**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held July 21, 2016

Commissioners Present:

Gladys M. Brown, Chairman

Andrew G. Place, Vice Chairman

John F. Coleman, Jr.

Robert F. Powelson

David W. Sweet, Absent

Petition of Valley Energy, Inc. for Delay in P-2016-2550226

Logo Portion of Joint Natural Gas Distribution

Company – Natural Gas Supplier Bill Format

Investigation of Pennsylvania’s M-2015-2474802

Retail Natural Gas Market:

Joint Natural Gas Distribution Company –

Natural Gas Supplier Bill

**FINAL ORDER**

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) is a recommendation from the Commission’s Office of Competitive Market Oversight (OCMO) to provide Valley Energy Inc. (Valley Energy or the Company) with a temporary exemption from including Natural Gas Supplier (NGS) logos on customer bills. Valley Energy will be complying with the other Joint-Bill features; specifically, the expansion of bill messaging space allotted to NGSs and the inclusion of a Shopping Information Box.

# BACKGROUND

During its Investigation of Pennsylvania’s Retail Electricity Market (Electric RMI), this Commission directed OCMO to provide recommendations 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 needed 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 intended 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 stated that a joint Natural Gas Distribution Company (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.

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 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) Six parties submitted informal comments to OCMO. Following its review of the informal comments, OCMO submitted to the Commission its proposals for implementing a joint NGDC-NGS bill. The Commission adopted for comment OCMO’s proposals at its April 23, 2015 Public Meeting[[10]](#footnote-11) that included three proposed changes to utility-consolidated bills to make them more supplier-oriented: inclusion of the NGS’s logo on the NGDC bill; expansion of the bill messaging space provided to NGSs; and inclusion of a Shopping Information Box. The Commission also requested that cost estimates and recovery proposals be provided. Lastly, the Commission proposed that these changes be implemented no later than June 1, 2016.

The following parties submitted comments to the Commission’s Tentative Order: Columbia Gas of Pennsylvania, Inc. (Columbia); EAP; the Office of Consumer Advocate (OCA); PECO; PEMC; Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC – Equitable Division and Peoples TWP LLC (collectively, Peoples); PGW; Pike County Light and Power Company (PCL&P); RESA and UGI.

Upon review of the comments, the Commission issued a Final Order[[11]](#footnote-12) that provided direction to the NGDCs as to the features a joint bill should include; the timeframe for implementation; and cost recovery.

The Commission adopted the proposal that the NGS logo should be provided on the NGDC bill because placing the NGS logo on the NGDC bill reinforces the relationship between the customer and the selected NGS and serves as a reminder of the relationship for those customers who may have forgotten about their selected NGS. However, the Commission also declared that it would be voluntary for a NGS to include its logo on customer bills.

This Commission also maintained its proposal that supplier bill messaging space should be expanded as this would allow suppliers to provide their customers with valuable information regarding their chosen generation product and supplier. The Commission directed NGDCs to work with NGSs, and where necessary, OCMO, to implement any necessary changes to provide four lines of NGS messaging space on the NGDC bill. We strongly encouraged NGSs to maximize their use of this messaging space often and to provide contract expiration dates, where feasible and appropriate, to inform and remind customers of upcoming gas supply changes.

Further, the Commission directed that NGDCs to include on their bills, separate and apart from other charges, a Shopping Information Box that includes a customer’s account/customer supplier ID number (whichever is needed to effectuate a switch), the customer’s Rate Schedule and an indication that this information is needed when shopping with an NGS. The Shopping Information Box should include language reminding a customer who has already shopped to be aware of whether or not their current generation supply contract has an expiration date and, if so, when the expiration occurs. We agreed that flexibility was important regarding the size and location of this information on the NGDC bill, and, as a result, we did not dictate where this information should be included. However, we did require that the Shopping Information Box be conspicuous and separate and apart from other charges and include the specific language provided below:

|  |
| --- |
| **Shopping Information Box** |
| When shopping for gas with an 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. |

The Commission stated that the Shopping Information Box is appropriate for inclusion on dual bills as it provides a customer with information should they wish to switch from their existing supplier. However, we ruled that the NGS messaging space and logo are not relevant on dual bills as the customer is already receiving a separate bill from the supplier. We also determined that it may be difficult and unnecessary to include the NGS logo, messaging space and Shopping Information Box on certain types of bills, including summary bills.

Concerning costs and cost recovery, we agreed that the NGDCs should be provided with the recovery of reasonably and prudently incurred costs associated with the design and implementation of including suppliers logos, providing for bill messaging space and including the Shopping Information Box. The Commission maintained that the use of a non-bypassable surcharge is most appropriate mechanism in recovering these costs. We provided the NGDCs a one year timeframe in which to implement the joint bill and asked the NGDCs to submit sample bills to OCMO for review at least 45 days prior to implementation.

We did, however, grant a request for exemption by Pike County Light and Power (PCL&P) from implementing the joint bill:

We agree with PCL&P that including a Shopping Information Box on a customer’s bill in a service in which there are no active suppliers may be confusing. With the lack of active suppliers, the NGS logo and bill messaging space is also unnecessary; however, these elements would not appear on a customer’s bill so our immediate concern is the Shopping Information Box. We agree that PCL&P should not implement these changes, at this time, due to a lack of active NGS participation in its service territory. However, PCL&P should implement the three joint bill changes outlined in this Final Order if and when an active NGS begins operations in its service territory. At that time, PCL&P will be required to file a notice with the Commission advising that the bill changes directed in this Final Order are being implemented, the estimated costs and the anticipated completion date.  The notice should be filed with the Secretary at this Docket Number along with an email copy to OCMO at [ra-ocmo@pa.gov](mailto:ra-ocmo@pa.gov).

Final Order at 33. We also stated, “Other smaller NDCSs without active suppliers in their territories may also seek exemption or delay in implementation of this Joint Bill requirement.” *Id.*

**Request for Exemption**

On June 9, 2016, the Commission received the Petition of Valley Energy, Inc. for Delay in Logo Portion of Joint NGDC-NGS Bill Format (Petition). At the same time, Valley Energy served the Petition on the statutory advocates. No answers were filed in response to the Petition.

In its Petition, Valley Energy describes itself as an NGDC serving approximately 5,867 residential and 874 commercial and industrial customers in and around Sayre, Bradford County, Pennsylvania. Valley Energy Petition at 1. Valley Energy reports that of these customers, approximately 49 small commercial and zero residential accounts currently purchase gas from NGSs. An additional seven large industrial accounts are supplied by NGSs and take only transportation service from Valley Energy. The Company states that all of the shopping accounts receive dual/separate bills – one from the NGS for supply and one from Valley Energy for the delivery of the gas. Valley Energy’s current billing system is not programmed to issue consolidated bills. *Id.* at 2.

In its Petition, Valley Energy reports that it has explored the implementation of joint bills as directed by the Commission and that its billing vendor has indicated that the bill messaging space can be expanded and the Shopping Information Box can be added with minimal programming changes and cost to the Company. However, the vendor has indicated that the system modifications required to add an NGS logo to the bill would be more extensive and expensive. This is due, at least in part, to the Company’s lack of the electronic data interchange capabilities necessary to issue consolidated bills. The Company reports that the cost of implementing consolidated billing is $660,000 and that these changes would take at a minimum 18-24 months to implement. *Id.* at 3.

Valley Energy asserts that with annual total revenues of approximately $10 million (consisting of $2 million transportation and $8 million in gas sales), it has limited financial resources to implement the logo requirement at this time. Also, due to its small customer base, Valley Energy maintains that NGSs have not expressed an interest in serving its smaller customers. Further, the Company states that no NGSs serving the existing transportation customers have complained to Valley Energy about the absence of consolidated billing. *Id.* at 4.

Due to the cost and time involved in implementing the NGS logo capability, Valley Energy requests an exemption to delay implementation this aspect of the joint bill until an NGS requests to use consolidated billing. At that time, Valley Energy proposes to file a notice with the Commission that will include a plan to investigate the costs and implementation timeline to pursue consolidated billing (and the use of the NGS logo on the bill). After that investigation, Valley Energy will submit a further filing with the Commission that includes either an implementation plan, including a cost recovery proposal, or they will file a request for a permanent waiver of the requirement. *Id*. at 4.

**RESOLUTION**

As discussed in our Final Order, we believe that the joint bill format will aid natural gas customers in not only developing a stronger recognition of, and relationship with, their NGS, but also will increase customer awareness when participating in the competitive retail natural gas market. However, as we also discussed in our Final Order, we recognize that these requirements may pose unreasonable burdens and costs on smaller NGDCs. For these reasons, we expressly exempted PCL&P from the requirements – at least temporarily – and invited other similarly-situated NGDCs to request exemptions if they believed their circumstances warranted consideration. In response, Valley Energy filed the subject Petition.

Valley Energy states that it is prepared to implement two of the features of the joint bill. Therefore, Valley Energy shall proceed with implementation of the two joint bill features that the Company reports it can implement with minimal costs – the Shopping Information Box and the increased NGS messaging space. We remind Valley Energy of the requirement from the Final Order that they provide a sample of the joint bill format to OCMO (at [ra-ocmo@pa.gov](mailto:ra-ocmo@pa.gov)) at least 45 days before the intended implementation date.

Regarding the logo requirement, we acknowledge Valley Energy’s uniqueness, specifically with regard to its relatively small customer base and its lack of residential shopping. We recognize Valley Energy’s estimates of the costs and that imposing these costs on the customer base at this time may not be reasonable. For those reasons, we will grant Valley Energy a temporary exemption from the logo requirement. This waiver will be in effect until an NGS approaches Valley Energy expressing an interest in consolidated billing. At that time, consistent with our treatment of PCL&P in the Final Order, Valley Energy will be required to file a notice with the Commission advising that the bill changes directed in this Final Order are being implemented and providing the specifics of the implementation plan – including the estimated costs and the anticipated completion date.  The notice should be filed with the Secretary at this Docket Number along with an email copy to OCMO at [ra-ocmo@pa.gov](mailto:ra-ocmo@pa.gov).

# CONCLUSION

After review of Valley Energy’s Petition, we find that the Company’s request for a limited, temporary exemption from the Commission’s requirements regarding inclusion of an NGS logo on a joint bill to be in the public interest.

**THEREFORE,**

**IT IS ORDERED:**

1. That Valley Energy Inc.’s request for exemption from the Commission’s NGDC-NGS joint bill format concerning NGS logos is temporarily granted.

2. That at such time that an NGS approaches Valley Energy LLC. expressing an interest in consolidated billing, Valley Energy Inc. shall file with the Commission a notice and implementation plan, per the terms of this Final Order.

3. That this Final Order be served on all jurisdictional Natural Gas Distribution Companies, 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. M-2015-2474802.

4. That the Secretary shall deposit a notice of this Final Order with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

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

6. That the Office of Competitive Market Oversight shall electronically serve a copy of this Final Order on all persons on the contact list for the Committee Handling Activities for Retail Growth in Electricity and the Natural Gas Retail Markets Investigation.

**BY THE COMMISSION,**

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Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: July 21, 2016

ORDER ENTERED: July 21, 2016

1. *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. *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 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). [↑](#footnote-ref-8)
8. The informal comments are publicly available at Docket No. M-2015-2474802. [↑](#footnote-ref-9)
9. *Id*. at 42. [↑](#footnote-ref-10)
10. *Investigation of Pennsylvania’s Retail Natural Gas Supply Market - Joint Natural Gas Distribution Company – Natural Gas Supplier Bill* Final Order, Docket No. M-2015-2474802 (Order entered Apr. 23, 2015) (hereinafter Tentative Order). [↑](#footnote-ref-11)
11. *Investigation of Pennsylvania’s Retail Natural Gas Market: Joint Natural Gas Distribution Company – Natural Gas Supplier Bill* Final Order, Docket No. M-2015-2474802 (Order entered Aug. 20, 2015) (hereinafter Final Order). [↑](#footnote-ref-12)