

COMMONWEALTH OF PENNSYLVANIA



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August 31, 2018

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
Commonwealth Keystone Bldg.  
400 North Street  
Harrisburg, PA 17120

Re: Pa. Public Utility Commission  
v.  
Columbia Gas of Pennsylvania, Inc.  
Docket No. R-2018-2647577

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Brief in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lauren M. Burge".

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Attachments

cc: Honorable Jeffrey A Watson, ALJ  
Certificate of Service

\*257427

CERTIFICATE OF SERVICE

Re: Pennsylvania Public Utility Commission :  
v. : Docket No. R-2018-2647577  
Columbia Gas of Pennsylvania, Inc. :

I hereby certify that I have this day served a true copy of the following documents, the Office of Consumer Advocate's Reply Brief, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 31st day of August 2018.

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
 :  
 v. : Docket No. R-2018-2647577  
 :  
 Columbia Gas of Pennsylvania, Inc. :

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REPLY BRIEF OF THE  
OFFICE OF CONSUMER ADVOCATE

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Dated: August 31, 2018

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## **I. INTRODUCTION**

The Office of Consumer Advocate (OCA) filed its Main Brief in this proceeding on August 16, 2018. The OCA submits this Reply Brief in response to the Main Briefs of Columbia Gas of Pennsylvania, Inc. (Columbia or the Company), Direct Energy, and Shipley Choice, LLC, Dominion Energy Solutions, Inc., and Interstate Gas Supply, Inc. (NGS Parties). These briefs addressed the only remaining issue in this proceeding, which relates to Columbia's current billing practices, and specifically the inclusion of charges for non-commodity products and services on the utility bill.

As discussed in detail in the OCA's Main Brief, the OCA submits that the NGS Parties' proposal to include additional NGS non-commodity billing charges on customer bills should not be adopted as part of this proceeding. While the NGS parties have identified an issue of concern with Columbia's inclusion of third party non-commodity charges on the utility bill, the NGS Parties' proposal to simply include more third party charges on the utility bill is unreasonable and unsupported by the record in this proceeding. Therefore, the OCA maintains that the NGS Parties' proposal should be rejected.

## II. REPLY ARGUMENT

### A. Response to NGS Parties

The NGS Parties support their proposal to add NGS non-commodity charges to Columbia's customer bills in part by relying on the Natural Gas Choice and Competition Act, 66 Pa. C.S. §§ 2201 *et seq.* (Competition Act). The NGS Parties claim that, "it is important for NGSs to have the ability to offer non-commodity products and services to customers because the competition act [sic] itself encourages the development of innovative products and services to add value for customers beyond natural gas commodity." NGS Parties M.B. at 8, Proposed Finding of Fact ¶ 9. The OCA submits that this is not an accurate characterization of the Competition Act. Rather, the Competition Act is focused on allowing customers to shop for natural gas suppliers, thus lowering the price of natural gas and helping keep utility bills affordable. It is not, however, about offering non-commodity products and services or about the inclusion of those charges on the customer utility bill. Thus, the Competition Act does not support the NGS Parties' proposal to add additional non-commodity charges to Columbia's utility bill.

### B. Response to Columbia

Although the OCA supports Columbia's position that it should not be required to bill for non-commodity products and services offered by NGS Parties, Columbia's Main Brief has not allayed the OCA's concerns about Columbia's current practice of allowing two former affiliates to include non-commodity charges on the customer utility bill.

Columbia claims that the non-commodity charges from Nicor Energy Services Company (Nicor) and Columbia Service Partners, Inc. (CSP) "are currently authorized to be included on Columbia's bill," (Columbia M.B. at 6), but it is unclear when or where these charges were approved. As the NGS Parties point out, any agreements with Nicor and CSP "should have been

subject to review and approval by the Commission under 66 Pa. C.S. Section 2102, which requires close scrutiny of affiliated interest agreements to ensure such agreements are not discriminatory or anti-competitive. There is no record evidence that any such approval was ever obtained.” NGS Parties M.B. at 7. It is also unclear whether costs of these agreements are being paid by Nicor and CSP. The OCA’s concern remains that Columbia’s arrangement with CSP and Nicor “reflects prior affiliated relationships and this practice is not reflected in Columbia’s tariff or any explicit Commission order.” OCA M.B. at 8; OCA St. No. 5-R at 4. Further, neither the prices for these services nor their terms and conditions are regulated, although their inclusion on Columbia’s bill may give rise to “a reasonable assumption by customers that such services are regulated or supervised by the Commission.” OCA St. No. 5-R at 4-5.

The OCA also continues to be concerned about the issue raised by CAUSE-PA regarding whether Columbia is complying with all applicable regulations related to privacy of customer information and third-party access to customer information. Columbia’s Main Brief has not adequately demonstrated that all necessary steps are being taken to protect customer information. See Columbia M.B. at 22-23.

While the OCA continues to have concerns about Columbia’s current non-commodity billing practices, the OCA agrees with Columbia that the NGS Parties’ proposal to simply add additional non-commodity charges to the customer bill is not a reasonable solution and should be rejected.

### C. Response to Direct Energy

In its Main Brief, Direct Energy supports allowing NGSs to include non-commodity products and services on Columbia’s utility bill. Direct Energy M.B. at 3. Direct Energy states that “[a]llowing NGSs to bill for a diverse range of products and services on Columbia’s bill is in

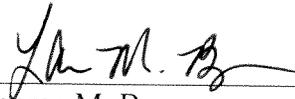
the public interest, and it will serve to enhance the competitive market and provide benefits to consumers.” Id. However, Direct Energy provides no support for its claim that including non-commodity products and services on the utility bill would be in the public interest. The record in this case does not support the idea that this billing practice would be beneficial to customers; in fact, the OCA’s testimony and Main Brief demonstrate that allowing non-commodity products and services on the utility bill raises a variety of consumer protection issues and may lead to confusion or other adverse consequences for residential customers. See OCA M.B. at 7-10; OCA St. No. 5-R. As such, Direct Energy’s argument is unsupported and should be rejected.

Additionally, Direct Energy noted that the OCA also expressed concerns about Columbia’s current non-commodity billing practices. Direct Energy M.B. at 5. While the OCA agrees that there is a legitimate concern about Columbia’s current practice of allowing two former affiliates to bill for non-commodity products and services on Columbia’s customer bill, the OCA does not agree that expanding this problematic practice to allow NGSs to include additional non-commodity charges on the bill is a reasonable solution. See OCA M.B. at 7-8. As discussed above and in the OCA’s Main Brief, the OCA submits that the proposal to include additional non-commodity charges on the utility bill is unreasonable and unsupported, and should be rejected.

### III. CONCLUSION

Based on the foregoing and for the reasons articulated in the OCA's Main Brief, the OCA submits that additional non-commodity charges should not be added to customer bills as part of this base rate proceeding.

Respectfully Submitted,



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