

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission,

v.

Columbia Gas of Pennsylvania, Inc.

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Docket Nos.: R-2018-2647577

**SURREBUTTAL TESTIMONY
OF ANTHONY CUSATI, III
ON BEHALF OF
SHIPLEY CHOICE, LLC, AND
INTERSTATE GAS SUPPLY, INC.**

NGS Parties' Statement No. 2-SR
July 17, 2018

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address for the record.**

3 A. My name is Anthony Cusati, III, and my business address is 1379 Butter Churn Drive,
4 Herndon, VA 20170-2051.

5
6 **Q. Are you the same Anthony Cusati that provided Direct Testimony in this matter?**

7 A. Yes, I provided Direct Testimony that is marked as NGS Parties' Statement No. 2.

8
9 **Q. On whose behalf are you appearing?**

10 A. I am appearing on behalf of SHIPLEY CHOICE, LLC, INTERSTATE GAS SUPPLY,
11 INC., and d/b/a IGS ENERGY, collectively known as the "NGS Parties."

12
13 **Q. What is the purpose of your surrebuttal testimony?**

14 A. To address the rebuttal testimony of several witnesses who addressed my direct testimony.

15 I address the rebuttal statements of:

- 16 • Ms. Barbara Alexander ("OCA Statement No. 5-R")
- 17 • Mr. Mitchell Miller ("CAUSE-PA Statement 1-R)
- 18 • Ms. Nicole M. Paloney (Columbia Statement No. 18-R)

19
20 **II. Response to Ms. Alexander**

21
22 **Q. Can you please summarize Ms. Alexander's Rebuttal Testimony?**

23
24 A. Certainly. Ms. Alexander begins by agreeing with my Direct Testimony, that it is
25 problematic that Columbia bills for two former affiliates/subsidiaries because this service
26 is neither included in Columbia's tariff, nor was it approved by any Commission order.

1 She also expresses concern that neither the providers of the services nor the charges they
2 render are subject to any regulation or oversight by the Commission, despite her conjecture
3 that customers might believe otherwise. Ms. Alexander does not agree, however, that
4 NGSs should be permitted to include non-commodity charges on Columbia's bill,
5 suggesting instead that the matter requires further investigation. Ms. Alexander raises
6 several points she feels warrant consideration:

7 1) that the products and services are provided by many entities, not just NGSs and former
8 affiliates, and suggests that it may not be proper to allow any entities to use the
9 collection benefit of the utility bill;

10 2) Ms. Alexander also is concerned with the fact that the charges show on the bill with a
11 single balance owed, that includes regulated and unregulated charges and that this may
12 deceive a customer into believing that the continuation of their gas service is contingent
13 on paying the bills for these non-commodity services. Included is the notion that neither
14 Columbia's payment priority (the order in which it applies a less than complete
15 payment to the various charges on the bill) nor the prohibition on terminating service
16 for not paying the charges for such non-basic services are sufficient to address her
17 concerns.

18 3) Ms. Alexander suggests in a slightly different form, that the utility bill has a certain
19 level of coercion associated with it and she is concerned that customers may pay for
20 non-commodity charges either unknowingly, via direct debiting of a bank account or
21 simply because they feel they must or face loss of gas service.

1 4) Finally, Ms. Alexander expresses a lack of knowledge and the associated concern,
2 regarding the initial marketing practices for the non-commodity services currently
3 being billed for.

4
5 **Q. Does it make sense to exclude NGSs from offering non-commodity services on the**
6 **CPA bill even though those services may be offered by other entities?**

7 **A.** No. Ms. Alexander is correct that products and services are provided by many “entities”
8 which may not be NGS’. NGSs are unique, however, in that they are subject to the
9 jurisdiction of the Commission. NGSs must be licensed by the Commission and are subject
10 to civil penalties, suspension or forfeiture of their license if they engage in unfair or
11 deceptive marketing practices or otherwise do not follow the PAPUC rules. The
12 Commission does not have the same oversight over non-NGSs and thus it would be
13 unreasonable to allow those entities to bill for non-commodity services on the utility bill,
14 even though it is reasonable to allow for NGSs to bill for non-commodity services.

15 NGS also have a pre-existing billing and business relationship with Columbia of
16 Pennsylvania, by virtue of the fact that they supply commodity service to customers
17 residing in the utility territory. NGSs have executed an NGS Choice Distribution
18 Aggregation Agreement, trade electronic transactions (enrollment, usage, billing and
19 payment data) with CPA daily, and provide an energy service that is directly tied to the
20 non-commodity products and services that they desire to be billed. These other “entities”
21 don’t have such a relationship, have not entered into any aggregation agreement with CPA
22 and don’t provide the same energy services that EGSs do.

23

1 **Q. Are concerns about customer confusion over charges owed, a sufficient reason to**
2 **exclude NGS' from billing on the non-commodity bill?**

3 **A. No. First, NGS parties support a clear delineation and presentation of charges owed by the**
4 **customer on the utility bill. If CPA currently does not present charges for its former**
5 **affiliate clearly, that should be remedied. However, if there is a clear delineation between**
6 **charges owed for natural gas service, and charges owed for other services, presenting both**
7 **these charges on the utility bill is not misleading. Customers are intelligent and capable of**
8 **making the simple distinction between the products and services for which they enrolled.**
9 **Ms. Alexander provides no proof that customers believe that the continuation of their gas**
10 **service is contingent on paying the bills for these non-commodity services.**

11 Further, consumer protections are included in the regulations that CPA is bound by,
12 i.e., payment priority hierarchy and the prohibition on terminating service for not paying
13 non-basic service charges. Adequate disclosure to customers of this fact should address
14 Ms. Alexander's concerns. Third, customers must elect to purchase non-commodity
15 products, and enroll with a supplier for such services. Since customers must affirmatively
16 enroll in such products, and the disclosures provided at the time of enrollment fully
17 describe the non-commodity product that is being purchased, as well as the price, the
18 customer knows that their bill will include such added services. I fail to see any coercion
19 associated with the utility's monthly bill. Lastly, I agree with Ms. Alexander, the marketing
20 of these non-commodity services currently being billed-for is unclear and it would be
21 important to know if CPA customer service representatives market such services to calling
22 customers. If that were the case, it would certainly create an unlevel playing field for

1 NGSs, because we market similar products on our own, at our cost with no assistance from
2 CPA.

3
4 **Q. Apart from these general concerns regarding Columbia’s practices, does Ms.**
5 **Alexander express an opinion on your proposal that Columbia be required to allow**
6 **NGSs to bill for non-commodity products on the Columbia bill?**

7 A. Yes. However, she claims incorrectly that NGSs might seek to bundle these non-
8 commodity products and services with the actual commodity, thus hindering a customer’s
9 ability to compare the price against other offers on an “apples-to-apples” basis. Mr.
10 Alexander does not understand the NGS Parties’ proposal. The NGS Parties are not seeking
11 approval to include a volumetric charge for gas services rendered on the utility bill. NGSs
12 already have the ability to do that today. Rather the NGS parties are requesting the ability
13 to place as *a separate* line-item for non-commodity charges on the CPA bill, just as CPA
14 already does for its former affiliates.

15 She also suggests, again without basis, that NGSs might not fully inform customers
16 that there are different collections processes for commodity and non-commodity charges.
17 Neither of these concerns has merit.

18
19 **II. Response to Mr. Miller**

20 **Q. To what portion of Mr. Miller’s testimony do you respond?**

21 A. Beginning on page 7 of his rebuttal testimony, Mr. Miller states his opinion that “neither
22 utilities nor suppliers should be permitted to bill for non-energy, non-essential services on
23 their utility bill.” (CAUSE-PA St. No. 1-R, 7:17). He goes on to conjecture that allowing

1 the inclusion of non-commodity charges on the utility bill will cause the bills of payment
2 troubled customers to increase, thus exacerbating their payment issues. Mr. Miller
3 acknowledges that customers' utility service cannot be terminated for failure to pay such
4 charges, and indeed that payment priorities ensure that utility/commodity charges are
5 always covered first, and yet fails to offer any explanation as to how these customers will
6 be harmed if such services are charged on the utility bill, or some other bill. Mr. Miller's
7 testimony is flawed, since payment troubled customers, similar to customers who are not
8 payment troubled, would need to enroll in such non-commodity products and services, and
9 make a conscience decision to make the purchase. It seems illogical to me that someone
10 who is not able to keep up with their utility/commodity obligations would agree to incur
11 additional obligations, knowing that they cannot meet current obligations.

12
13 **Q. Does Mr. Miller raise any other concerns?**

14 **A.** Yes, he raises concerns about data privacy without citing any facts or suggesting that there
15 is any problem with third party access to customer data. NGSs must already follow
16 consumer protections in place through the rules that the PA Public Utility Commission has
17 implemented. To my knowledge there is no abuse on the record by NGSs as Mr. Miller
18 has expressed as a concern. Further, Mr. Miller's concerns speak to my previous point that
19 it would be reasonable to allow NGSs to bill for non-commodity services on the utility bill
20 because they are already subject to PAPUC jurisdiction.

1 **III. Responses to Ms. Paloney**

2 **Q. Does Ms. Paloney address issues in her testimony that are germane to your Direct**
3 **Testimony?**

4 A. Yes. She explains that Columbia currently bills for non-commodity services provided by
5 Columbia Service Partners, Inc. (“CSP”) and Nicor Energy Services Company (“Nicor”).
6 She states that both are former Columbia affiliates. She also states that Columbia provided
7 the billing services for these two entities before they were sold, that the charges for the
8 service were negotiated in arms-length transactions and that the revenues derived from the
9 on-bill billing services provided to these two entities is recorded as miscellaneous revenue.
10 She also states that neither CSP nor Nicor are natural gas suppliers. Finally, she testifies
11 that the purpose of the agreements with CSP and Nicor are to allow a continuation of those
12 entities’ ability to charge for those services on the bill, when they were affiliates.

13
14 **Q. Does this information affect your recommendation that Columbia should be required**
15 **to bill for similar services provided by other entities?**

16 A. No it does not. I continue to maintain that the fact that Columbia allows for non-commodity
17 billing for some entities and not NGS is discriminatory and puts NGSs at a distinct
18 competitive disadvantage in the market for those services.

19
20 **Q. Does Columbia provide this service for NGS?**

21 A. No, as I testified previously Columbia has refused to allow NGSs to bill for non-commodity
22 services.

23

1 Q. Does Columbia have a tariff provision for this service?

2 A. No it does not.

3

4 Q. Do you have any reaction to Ms. Paloney's contention that Columbia's refusal to
5 provide these non-commodity billing services to NGSs is not discriminatory?

6 A. As stated above, I do. NGSs provide the same types of services as CSP and Nicor and yet
7 do not have the same privilege to charge customers for the services on Columbia's bill.
8 The admission that "the non-commodity billing charges for CSP and Nicor are the result
9 of unique business transaction between Columbia, Nicor and CSP and independent third
10 parties" is not a well-known public fact, so to anyone looking at the current arrangement,
11 and Columbia's refusal to bill for NGSs, could observe this as discriminatory. Also, Ms.
12 Paloney's assertion that "it is not discriminatory because CSP and Nicor are not natural gas
13 suppliers or marketers on Columbia's system" is not relevant to the argument. The fact that
14 Columbia allows CSP and Nicor to bill for their services, and does not allow NGSs to do
15 the same, creates an unlevel playing field and ultimately makes the provision of these
16 services less competitive for customers. As I previously stated in my response to Ms.
17 Alexander, NGSs, by virtue of the fact that they supply commodity service to customers
18 residing in the utility territory, have a business relationship with CPA, and have executed
19 an NGS Choice Distribution Aggregation Agreement, trade electronic transactions
20 (enrollment, usage, billing and payment data) with CPA daily, and provide an energy
21 service that is directly tied to the non-commodity products and services that they desire to
22 be billed, and are subject to PA PUC rules and regulations governing commodity supply
23 should be sufficient to allow NGSs the same rights to bill non-commodity products.

1 Moreover, admission that that that NiSource (CPA's parent) was willing to continue the
2 advantage of billing for non-commodity services on the regulated utility bill as a condition
3 of the sale, speaks to its recognition of the value of these services.
4

5 **Q. How do you respond to Ms. Paloney's disagreement with your assertion that being**
6 **able to bill these services on a single bill would lessen customer confusion?**

7 A. As a general premise, customers are not interested in receiving more bills. Based on my
8 own personal experience, requiring customers to pay an additional bill each month creates
9 an inconvenience and a negative customer experience. If proper disclosures about a single
10 bill are made to consumers at the time they enroll in non-commodity products and services,
11 customer confusion should be minimal.
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13 **Q. Does this conclude your testimony?**

14 A. Yes.
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