

Alan M. Seltzer
717 237 4862
alan.seltzer@bipc.com

409 North Second Street
Suite 500
Harrisburg, PA 17101-1357
T 717 237 4800
F 717 233 0852

May 20, 2019

VIA E-FILING

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

Re: Petition of Columbia Service Partners, Inc. to Amend Orders of Pennsylvania Public Utility Commission dated December 16, 2018 and January 17, 2019 at Docket No. R-2018-2647577;

Dear Secretary Chiavetta:

Enclosed please find the Petition of Columbia Service Partners, Inc. to Amend Orders entered by the Pennsylvania Public Utility Commission in Columbia Gas of Pennsylvania, Inc.'s 2018 rate case proceeding at Docket No. R-2018-2647577.

Copies of this Petition are being served on all parties to the Columbia Gas of Pennsylvania, Inc.'s rate proceeding, including the Public Advocates. We will await further direction from you if and to the extent other parties should be served or other forms of notice should be utilized.

Very truly yours,



Alan M. Seltzer

AMS/tlg
Enclosure
cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Columbia Service Partners, Inc. to :
Amend Orders of Pennsylvania Public Utility :
Commission dated December 16, 2018 and :
January 17, 2019 at Docket No. R-2018-2647577 :

PETITION OF COLUMBIA SERVICE PARTNERS, INC. TO AMEND ORDERS

I. Introduction

Columbia Service Partners, Inc. (“CSP”) submits this Petition to Amend Orders (“Petition”), under and in accordance with Section 703(g) of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 703(g), and 52 Pa. Code §§ 5.41 and 5.572(d) seeking amendments to two orders entered by the Pennsylvania Public Utility Commission (“Commission”) in Columbia Gas of Pennsylvania, Inc.’s (“Columbia Gas”) 2018 rate case proceeding at Docket No. R-2018-2647577. Copies of this Petition are being served on all parties to the Columbia Gas Rate Case including the Public Advocates. Absent amendments to the Columbia Gas Commission orders that will not fundamentally alter the legal conclusions reached by the Commission in those orders, thousands of Pennsylvania customers taking valuable and desired service from CSP will risk inadvertently losing that service and the related protection they requested and have come to expect. Because CSP was not a party to and did not otherwise participate in this proceeding, the Commission did not have a complete record addressing the impact any potential change in what is known as “on bill” billing would have on thousands of Pennsylvania customers. CSP understands and respects the Commission’s decision and its prospective application for any new customers. However, CSP believes the termination of billing via Columbia Gas to CSP’s customers who have paid their CSP repair plans via their

Columbia Gas bill prior to the orders and are accustomed to this billing mechanism, is not in the public interest and warrants a modification of two orders issued by the Commission in this proceeding. In support of this Petition, CSP represents as follows.

II. Background

1. Columbia Gas, a Pennsylvania jurisdictional public utility and natural gas distribution company serving approximately 426,000 retail customers in portions of 26 counties in Pennsylvania, filed a general base rate case in 2018 seeking an approximate \$46.9 million increase in its operating revenues.

2. Columbia Gas and several parties to the rate proceeding entered into a Partial Settlement under which Columbia Gas agreed to an increase in rates designed to produce an additional \$26 million in annual base rate operating revenues.

3. The Partial Settlement expressly reserved for further litigation and ultimate Commission decision a claim made by certain natural gas suppliers (“NGSs”)¹ referred to in the case as the “NGS Parties”² that Columbia Gas’ practice of placing on its gas bills to its retail customers charges from CSP and another company for non-commodity gas services, supply and products constitutes, among other things, a violation of Code Section 1502.³

4. Although the presiding Administrative Law Judge denied the NGS Parties’ claim that Columbia Gas’ use of “on bill” billing was a discriminatory practice, the Commission found otherwise. First, in an order entered December 6, 2018 (“December 16, 2018 Order”) approving

¹ Under Code Section 2202, a Natural Gas supplier is “[a]n entity other than a natural gas distribution company, but including natural gas distribution company marketing affiliates, which provides natural gas supply services to retail gas customers utilizing the jurisdictional facilities of a natural gas distribution company....” 66 Pa. C. S. § 2202.

² The “NGS Parties” included Shipley Choice, LLC; Dominion Retail, Inc. and Interstate Gas Supply, Inc.

³ Code Section 1502 prevents discrimination in the provision of utility service and provides:

“No public utility shall, as to service, make or grant any unreasonable preference or advantage to any person, corporation, or municipal corporation, or subject any person, corporation, or municipal corporation to any unreasonable prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to service, either as between localities or as between classes of service, but this section does not prohibit the establishment of reasonable classifications of service.” 66 Pa. C. S. § 1502.

the Partial Settlement, the Commission held as follows with respect to Columbia Gas' "on bill" billing arrangement:

We find that Columbia's billing practice, as presently implemented, is discriminatory, unreasonable and not justified in the given circumstances. Therefore, we conclude that Columbia's billing practice, as implemented, violates the prohibition on the discrimination in provision of service under both Sections 1502 and 2203 of the Code.⁴

5. To address the Commission's finding that Columbia Gas' "on bill" billing practice was discriminatory and in violation of the Code, the Commission directed Columbia Gas to "submit to this Commission's Bureau of Technical Utility Services, within 60 days of the entry date of this Opinion and Order, a report detailing its compliance with Sections 1502 and 2203(4) of the Public Utility Code, 66 Pa. C.S. §§ 1502, 2203(4)."⁵ The Commission's direction to file a report indirectly recognized that the record of the Columbia Gas rate case did not fully address all the relevant details of "on bill" billing.

6. On December 17, 2018, the Office of Consumer Advocate ("OCA") filed a timely Petition for Reconsideration of the December 6, 2018 Order asking the Commission to reconsider the provision of that order that allowed Columbia Gas to elect to remediate the discriminatory "on bill" billing practice by providing such service to all entities that provide such non-basic services.⁶ CAUSE-PA also filed a petition for reconsideration of the December 6, 2018 Order on December 20, 2018, as did Columbia Gas on December 21, 2018.

7. In an order entered January 17, 2019 ("January 17, 2019 Order"), the Commission denied the petitions for reconsideration filed by the OCA, CAUSE-PA and Columbia Gas

⁴ December 6, 2018 Order at 50.

⁵ December 6, 2018 Order at 55. Code Section 2203(4) provides: "Consistent with the provisions of section 2204, the commission shall require that a natural gas distribution company that owns or operates jurisdictional distribution facilities shall provide distribution service to all retail gas customers in its service territory and to all natural gas suppliers, affiliated or nonaffiliated, on nondiscriminatory rates, terms of access and other conditions." 66 Pa. C.S. §2203(4).

⁶ December 6, 2018 Order at 50.

finding that "... the Petitions for Reconsideration of the OCA, CAUSE-PA and Columbia fail to assert new or novel arguments or facts which were previously not considered. Thus, we conclude that the parties fail to assert sufficient basis to warrant exercising our discretion to reconsider our *December 6 Order*."⁷

8. As directed by the Commission, on March 18, 2019 Columbia Gas filed its report detailing its methodology for coming into compliance with Code Sections 1502 and 2203(4). In its report, Columbia Gas proposed to comply with the Commission's directive to either provide "on bill" billing to *all* entities that provide such non-basic services or to discontinue its "on bill" billing, by electing to discontinue the practice of "on-bill" billing.

9. Columbia Gas' report, which elected to discontinue "on bill" billing when its current contract with CSP expires in September 2019, in turn spawned additional responses. First, on March 20, 2019 the NGS Parties filed Exceptions to Columbia Gas' compliance report asking the Commission to reject the report and direct Columbia Gas to file another compliance report either terminating the two existing contracts it has for "on bill" billing (one of which is CSP) or provide "on bill" billing to *all* qualified parties. Second, on March 25, 2019, Columbia Gas filed a Response to the NGS Parties' Exceptions arguing that the Commission's December 6, 2018 Order did not require Columbia Gas to immediately terminate its "on-bill" billing arrangements. Rather, according to Columbia Gas, the Commission required Columbia Gas to provide the methodology for *coming into compliance* with Code Section 1502 (prohibiting unreasonable discrimination). Columbia Gas also objected to the NGS Parties' assertion that the

⁷ January 17, 2019 Order at 11 (emphasis in original).

Commission should invoke its rarely used, extraordinary authority under Code Section 508⁸ to cancel Columbia Gas' two existing contracts for "on bill" billing services.

10. The Commission has not yet acted on Columbia Gas' compliance report, the NGS Parties' Exceptions and Columbia Gas' Response thereto. Given this situation, this Petition timely provides this Commission a much-needed perspective on the customer impact of this critical issue by at least one of the entities that has been utilizing Columbia Gas' "on bill" billing services, CSP.

III. CSP

A. Company Background and Product Lines in Columbia Gas' Service Territory

11. CSP is one of over 30 affiliates of HomeServe USA Corp. ("HomeServe"), a company providing repair service plans to 4.2 million homeowners, with over 6 million service plans across the continental United States and Canada.

12. Utilizing a vast contractor network, HomeServe has completed over 650,000 home repair jobs in the last 12 months. It is a very well regarded, accredited by, and having an A+ rating by the Better Business Bureau.

13. HomeServe – via its CSP affiliate -- currently offers Columbia Gas customers Gas Line, Water Service Line and Sewer Septic Line repair plans, for customer owned lines, with a money back guarantee if they cancel within the first 30 days. Thereafter, a customer can cancel the repair plan at any time.

⁸ Code Section 508 provides the Commission broad authority, in certain circumstances, to terminate contracts between a public utility and third parties: "The commission shall have power and authority to vary, reform, or revise, upon a fair, reasonable, and equitable basis, any obligations, terms, or conditions of any contract heretofore or hereafter entered into between any public utility and any person, corporation, or municipal corporation, which embrace or concern a public right, benefit, privilege, duty, or franchise, or the grant thereof, or are otherwise affected or concerned with the public interest and the general well-being of this Commonwealth..." 66 Pa. S. § 508.

14. The Gas line product covers the cost to repair or replace a leaking or broken gas line that is damaged due to normal wear and tear. It includes \$8,000 in annual coverage with the ability to call in to make a claim multiple times a year up to the benefit limit amount.

15. The Water Service Line product includes unlimited annual coverage with unlimited calls per year. The Water Service line product covers the repair or replacement of a leaking, low pressure or permanently blocked exterior water service line that is damaged due to normal wear and tear.

16. The Sewer Septic Line product covers unlimited annual coverage with unlimited calls per year. The Sewer product covers repair or replacement of a leaking or permanently blocked sewer line that is damaged due to normal wear and tear. While not utility service itself, the Gas Line, Water Service Line and Sewer Septic Line repair plans all allow customers to more affordably maintain their access to adequate and functioning gas, water and sewer service.

B. CSP and Columbia Gas Relationship

17. Columbia Gas owned, created and managed a home warranty business (i.e., CSP) that was sold to Utility Service Partners (“USP”) in September 2003. As it relates to this petition, HomeServe’s relationship with Columbia Gas began when it acquired USP in July 2016. At that time, there were 30,093 service contracts for the repair plans identified in paragraph 13 above in effect in Pennsylvania.

18. Today, CSP has 37,138 customers in Pennsylvania who hold 60,276 service contracts, meaning that most of these customers have purchased more than one of the above repair plans.

19. Under the existing arrangement, Columbia Gas offers billing services to CSP for a fee, while CSP and/or HomeServe provides product, marketing, customer surveying, product

administration including maintaining and operating a contractor network, contact center/customer service support and fulfillment.

C. The Value Proposition for CSP's Services

20. CSP's value to customers falls into three main areas: (i) consumer education; (ii) homeowner convenience; and (iii) financial protection.

21. Many homeowners do not know whether the water/sewer/gas service lines on their properties are their responsibility or the utility's to repair in the event of a leak or break. A customer finds out they are responsible for a service interruption only after they have had a problem requiring emergency repair of a water, sewer or gas service line. Therefore, it is important for customers to understand where the utility's responsibility begins and ends, so customers are not surprised when they find out that neither their homeowner's insurance nor the utility cover these facilities. CSP provides a valuable function by educating and offering customers an affordable option for protecting against the cost and stress of dealing with the emergency repair of water, sewer and gas service lines. CSP's home repair plans provide protection to homeowners at times of emergency and offer timely, safe, competent repairs with little or no customer out-of-pocket expense.

22. An abrupt change in the billing process by which these home repair plans are obtained, such as switching from the current "on-bill" billing for these plans that occurs through Columbia Gas, to an off-bill approach, will upset customers' long-standing expectations of paying for these services via the Columbia Gas bill. In addition to forcing these customers, who had no part in this proceeding, to lose their current billing mechanism, stripping these long-standing customers of their ability to pay via their utility bill will cause customer confusion and

angst,⁹ and may result in customers unwittingly losing their coverage and unnecessarily suffering financial loss if they find themselves in need of an emergency repair that would have been covered by their repair plan that may have been terminated as a result of the December 6, 2018 Order and January 17, 2019 Order. Any discontinuation of “on bill” billing to CSP’s current customers will require CSP to establish a new payment mechanism with customers through credit card payments or another billing vehicle. In an era of phishing attacks and other attempts to defraud consumers, even if CSP expends the time and expense to alert customers that they are no longer permitted to pay for these repair plans via their Columbia Gas utility bill, many customers may be alarmed that their credit card or other billing vehicle information is being requested and disregard the request out of confusion or concern that it may be fraudulent, given they have been able to pay via their Columbia Gas utility bill for years. Other consumers may believe any notices sent to them regarding the Commission’s decision to remove their current billing vehicle are ‘junk mail’ and not open or respond, or may simply forget to act given more pressing priorities. In short, if the December 6, 2018 Order and January 17, 2019 Order are enforced as is, significant numbers of customers will unwittingly lose their coverage.

23. Since 2003, CSP or its predecessors have completed 28,379 claims for Pennsylvania customers, saving customers almost \$29 million in emergency home repairs they would have otherwise paid out of pocket.

IV. Relief Requested

24. CSP was not a party to or participant in, and was not notified or aware of, the underlying Columbia Gas rate proceeding that led to the December 6, 2018 Order and January 17, 2019 Order. CSP does not agree that the decision to terminate current customers’ ability to

⁹ Sixty-three percent (63%) of Americans have less than \$500 saved, so an emergency repair like the ones that CSP covers could be financially catastrophic to customers, leaving them without heat or hot water, or water/sewer services.

pay for CSP's valuable and trusted services via Columbia Gas' "on bill" billing process is in the public interest. A substantial portion of CSP's 37,138 Pennsylvania customers are likely to be adversely affected by not having such billing services available after September 2019 when CSP's existing contract with Columbia Gas expires. For this reason, CSP requests that the Commission exercise its authority under Code Section 703(g) and 52 Pa. Code § 5.572(d) to modify the December 6, 2018 Order and January 17, 2019 Order and allow Columbia Gas to extend, only for existing CSP customers, the billing services it provides to CSP's current customers beyond September 2019 until those customers' contracts terminate.

25. CSP respectfully requests that the Commission consider that by not allowing CSP's existing 37,138 Pennsylvania customers to continue to be billed via Columbia Gas, a large majority of those customers will inadvertently lose the kind of coverage and protection they have come to rely on and expect and that an extended period should be afforded CSP to transition customers to a new billing procedure. Based on prior experience, even with multiple efforts to reach customers and convey to them that they will lose their coverage unless they provide a credit card or other billing mechanism, ultimately, over half of customers are likely to lose their coverage. Customers often do not respond to written communications advising them of a billing change, not because of a lack of interest in the product, but because they are suspicious of materials that ask for credit/debit card information when they have historically been billed by the utility. Others may have mail and phone contact fatigue, or may just be too busy to focus on this inconvenience and disregard or forget to respond to mailings and even phone calls. As a result, many customers, who have no intent of canceling coverage, will fail to provide updated payment information and have their plans canceled. Although CSP will notify the customers of cancellation, many will not know of their lack of coverage until they make a claim and are

denied. This will lead to customers being upset with both CSP and Columbia Gas, not to mention the potentially significant financial burden confronting the customer who may simply lack the resources to repair or replace the formerly covered infrastructure without coverage. This result is not in the best interest of the public – including CSP, Columbia Gas and, most importantly, CSP’s over 37,000 existing Pennsylvania customers, representing over 60,000 contracts, currently on the Columbia Gas bill.

26. In order to alleviate this inevitable outcome due to the real-world impacts of the Commission’s decision on “on bill” billing, CSP respectfully requests that the Commission modify and amend its December 6, 2018 Order and January 17, 2019 Order to allow CSP’s existing 37,138 Pennsylvania customers to remain on “on bill” billing through Columbia Gas until those customers terminate service, recognizing that new customers would never be billed via Columbia Gas. Subject to Commission approval and authorization, Columbia Gas has agreed to continue its billing arrangements with CSP to allow all of CSP’s existing customers to remain on “on bill” billing as requested herein.

27. As a less customer-friendly alternative to the relief referenced in Paragraph 26 above, CSP respectfully requests that the Commission modify and amend its December 6, 2018 Order and January 17, 2019 Order to allow CSP time beyond September 2019 to attempt to transition its Pennsylvania customers to a non-utility billing format. This will allow CSP time to make repeated attempts to obtain alternative payment information from its customers. While even this alternative will likely still result in a significant number of customers unwittingly having their repair plans terminated, CSP hopes that the repeated contact will increase the chances that some customers will respond.

28. While this option would clearly result in a worse outcome for existing customers than CSP's preferred option, if the Commission nonetheless authorizes this second option, CSP requests a minimum twelve (12) months from the entry date of the Commission's order on this Petition before existing customers would have to be off the Columbia Gas bill. Subject to Commission approval and authorization, Columbia Gas has agreed to continue its billing arrangements for that period to allow CSP time to transition those existing customers who provide alternative billing information to that alternative payment method.

29. CSP's customer communication plan during this 12-month period would likely consist of the following:

- 1) Send customers direct mail using the CSP branding
 - a. At least 3 mailings, 45 days apart, 6 months before the end of a customer's current annual contract.
 - b. For those customers that do not respond, and to reduce future confusion in the event a customer calls to place a claim, CSP will notify customers via postcard that their contract has been cancelled.
- 2) In addition, and at around the same time as these communications via post, where possible, CSP will send emails to customers seeking alternative payment methods. The email will instruct customers to call, use the payment collection form they received in the mail, or print/complete and mail the form attached to the email.
- 3) As a further outreach effort, subject to applicable law, CSP will place a phone call to eligible customers that have provided a land-line phone number 60 days after initial communication and leave a voicemail when possible.
- 4) Over the remaining months, CSP will continue a 'drip' communication stream to customers in an attempt to encourage customers to affirmatively act to move off their current "on bill" billing arrangement.

V. Conclusion

WHEREFORE, CSP requests that the Commission modify its December 6, 2018 Order and January 17, 2019 Order as noted above and grant CSP such other relief as may be just and reasonable under the circumstances.

Dated: May 20, 2019

Respectfully submitted,



Alan M. Seltzer (PA ID No. 27890)
John F. Povilaitis (PA ID No. 28944)
Buchanan Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 17101-1357
Phone: 717 237 4800
Fax: 717 233 0852
E-mail: john.povilaitis@bipc.com
E-mail: alan.seltzer@bipc.com

Counsel to Columbia Service Partners, Inc.

VERIFICATION

I, John Kitzie, certify that I am Chief Operating Officer for Columbia Service Partners, Inc., and that in this capacity I am authorized to, and do make this Verification on their behalf, that the facts set forth in the foregoing document are true and correct to the best of my knowledge, information and belief, and that Columbia Service Partners, Inc., expects to be able to prove the same at any hearing that may be held in this matter. I understand that false statements made therein are made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsifications to authorities.



John Kitzie
Chief Operating Officer

DATED: May 20, 2019

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Columbia Service Partners, Inc. to :
Amend Orders of Pennsylvania Public Utility :
Commission dated December 16, 2018 and :
January 17, 2019 at Docket No. R-2018-2647577 :

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing document upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code § 1.54.

Via Email and First Class Mail:

Hon. Jeffrey A. Watson
Administrative Law Judge
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120
jeffwatson@pa.gov

Michael W. Hassell, Esquire
Lindsay A. Berkstresser, Esquire
Devin T. Ryan, Esquire
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
mhassell@postschell.com
lberkstresser@postschell.com
Counsel for Columbia Gas of Pennsylvania, Inc.

Theodore J. Gallagher, Esquire
Meagan Bielanin Moore, Esquire
Columbia Gas of Pennsylvania, Inc.
121 Champion Way, Suite 100
Canonsburg, PA 15317
tjgallagher@nisource.com
mbmoore@nisource.com
Counsel for Columbia Gas of Pennsylvania, Inc.

Erika L. McLain, Esquire
Pennsylvania Public Utility Commission
Bureau of Investigation & Enforcement
PO Box 3265
Harrisburg, PA 17105-3265
ermclain@pa.gov

Lauren Burge, Esquire
Darryl A. Lawrence, Esquire
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
lburge@paoca.org
dlawrence@paoca.org

Sharon E. Webb, Esquire
Small Business Advocate
PA Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
swebb@pa.gov

Joseph L. Vullo, Esquire
Burke Vullo Reilly Roberts
1460 Wyoming Avenue
Forty Fort, PA 18704
jlvullo@bvrrlaw.com
Counsel for Community Action Association of Pennsylvania

Todd S. Stewart, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
P.O. Box 1778
Harrisburg, PA 17105-1778
tsstewart@hmslegal.com
*Counsel for Shipley Choice, LLC
Dominion Energy Solutions, Inc. and
Interstate Gas Supply, Inc.*

Thomas J. Sniscak, Esquire
Whitney E. Snyder, Esquire
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
tjsniscak@hmslegal.com
wesnyder@hmslegal.com
Counsel for The Pennsylvania State University

Daniel Clearfield, Esquire
Kristine Marsilio, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101
dclearfield@eckertseamans.com
kmarsilio@eckertseamans.com
Counsel for Direct Energy Services, LLC

Patrick M. Cicero, Esquire
Elizabeth R. Marx, Esquire
John W. Sweet, Esquire
Kadeem G. Morris Esquire
PA Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net
Counsel for CAUSE-PA

Charis Mincavage, Esquire
Alessandra L. Hylander, Esquire
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108
cmincavage@mcneeslaw.com
ahylander@mcneeslaw.com
Counsel for Columbia Industrial Intervenors

Date: May 20, 2019


Alan M. Seltzer