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**Via Overnight Delivery**

June 8, 2015

Rosemary Chiavetta, Executive Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**RECEIVED**  
JUN 08 2015  
PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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

Dear Secretary Chiavetta:

On behalf of Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC – Equitable Division and Peoples TWP LLC (collectively “Peoples” or the “Company”), attached for filing are the Comments of Peoples to the Tentative Order issued by the Pennsylvania Public Utility Commission on April 23, 2015 in Docket Number M-2015-2474802 - Investigation of Pennsylvania’s Natural Gas Market: Joint Natural Gas Distribution Company – Natural Gas Supplier Bill.

Please contact the undersigned at (412) 208-6834 should you have any questions or concerns regarding this matter.

Very truly yours,

A handwritten signature in black ink, appearing to be "JP", written over a horizontal line.

Jennifer L. Petrisek  
Senior Attorney

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**RECEIVED**

JUN 08 2015

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Investigation of Pennsylvania's Retail Natural :  
Gas Market: Joint Natural Gas Distribution :  
Company – Natural Gas Supplier Bill :

M-2015-2474802

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**COMMENTS TO THE TENTATIVE ORDER  
BY PEOPLES NATURAL GAS COMPANY LLC, PEOPLES NATURAL GAS COMPANY LLC  
– EQUITABLE DIVISION AND PEOPLES TWP LLC**

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**I. Introduction.**

On April 23, 2015, the Pennsylvania Public Utility Commission ("PUC" or "Commission") issued its Tentative Order outlining the 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 (the "Tentative Order"). By the Tentative Order, the Commission requests comments on the recommendations proposed by OCMO to create a more supplier-oriented utility-consolidated bill. In accordance with the forty-five day comment period, Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC – Equitable Division and Peoples TWP LLC (collectively the "Company" or "Peoples") respectfully submit these comments for consideration by the Commission. The Company expects that the Energy Association of Pennsylvania ("EAP") will also file comments in this proceeding, on behalf of its natural gas distribution company members. The Company has previewed the EAP comments and supports the suggestions and analysis in those comments. The Company's comments today are in addition to those submitted by EAP.

**II. Company Response to Commission Proposal.**

In the Tentative Order, the Commission has set forth the proposal made by OCMO which recommends the following modifications to current NGDC bills: (1) inclusion of the NGS's logo on the bill, (2) expansion of bill messaging space allotted to NGSs, (3) and inclusion of a Shopping Information Box. The Commission states that these three proposals will aid the customer in not only developing

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.

The Commission seeks input from the NGDC's as to the feasibility of the proposal, along with the estimated costs for the implementation and maintenance of the Commission's recommended modifications to the NGDC bills. The Company provides the following information in response to the proposal and the Commission's requests for further information.

Initially, it is important to note that the Company interprets the Commission's proposal to include only NGDC bills associated with residential and small business classes of customers and has based these Comments, as well as the costs estimations, only on these two classes of customers. The Company believes these two classes of customers are the appropriate target of the stated intention of the proposal – aiding customer in developing stronger recognition of, and relationship with, his/her NGS, as well as increasing customer awareness in the competitive retail natural gas market. Commercial and industrial customers have a long history of participating in the competitive market, and due to their size, often have independent relationships already established with their NGS and thus do not necessarily need to increase their recognition of, or relationship with, their NGS.

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

In the Tentative Order, the Commission recommends the placement of the NGS logo on the utility-consolidated bill in either color, or black and white. The Commission notes that the NGDC should have flexibility regarding the placement for the logo, however, the Commission strongly suggests that the NGDC places the logo as near as possible to the NGS charges to reinforce the connection between the supply charges and the suppliers.

The Company supports this proposal, however, it notes that the most economical printing process is to accommodate black and white logos only. The color images that currently appear on the Peoples' bills are images that are preprinted on the billing stock paper. If NGS color logos are required, Peoples will have to order new pre-printed billing stock paper for *each* NGS logo. The Company's current Bill Print Provider does not support a printed colored logo. This would greatly increase various costs associated with the creation of bills, such as retaining multiple billing stock papers with various NGS logos and most importantly, changing the manner in which bill batches are run to accommodate switching

out billing stocks paper per supplier<sup>1</sup>. As previously stated, the intended outcome of placing the NGS logo on the bill is to aid the customer in developing a stronger recognition of and relationship with his/her NGS. The placement of the logo is the critical issue here, not whether the logo appears in black and white, or color. As such, the Company believes that the additional costs associated with placing a color log on the bill are not currently justified.

Also, it is important to note that the Company can only accommodate one NGS logo on each bill. Thus, if a customer switches suppliers and the final balance for the previous NGS and the current charges for the new NGS both appear on the same bill, only the active current NGS will have a logo placement on the bill.

Estimated costs associated with adding a black and white NGS logo to the bill are provided later in these Comments. Should a color logo be required, further adjustments to the cost estimations will need to be prepared by the Company.

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

The Commission recommends an expansion of bill messaging space on the NGDC bill to provide *four (4) lines on each NGDC's bill for NGS messaging.*

Currently, the Company bills contain a message area, for Company messages, that permits 9 lines of 120 characters each. This messaging area supports various critical messages, such as the DSIC explanation, budget bill changes, past due reminders, installment plan messaging, payment methods, Dollar Energy Fund promotion, as well as other important messages that may be required over time. Due to space constraints, the Company often has to prioritize the various messages that may appear in the current messaging area and must minimize, or cut altogether, certain Company messages. The current bill design also provides for a 3 line area where NGS contact information is displayed – this area appears directly below the NGS charges on the bill. The Company notes that the current residential and small commercial customer bills are generally 1 page. The current bill design does not permit room for additional information. Thus, in order to allow NGS bill messaging space of 4 lines, in addition to the logo placement addressed above, the bills will run over onto an additional page. The only alternatives to maintaining the current number of pages, without extensive modifications to the billing system, is to

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<sup>1</sup> As there are approximately 15 NGS's providing supply service to residential and small commercial customers on the combination of the Company's three tariffs, the costs associated with requiring billing stock paper for each NGS would be extensive.

decrease font size, decrease existing messages or decrease billing detail currently found on the bill. The Company does not support reducing font size as this will makes bills difficult to read and further does not support decreasing the current messages or billing detail on the bills as that information include critical information, such as payment options, budget bill changes and so on.

In order to efficiently receive information from NGS for billing messages, the Company proposes to create a secure Supplier Portal to manage NGS bill messaging (the "Messaging Portal"). The Messaging Portal would allow suppliers to enter their message which would then appear on the NGDC bills. The Messaging Portal would allow the messages to be created by Supplier rate or PNG rate class. The messages would require a validity period (start and stop date) and as the Company has a rolling Bill Cycle, messages must be submitted no later than 10 days prior to the bill cycle. It's important to note that the messages should be placed only on the bills for the actual residential and small commercial customers served by the particular NGS and should not be a means by which the NGS can reach out to all gas ratepayers. Additionally without more extensive programming changes, NGS bill messages cannot be directed at individual customers – they must be directed to the NGS customers by supplier rate or PNG rate class. Thus, if an NGS desires to place a contact expiration date, by specific customer, in the bill messaging space, further programing by the Company will be required.

Further, consistent with the discussion surrounding logo placement above, the bill messages can only be in black and white text and the Company can only accommodate one NGS bill messaging area on each bill. Thus, if a customer switches suppliers and the final balance for the previous NGS and the current charges for the new NGS both appear on the same bill, only the active current NGS will have a bill messaging location on the bill.

The costs associated with allocating an additional 4 lines for NGS bill messaging on the current bill, as well as the costs associated with the Messaging Portal necessary to transmit and process the bill messages, are provided later in these Comments.

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

In the Tentative Order, the Commission proposes the creation of a conspicuous "Shopping Information Box" that can be developed and placed on the NGDC bill. The Commission noted that the Shopping Information Box shall include a customer's account/customer number, a customer's Rate Schedule, an indication that this information is needed when shopping with an NGS and a reminder that the Customer should know their contract expiration date if they are currently shopping. As opposed to the

recommendations in Section A and B herein, the Shopping Information Box will appear on all customer bills, not just customer currently participating in Choice.

The Company can design modifications to the existing billing systems to permit room on the bill to allow for a Shopping Information Box. However, placement on the bill will result in an additional page for the bill, thus resulting in a 2 page bill for residential and small commercial non-shopping customers and a 3 page bills for those residential and small commercial customers with billable non-utility charges (i.e. Warranty Services). While the Company understands the importance of ensuring customers are aware of Choice and shopping is both easy and efficient, the Company believes it already provides the necessary information for customers to shop and requiring the placement of the Shopping Information Box on Peoples' bill is unnecessary. Specially, the Company provides the Shopping Information Box material through various means:

- The Company standard's bill lists the customer's account number on the very top of the bill directly under the customers address. The Account number is not hidden in the depths of the bill and in fact appears in bolded text.
- The rate schedule is also very easy to locate on the Company's standard bill. The rate schedule designation appears on the very first line of the "Current Charges" section on bill – and again appears in bolded f text.
- Between 7 and 9 times a year, the Company provides an Energy Choice message in the Peoples View Newsletter. The Energy Choice message reminds customer they have choice for their natural gas supply and directs customer to the website to gather more information. One Newsletter per year is primarily devoted to Energy Choice. The current messaging in the recurring Newsletter, as well as the Newsletter dedicated to Energy Choice, can be adjusted to incorporate the information proposed for the Shopping Information Box, as well as an explanation of how to locate your account number and rate schedule on your bill.
- The Energy Choice section of Peoples' website provides information on Choice, including information on How to Shop, How to Compare Process and How to Sign Up

As the Customer Account Number and Customer Rate Schedule are bolded and easily located on the current Peoples' bill, and as Energy Choice information is provided 7-9 times per year through Newsletter's, as well as on the Peoples website at all times, the Company believes the information available already meets with, or exceeds, the intentions outlined for the inclusion of the Shopping

Information Box on the bill. As such, the Company would request consideration of the steps it has already taken and would request, if the Commission requires the inclusion of a Shopping Information Box, to waive such requirement for any NGDC that is able and willing to provide equivalent information through ongoing customer educational materials..

However, if the Commission requires the Shopping Information Box placement on Peoples' bills, the costs associated with providing the information in the requested manner, as well as the costs associated with the increased production and mailing costs associated with an additional page for each bill, are provided later in these Comments.

**D. Inclusion of NGS Inserts.**

Although the Commission is not requiring the inclusion of NGS inserts, which may be letters, notices, or marketing materials, into the NGDC bills, the Commission has requested comments regarding practical issues associated with the inclusion of such inserts. The Company foresees several issues associated with the inclusion of NGS bill inserts that should be more fully examined:

- Postage & Envelope costs. The size and weight of the bills is critical to contain postage costs. Any additional materials added to a bill may increase the postage costs; for example, a tri-fold bill insert may increase the postage and would require a larger envelope size as the existing envelopes used for the bills can only accommodate the bill, remittance envelope, and the customer newsletters. Further, if one bill is overweight then the entire billing group for that day will be metered at the highest postage rate.
- Equipment Limitations. There is a constraint on the number of bill inserts the Company's Mail Handler can provide at one time. For example, the Mail Handler's equipment may only have three slots when stuffing bills – one for the remittance envelope, one for the Company Bill, and one for a bill insert. Thus, if there was a NGS bill insert, the Company would not be able to send its Peoples' newsletter, or any required notices, such as a rate change notification.
- System Modifications. System changes would need to be created to permit the insertion of the NGS bill insert into the bills of shopping customers. As the Company's bills are run in batches based on meter read dates, and not based upon rate class or shopping vs. non-shopping, each bill batch would have to be separated out by each NGS for further bill inserts thereby increasing both programming and processing costs.

- Processes for Information. Bill Inserts would need to be provided by the NGS to the Company's Mail Handler in a "ready to mail" document – and provided to the Company in an electronic format for insertion into electronic bills. Processes and possibly enhanced electronic portals, would need to be developed to transmit the information. The inserts would have to be provided to the Mail Handler at least 10 days prior to start date of insertion.

#### **E. Cost Estimates.**

The Commission has requested NGDCs to provide an estimate of the costs associated with the implementation and regular operation of the recommended joint NGS/NGDC bills. The Company has developed an *estimated* cost for the design and implementation of these requirements of \$345,000. Ongoing annual maintenance costs are estimated at \$11,000 per year. The incremental annual costs associated with the additional page for the bills is estimated to be \$336,000. Increased postage costs, due to possible increased size and weight of the bills, have not been calculated and therefore are not included in this estimate. It is important to note that these costs are estimates only and any modifications to the recommendations will alter these costs. The identified estimated costs for implementation, operations and maintenance of the billing enhancements will encompass access to the residential and small commercial ratepayers account numbers for Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC – Equitable Division and Peoples TWP LLC.

#### **F. Cost Recovery.**

In the Tentative Order, the Commission proposed 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. As the Company's estimated costs, as described in Section E, are incremental to the Company's existing investments and ongoing operations and maintenance expenses, the Company supports the Commission's proposal. However, the Company also notes a proposal made in its comments to the recent Account Number Access Mechanism case (Docket M-2015-2468991 – Natural Gas Distribution Company Customer Account Number Access Mechanism for Natural Gas Suppliers). In such comments, the Company proposed a cost sharing mechanism whereby the costs would be shared between existing residential and small business Choice ratepayers and the NGS' operating in the Company's territory. The Company believes this proposal may be applicable in this proceeding as well.



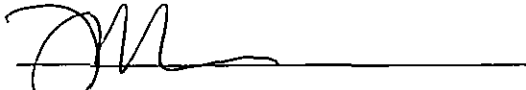
**G. Timeline.**

The Commission has proposed that the Commission Recommendations are implemented no later than June 1, 2016. The Company appreciates the Commission's desire to have the joint bills functioning as early as possible, however, the proposed timeframe provides less than 1 year for design, testing and implementation. As multiple company systems must be modified, such as the Billing system and the creation of a Messaging Portal, as well as the implementation of new processes, specifically related to the handling of bill messages, the Company requires further time to design, test and implement these recommendations. The Company reasonably believes it will need one (1) year from the date the final Commission requirements are determined, provided Company compliance plans are timely evaluated and approved, for the joint NGS/NGDC bill recommendation to be implemented. This timeframe is consistent with the timeframe provided to the Electric Distribution Companies in a similar proceeding.

**III. Conclusion.**

Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC – Equitable Division and Peoples TWP LLC appreciates the opportunity to provide these comments and respectfully request that the Commission consider the Company's foregoing comments as it implements a joint NGDC/ NGS utility bill.

Respectfully submitted this 8<sup>th</sup> day of June, 2015,

  
Jennifer L. Petrisek, Esq.

Counsel for Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC – Equitable  
Division & Peoples TWP LLC  
225 North Shore Drive  
Pittsburgh, PA 15212

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CITY AND STATE **Pittsburgh Pa** ZIP CODE **15212**

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