerns regarding the application of customer bill payments and the effect of non-payment for such value-added services. We do encourage the NGS community to provide as much diversity in product and service offerings as possible to ensure a competitive and beneficial retail natural gas market; however, we agree that, at this time, NGDCs should not be made responsible for the collection of NGS value-added services. Therefore, we will not, at this time, propose that the NGDCs be required to include additional line items for NGS value-added services charges.

**D. Dual and Summary Bills**

 An issue was raised within the informal comments regarding the inclusion of any proposed joint bill initiatives in dual bills. Dual bills are separate bills, one provided by the NGDC for distribution-related costs and one provided by the NGS for supply-related costs. A question was raised regarding the applicability of joint bill initiatives in such scenarios. We do not propose the inclusion of the NGS logo or extended bill messaging space on the utility bill in these occurrences. However, we do see value in including the Shopping Information Box on the utility bill and request comments on this issue.

 Additionally, we realize that, on the electric side, summary bills may be provided to customers. A summary bill generally is sent to one primary account contact and includes the charges for multiple accounts under that person/organization. For example, a university may receive a summary bill for all of its accounts. We request comments as to the provision of such bills on the natural gas side and the frequency with which it occurs. Additionally, we request feedback regarding the appropriateness of including any, or all, of the proposals on this kind of bill.

 Lastly, in addition to the dual and summary bill scenarios outlined above, we request that stakeholders provide feedback regarding any other potential billing scenarios that may prove problematic. Specifically, we ask stakeholders to consider whether there are certain customer classes, rate classes, etc. wherein the provision of the NGS logo, expanded bill messaging space or Shopping Information Box may prove to be difficult or unfeasible.

 We would like to reiterate herein that we will not, at this time, be reviewing the possibility of supplier-consolidated billing in the retail natural gas marketplace.[[13]](#footnote-14)

**E. Costs and Timeline**

 **1. Costs and Cost Recovery**

 We request that the NGDCs and other interested parties provide cost estimates for the changes required in order to implement the three proposals contained herein. Additionally, should a party provide other recommendations for making the bill more supplier-oriented, the Commission asks that cost estimates be included in those comments.

 The Commission recognizes that the changes recommended herein may necessitate billing system, electronic data interchange (EDI) and/or information technology changes. Since this proposal will affect all customers, the Commission proposes that the costs associated with these recommendations be recovered from all distribution customers on a non-bypassable basis through a surcharge or some similar mechanism. If parties believe other cost recovery mechanisms are more appropriate, we ask that those mechanisms be addressed in comments.

 **2. Timeline**

 The Commission proposes that the three recommendations outlined herein be implemented no later than June 1, 2016.

**F. Existing NGDC Joint Bill Initiatives**

 In its informal comments, PECO notes that it implemented, in December 2014, the electric joint bill initiatives (*Choice Friendly Bill*[[14]](#footnote-15)) and also included those changes in the bills for its natural gas customers. PECO Informal Comments at 1-2. PECO requests that it be allowed to maintain these enhancements in its existing *Choice Friendly Bill*. *Id.* at 2.

 Similarly, PGW states that, pursuant to its Commission-approved settlement, it is in the process of implementing many of the electric joint bill initiatives for its gas customers as part of its POR/CB program. PGW Informal Comments at 1. Specifically, PGW notes that it is incorporating joint bill aspects that are either explicitly addressed in the Gas RMI Final Order that serve similar purposes, including: 1) black and white supplier logos; 2) a new supplier message section meeting the electric joint bill specifications; 3) a new Shopping Information Box based on the electric joint bill specifications; and, 4) a comprehensive Choice marketing campaign including two rounds of direct mailers to all POR eligible customers and, if desired by NGSs, a supplier insert. *Id.* at 2-3.

 We support the initiatives undertaken by both PECO and PGW and request that both companies provide comments regarding any potential changes to their current initiatives that would be required in order to comply with the proposals contained herein. We do not suggest making changes to PGW’s billing initiatives that were approved via a joint settlement. Nor do we wish to make wholesale changes to PECO’s Choice Friendly Bill that is already being provided. However, we do want to confirm that the proposals discussed herein do provide the information we believe is necessary to aid customers in participating in the retail natural gas supply market and in developing stronger relationships with their NGSs. Therefore, we specifically request feedback from PECO and PGW regarding the applicability of the proposals included herein in relation to their existing joint bill initiatives.

**G. Provision of Draft and Sample Bills**

 If the Commission determines that the Joint Bill concepts discussed in this Tentative Order should be pursued, we propose that all jurisdictional NGDCs provide to OCMO, for its review and feedback, a draft of their revised bills, at least 45 days in advance of the active dissemination of the new bills. While OCMO has already reviewed PECO’s joint bill developed as a result of the Joint EDC-EGS Bill Final Order, if any of the initiatives outlined herein result in changes to that bill, we propose that PECO be required to provide a new draft bill to OCMO for its review and feedback. With regard to PGW, while we recognize that PGW’s billing changes have resulted from a joint settlement, we still believe it beneficial to require OCMO’s review before the new billing format is implemented.

 Lastly, we propose that, following OCMO’s review of the draft bills, new sample bills be provided to the Commission’s Office of Communications for inclusion on the Commission’s website. Also, we propose that new sample bills be provided to the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA).

# CONCLUSION

 With this Tentative Order, the Commission seeks comments on the proposed recommendations for creating a more supplier-oriented utility-consolidated bill. Specifically, the Commission seeks comments regarding the inclusion of the NGS’s logo on the NGDC bill; the expansion of NGS bill messaging space from two (2) to four (4) lines; and the inclusion of a Shopping Information Box. We believe these three mechanisms will aid the customer in not only developing a stronger recognition of, and relationship with, a customer’s NGS, but will also increase customer awareness when participating in the competitive retail natural gas market.

**THEREFORE,**

 **IT IS ORDERED:**

 1. That this Tentative Order shall be served on all jurisdictional Natural Gas Distribution Companies, all licensed Natural Gas Suppliers, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate and the parties who filed comments at Docket No. I-2013-2381742.

 2. That interested parties shall have 45 days from the entry date of this Tentative Order to file written comments referencing Docket Number M-2015-2474802 with the Pennsylvania Public Utility Commission, Attention: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265. Comments may also be filed electronically through the Commission’s e-File System.

3. That a copy of this Order shall be posted on the Commission’s website at the Office of Competitive Market Oversight’s Natural Gas Retail Markets Investigation web page - <http://www.puc.pa.gov/utility_industry/natural_gas/natrual_gas_rmi.aspx>.

4. That the Office of Competitive Market Oversight shall electronically serve a copy of this Tentative Order on all persons on its contact list for the Natural Gas Retail Markets Investigation.

5. That the contact people for technical issues related to this Tentative Order are Dave Hixson, 717-772-2766 or dhixson@pa.gov, and Megan Good, 717-425-7583 or megagood@pa.gov. That the contact person for legal issues related to this Tentative Order is Ken Stark, 717-787-5558 or kenstark@pa.gov.

**BY THE COMMISSION,**

 Rosemary Chiavetta

 Secretary

(SEAL)

ORDER ADOPTED: April 23, 2015

ORDER ENTERED: April 23, 2015

Attachment





1. *See Investigation of Pennsylvania’s Retail Electricity Market: End State of Default Service* Final Order, at 67, Docket No. I-2011-2237952 (Order entered Feb. 15, 2013) (hereinafter Electric RMI Final Order). [↑](#footnote-ref-2)
2. *Id.* [↑](#footnote-ref-3)
3. *See Investigation of Pennsylvania’s Retail Electricity Market: Joint Electric Distribution Company –*

*Electric Generation Supplier Bill* Final Order, Docket No. M-2014-2401345 (Order entered May 23, 2014) (hereinafter Joint EDC-EGS Bill Final Order). [↑](#footnote-ref-4)
4. The inclusion of the EGS’s logo is at the voluntary discretion of the EGS. EGSs were not required to submit their logos. [↑](#footnote-ref-5)
5. *See* Joint EDC-EGS Bill Final Order*.* [↑](#footnote-ref-6)
6. *See* Joint EDC-EGS Bill Final Order at page 39. [↑](#footnote-ref-7)
7. *See Investigation of Pennsylvania’s Retail Natural Gas Supply Market* Final Order, Docket No. I-2013-2381742 (Order entered Dec. 18, 2014) (hereinafter Gas RMI Final Order). [↑](#footnote-ref-8)
8. The informal comments are publicly available at this docket number, M-2015-2474802. [↑](#footnote-ref-9)
9. *Id*. at 42. [↑](#footnote-ref-10)
10. PECO’s *Choice Friendly Bill*, a joint bill, is included as an attachment to this order. *See* Attachment. Emphasis has been added to highlight the supplier logos, the Shopping Information Box and the expanded bill messaging space. [↑](#footnote-ref-11)
11. [↑](#footnote-ref-12)
12. *See* Joint EDC-EGS Bill Final Order at page 24. [↑](#footnote-ref-13)
13. *See* Gas RMI Final Order at page 42. [↑](#footnote-ref-14)
14. *See* Attachment to this Order. [↑](#footnote-ref-15)