

Regulatory Analysis Form		This space for use by IRRC
(1) Agency Pennsylvania Public Utility Commission		RECEIVED 2001 JAN 31 AM 11:22 REGULATORY REVIEW COMMISSION IRRC Number: # 2114
(2) I.D. Number (Governor*s Office Use) L-00000149/57-215		
(3) Short Title Customer Information Disclosure Requirements for Natural Gas Distribution Companies and Natural Gas Suppliers		
(4) PA Code Cite 52 Pa. Code §§ 62.71-62.80	(5) Agency Contacts & Telephone Numbers Primary Contact: Lawrence F. Barth, Law Bureau, 717-772-8579 (legal) Secondary Contact: Dr. Z. Ahmed Kaloko, CEEP, 717-787-2139 (technical)	
(6) Type of Rulemaking (check one) Proposed Rulemaking X Final Order Adopting Regulation Final Order, Proposed Rulemaking Omitted	(7) Is a 120-Day Emergency Certification Attached? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes: By the Attorney General <input type="checkbox"/> Yes: By the Governor	
(8) Briefly explain the regulation in clear and nontechnical language. The Natural Gas Choice and Competition Act (Competition Act), 66 Pa. C.S. §§ 2201-2212, mandates that all retail customers of Pennsylvania's larger natural gas distribution utilities shall be able to buy gas on the open market. In order to implement choice, the PUC is promulgating regulations setting forth what information is to be provided to customers and what information about customers may be provided to natural gas suppliers by the local natural gas distribution company.		
(9) State the statutory authority for the regulation and any relevant state or federal court decisions. 66 Pa. C.S. §§ 501, 2201-2212.		

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Yes. 66 Pa. C.S. §§ 2205(c)(2), 2206(c).

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

With enactment of the Competition Act, many new market entrants will be selling natural gas to residential and commercial gas customers. It is important that these customers have information, provided on a uniform and state-wide basis which will help them make informed choices when choosing a supplier. It is also important that natural gas suppliers have relevant information about customers so that they can make meaningful offers to customers.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

The risk of inaction can be described in two ways. First, if customers are not given understandable information on their bills they will be unable to make an informed choice and may choose not to purchase gas from an independent supplier. Second, if suppliers are not given customer data, with restrictions, they will be unable to make meaningful offers to customers.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

All users of natural gas service in Pennsylvania should benefit since competition should help to keep gas prices down. Natural gas suppliers should benefit from increased sales. These benefits cannot be quantified.

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(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

If natural gas distribution companies which choose to remain in the retail sales market do not meet the competitive prices, they could be adversely affected through decreased sales of natural gas.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

Eleven natural gas distribution companies will be required to comply with the regulation. Natural gas supplier companies must also comply with it, although the number of suppliers cannot be estimated at this time.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

The regulations were derived from a list of guidelines developed by a working group of industry stakeholders during the summer of 1999. The guidelines, with some changes, were put forth for comments from interested parties. The final guidelines were issued by the Commission after reviewing comments from 15 parties. Proposed regulations were published early in 2000. Seven interested parties submitted comments. These final regulations incorporate many of the changes suggested in those comments.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

Compliance will entail some additional costs for natural gas distribution companies associated with initial compliance, but should decline thereafter.

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(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

These costs should be minimal.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

The Commission may have additional costs associated with enforcement of the regulation. Such costs should be minimal and cannot be estimated.

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(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

Not measurable at this time.

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(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
N/A				

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

By relying on competition, as opposed to regulation, to set natural gas commodity prices, overall gas costs may decline somewhat, or, at the very least, not rise as fast or as high as they would in the absence of competition.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

Since the General Assembly has mandated the introduction of choice and competition into retail natural gas sales, no other alternatives were considered.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

Please see the response to number 22, above.

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(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

Insofar as the Natural Gas Act preserves the regulation of retail sales of natural gas for the states, there are no comparable federal standards.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The regulation will help Pennsylvania to gain a competitive advantage over states which are not implementing choice programs.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The Commission is not aware of any regulations of it, or any other agency, that would be affected by this regulation.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No.

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(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

No new forms are imposed by this regulation. The regulation will affect the manner in which information is presented on a customer's bill by natural gas distribution companies and supply companies and what information is to be given these customers by these companies.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

Not applicable.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The regulation will become effective upon publication in the Pennsylvania Bulletin following review by the standing committees and the Independent Regulatory Review Commission.

(31) Provide the schedule for continual review of the regulation.

The regulation will be reviewed on an ongoing basis after it becomes effective.

**FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

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LEGISLATIVE REGULATORY
REVIEW COMMISSION

2116

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and
legality. Attorney General.

BY _____
(DEPUTY ATTORNEY GENERAL)

DATE OF APPROVAL

Check if applicable
Copy not approved. Objections attached

Copy below is hereby certified to be true and
correct copy of a document issued, prescribed or
promulgated by:

Pennsylvania Public Utility Commission
(AGENCY)

DOCUMENT/FISCAL NOTE NO. L-00000149/57-215

DATE OF ADOPTION November 29, 2000

BY James J. McNulty
James J. McNulty

TITLE (SECRETARY)

Copy below is hereby approved as to
form and legality. Executive or
independent Agencies.

BY Bohdan R. Pankiw
Bohdan R. Pankiw
Chief Counsel

11-30-00
DATE OF APPROVAL

Check if applicable. No Attorney General
approval or objection within 30 days after
submission.

L-00000149/57-215
Final Rulemaking
Customer Information Disclosure Requirements
for Natural Gas Distribution Companies and
Natural Gas Suppliers
52 Pa. Code, Chapter 62

The Pennsylvania Public Utility Commission on November 29, 2000, adopted a final rulemaking order establishing regulations governing information provided on customer bills. The contact persons are Ahmed Kaloko, Bureau of Conservation, Economics and Energy Planning, 787-2139, and Lawrence F. Barth, Law Bureau, 772-8579.

EXECUTIVE SUMMARY

L-00000149/57-215

Final Rulemaking

Re: Customer Information Disclosure Requirements for Natural Gas
Distribution Companies and Natural Gas Suppliers
52 Pa. Code Chapter 62

On June 22, 1999, Governor Tom Ridge signed into law the Natural Gas Choice and Competition Act (Act), codified at 66 Pa. C.S. §§ 2201-12. The Act revised the Public Utility Code, 66 Pa. C.S. §§ 101, et seq., so that the natural gas industry would be restructured so as to allow the retail sale of natural gas in an open market. In short, individual customers would be able to choose from independent suppliers of gas who would not necessarily be affiliated with the local gas utility.

In enacting this legislation, the General Assembly made it clear that information provided on customer bills and released to other parties should continue to be a matter for Commission oversight. 66 Pa. C.S. §§ 2205(c)(2), 2206(c). In order to fulfill this obligation, the Commission convened a working group to develop suggestions which would assist the Commission in this area. Based upon the product of that group and upon our experience in the restructuring of the electric industry, we issued interim customer information guidelines.¹ The final regulation is intended to supplant the Interim Guidelines and govern the provision of customer information in the retail natural gas industry.

In order for retail natural gas users to enjoy the potential benefits available through competition, they not only must be able to compare prices, but to understand the terms of their natural gas service and, where possible, to compare the terms and conditions of service offered by different providers. The regulation will ensure that, to the greatest extent possible, these terms and conditions of service will be provided in a uniform fashion across the Commonwealth so as to ensure a smooth transition to full retail choice through the implementation of uniform statewide procedures.

¹ Interim Customer Information Disclosure Requirements for Natural Gas Distribution Companies and Natural Gas Suppliers, Docket No. M-00991249F0005, Order (Entered October 20, 1999).

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held November 29, 2000

Commissioners Present:

Robert K. Bloom, Vice Chairman
Nora Mead Brownell
Aaron Wilson, Jr.
Terrance J. Fitzpatrick

Rulemaking Re:

Customer Information Disclosure
Requirements for Natural Gas Distribution
Companies and Natural Gas Suppliers

Docket No. L-00000149

FINAL RULEMAKING ORDER

BY THE COMMISSION:

On March 2, 2000, we adopted a proposed rulemaking order establishing customer information disclosure requirements for the natural gas industry in Pennsylvania. The order was entered on March 6, 2000, at Docket No. L-00000149. The regulations, which are required under 66 Pa. C.S. §§ 2205(c), 2206(c), were undertaken as part of the implementation duties performed by the Commission under the Natural Gas Choice and Competition Act (Act). 66 Pa. C.S. §§ 2201-2212. Signed into law on June 22, 1999, by Governor Tom Ridge, the Act revised the Public Utility Code, 66 Pa. C.S. §§ 101, et seq., by adding Chapter 22, relating to restructuring of the natural gas utility industry.

By this final rulemaking order, we adopt regulations which require each natural gas supplier (NGS) to furnish adequate and accurate information that enables consumers to make informed choices regarding the purchase of all natural gas services offered by that provider. In general, our regulations mandate that all information shall be provided to customers in an understandable format that allows them to compare prices and services on a uniform basis. This is consistent with our Policy Statement at 52 Pa. Code § 69.251 regarding the use of plain language in all written communications with consumers. Moreover, by this final rulemaking order, we direct that all natural gas providers strictly adhere to that policy statement.

In order to facilitate the establishment of interim requirements prior to the promulgation of regulations, we proposed a set of interim requirements regarding customer information disclosure. On October 20, 1999, after receiving and considering written comments, we adopted these interim guidelines.¹ Through this Order and the attached regulations at Annex A, we are adopting permanent regulations to supplant the interim guidelines. These regulations will govern the provision of customer information in the retail natural gas industry.

The proposed regulations at Docket No. L-00000149 were published for comment at 30 Pa.B. 2605 on May 27, 2000, with a 45-day comment period established. Written comments were provided by the Independent Regulatory

Review Commission (IRRC), the Office of Consumer Advocate (OCA), Community Legal Services, Inc. (CLS), CNG Retail Services Corporation (CNGR), the Consumer Advisory Council (CAC), the Pennsylvania Gas Association (PGA), and Lawrence G. Spielvogel, Inc. Discussions about the proposed rulemaking also occurred during meetings with IRRC.

Following review and consideration of the comments and discussions noted above, the Commission has developed final-form regulations. The overall objective of these regulations, of assuring that consumers have accurate and adequate information to meaningfully participate in a competitive market for natural gas, has not changed. However, in response to the persuasive comments of several interested parties, we have revised certain language in an effort to clarify many of the requirements. Each change is discussed in more detail.

Through these regulations, we have attempted to achieve a balance between the need for customer information and the development of competition in the retail natural gas industry. In doing so, we recognize that the varied forms of customer communications, such as billing, disclosure statements, customer choice of supplier, products and prices, customer relations, licensing requirements and distribution services, are interrelated and are important aspects of customer information disclosure requirements.

¹ Interim Customer Information Disclosure Requirements for Natural Gas Distribution Companies and Natural Gas Suppliers, Docket No. M-00991249F0005, Order (Entered October 20, 1999).

It should also be noted that the Commission reserves the right to waive any or all requirements of these regulations upon petition by an affected party pursuant to section 5.43 of our regulations (relating to petitions for issuance, amendment, waiver or repeal of regulations), 52 Pa. Code § 5.43.

§ 62.72 Definitions

1. Definition of Disclosure Statement

a. Position of the Parties

CLS and the IRRC state it is confusing to use the two different terms “consumer contract” and “disclosure statement” as if they are interchangeable throughout the regulations. IRRC suggests that we use the term disclosure statement and define it in § 62.72.

b. Resolution

We agree that it is better to settle on the use of a single term, disclosure statement, and that we should use that term consistently throughout this regulation. We will delete the term consumer contract in § 62.72 and we will add the term disclosure statement and define it to indicate that it is a consumer contract.

2. Definition of Historical Billing Data

a. Position of the Parties

PGA recommends that we modify the definition of “historical billing data” to delete dollar amounts billed, and to change the term to “historical usage data.” PGA questions the value to customers of the dollar amounts billed, an issue in § 62.76 - request for information, and the sensitivity of small business customers to

the release of data containing dollar amounts billed, an issue in § 62.78 - privacy of customer information. PGA makes a reference to electric industry data transfer (EDI) proceedings to support its position.

b. Resolution

PGA raises two separate issues. First, we are not convinced that the dollar amount billed has no value to the customer in § 62.76, request for information. A combination of usage data and the dollar amounts billed allows the customer to calculate a cost per unit of usage and the annual amount billed. In addition, the dollar amounts billed are likely to be more meaningful to a customer than the usage amounts and just as helpful when shopping for natural gas supply.

Second, we believe that PGA does not have a clear understanding of the privacy issue in § 62.78. The release of private information in this regulation contains somewhat different private information than the private information contained in the enrollment process. In the enrollment process, the Commission gives the customer the ability to restrict the release of load data (usage data) to suppliers. However, once a customer chooses a supplier, the load data is automatically released to the supplier. The enrollment process does not address the release of data to third parties. That is where this regulation comes into play.

We use the term historical billing data so that we can combine load data and dollar amounts billed into a single piece of private information and this is consistent with our regulations for the electric industry. We see no relevance to the EDI proceedings for the electric industry. Since customers may be sensitive

about the release of usage data and billed data to third parties, we believe it is necessary to provide them with the ability to restrict the release of such information.

3. Definitions of NGDC, NGS, Natural Gas Distribution Service, Natural Gas Supply Services and Retail Gas Customer

a. Position of the Parties

The IRRC and PGA suggest that we should revise our definition for NGS to be consistent with the definition in the Act and the IRRC further suggests the same for the definitions of NGDC, Natural Gas Distribution Service, Natural Gas Supply Services and Retail Gas Customer.

b. Resolution

We agree with the IRRC and PGA and we will revise the definitions to reflect the definitions in the Act.

4. Definition of Nonbasic Services

a. Position of the Parties

The IRRC asks that we consider including some examples of nonbasic services in the definition.

b. Resolution

We will accommodate the IRRC and we will add two examples of nonbasic services: gas line repair program and gas appliance warranty program.

§ 62.73 Standards and pricing practices for retail natural gas service

1. Glossary of Gas Terms for the Consumer

a. Position of the Parties

The IRRC and PGA point out that the document that appears on the Commission's web site is titled Glossary of Gas Terms for the Consumer and asks why it is not referenced in § 62.73(3) and (4).

b. Resolution

We intend to change the name of the Glossary of Gas Terms for the Consumer to the Consumer's Dictionary for Natural Gas Competition. We will revise our web site after these regulations become final. Since the Common Natural Gas Competition Terms document contains many of the same terms used in the Glossary (Dictionary), and is part of this regulation, we must wait for this regulation to become final before we can rename (from Glossary to Dictionary) and revise the Dictionary.

2. The Party Responsible for the Distribution of the Dictionary

a. Position of the Parties

The IRRC states that it is unclear whether the phone number and address to be provided at § 62.73(3) are the NGDC's or the PUC's.

b. Resolution

We will revise paragraph (3) to clearly indicate that it is the NGDC's phone number and address.

3. Inclusion of a Cross-Reference to the Act for Consumer Education Programs

a. Position of the Parties

In order to improve the clarity of § 62.73(4), the IRRC asks that we include a cross-reference to Section 2206(d) of the Act, which mandates consumer education programs.

b. Resolution

We agree with the IRRC and we will add the cross-reference to Section 2206(d) of the Act.

§ 62.74 Bill format for residential and small business customers

1. Definitions of Marketed Prices, Disclosure Statement Prices and Billed Prices

a. Position of the Parties

The IRRC and PGA ask what the difference is between marketed prices, the agreed upon prices in the disclosure statement and billed prices. The IRRC suggests that we use a single term if all three terms have the same meaning or define them if each has a different meaning.

b. Resolution

There are three types of customer information where an NGS discloses pricing to customers: marketing materials, the written disclosure statement and the customer bill. Typically, these disclosures are given to a customer in that order. We believe it is imperative that the prices reflected in each of these types of customer information be consistent with each other. When a customer responds to a marketing piece of customer information and accepts a price offer from an NGS,

we expect the written disclosure statement to reflect the marketed price. We then expect the billed price to reflect both the marketed price and the agreed upon price in the written disclosure statement. If there is a difference in pricing among these three pieces of customer information, then there is reason to suspect fraudulent behavior on the part of the NGS.

Finally, we agree with the IRRC's suggestion to define the terms.

Marketed prices are the disclosed prices on NGS marketing customer information. Disclosure statement prices are the disclosed NGS prices in the written disclosure statement. Billed prices are the disclosed NGS prices on the customer bill. We will revise § 62.72, § 62.74(a), 62.75(a) and § 62.77(a) accordingly.

2. Addition of Interstate Pipeline Transition Cost Surcharges as a Basic Charge

a. Position of the Parties

PGA recommends that we add "Interstate Transition Cost Surcharges" to the list of basic charges at 62.74(b)(3) because it is a charge approved by FERC and currently is a line item appearing on many NGDC bills.

b. Resolution

We agree with PGA and we will revise the regulations accordingly.

3. Inclusion of Meter Readings

a. Position of the Parties

Mr. Spielvogel stated that meter readings should be included in this section.

b. Resolution

We do not agree that this information should be added here and point out that beginning and ending meter readings are already required at § 56.15(2).

4. EGS Contract Expiration Dates on Bills

a. Position of the Parties

Mr. Spielvogel contends that the supplier part of the bill format should include the month and year of the contract expiration. This would give customers ready access to this information without having to go back to the original contract.

b. Resolution

We agree with Mr. Spielvogel that contract expiration date reminders are useful but we disagree with placing that information on customer bills. Contract expiration dates apply only to customers that have a fixed term agreement with their NGS. It is important to note that not all customers have fixed term agreements. We believe that the contract expiration date is a written disclosure statement issue and not a billing issue. Also, we contend that it is better to keep billing and contract issues separate from both a cost effective and customer confusion standpoint. Finally, we point out that NGSs must provide two advance

notices of contract expiration at about 90 and 60 days prior to the expiration date. We believe that we have provided adequate disclosure of the contract expiration date to customers.

5. Applicability of 52 Pa. Code § 56.15

a. Position of the Parties

The IRRC and CLS argue that we should delete the phrase “to the extent they apply” because there is no billing situation that is not subject to Section 56.15.

b. Resolution

While we agree that portions of Section 56.15 apply to NGSs, we point out, as examples, that Subsections § 56.15 (5), (12) and (13) do not apply to NGSs. However, it appears that we have confused the parties with the language at Section 62.74(b)(5) and we realize that a clarification will be helpful. Thus, we will revise “to the extent they apply” to read as follows: “to the extent that § 56.15 is applicable.”

6. PUC Authority to Approve Bills

a. Position of the Parties

CAC opines that the Commission should have the authority to approve bill formats as part of the licensing process.

b. Resolution

We appreciate the comment from CAC but we believe that the current system of requiring a billing entity to go through a Commission bill review prior

to issuing bills to customers is a system that is working effectively. In some instances, a bill review is completed at the time of licensing. The timing of the bill review largely depends on when the billing entity develops billing capability.

7. Statewide Standard Pricing Unit

a. Position of the Parties

While CAC understands that it may not be practical to mandate a statewide standard pricing unit in ccfs, Mcfs or Dekatherms, CAC is concerned about the potential confusion that this presents. For example, a customer may relocate from one NGDC territory to another and the NGDCs have different standard pricing units.

b. Resolution

We maintain that the most effective standard pricing unit policy is to follow the current standard pricing unit of the NGDC. This requires no change from the current industry practice and customers will not need additional education. However, CAC raises a valid concern where customer relocation involves a change in the standard pricing unit of its new NGDC. We currently rely on the education campaign of the new NGDC to include a discussion of its standard pricing unit. Our experience with the NGDCs' consumer education efforts has shown that they have adequately addressed this issue and the NGDCs do a good job of re-educating a customer that moves into their territory.

8. Price to Compare Bill Message or Bill Insert

a. Position of the Parties

Given the frequent changes to the gas supply price, the OCA recommends that the NGDCs be required to send a price to compare letter to customers once per year. In addition, the NGDCs should include a bill message or bill insert whenever the NGDC's price to compare changes, regardless of the frequency of the change.

b. Resolution

The requirement for the NGDC to send an annual price to compare letter is outside the scope of these regulations and it is addressed at Docket No. M-00991249F0009, Procedures Applicable to Natural Gas Distribution Companies and Natural Gas Suppliers During the Transition to Full Retail Choice, and at Docket No. M-001326, Creation and Implementation of a Statewide Consumer Education Program for Natural Gas Competition.

§ 62.75 Disclosure statement for residential and small business customers

1. Toll-Free Telephone Numbers for NGDCs and NGSs

a. Position of the Parties

CLS contends that the expense of toll calls from a customer to an NGS is a deterrent to the development of the free flow of information concerning the conditions of natural gas supply. CLS recommends that the Commission require

NGSs to offer toll-free phone access. The IRRC asks if we have considered requiring toll-free numbers as CLS suggests.

b. Resolution

We agree that toll-free access to NGSs has a positive effect on customer participation in the gas market. We have not mandated toll-free access because NGSs are routinely offering toll-free access to customers. NGSs realize the benefits of providing toll-free access and competitive pressures have resulted in the widespread use of toll-free numbers.

2. Ceiling Price in the Variable Pricing Option

a. Position of the Parties

PGA argues that in order to accommodate the possibility that there may not be a ceiling price in a variable pricing statement, we should add “as applicable” to the end of the text.

b. Resolution

PGA points out that the requirement to disclose a ceiling price in a variable pricing offer may not be necessary. We agree with PGA, however, we recognize that we must then expand the conditions of variability requirement to include disclosure of the prescribed method of variability. Therefore, the NGS must clearly disclose its prescribed methodology for price variability. This clarification will eliminate the potential for vague language in the conditions of variability requirement. This clarification will enable the customer to make a more informed decision when accepting a variable pricing offer.

3. Inclusion of Right of Rescission in the Contract

a. Position of the Parties

CLS suggests that consumer contracts should include a description of the three-business days right of rescission.

b. Resolution

We agree with CLS and we include such language at § 62.75(d)(1).

4. Clarification of the Use of the Term “Written Disclosure” at § 62.75(d)(2)

a. Position of the Parties

CLS recommends that we clarify that “written disclosure,” at § 62.75(d)(2), refers to the “written disclosure statement.” This is important because the receipt of the written disclosure statement triggers the three day right of rescission.

b. Resolution

We agree with CLS and we will add the word “statement” after “disclosure” to eliminate the potential for customer confusion.

5. Bundled Pricing

a. Position of the Parties

CAC argues that bundled prices encompassing many different services deprives the consumer of the pricing information they need about individual services necessary to make informed decisions.

b. Resolution

We agree with CAC and clarify that we already require that each basic and nonbasic service must be separately disclosed.

6. Contract Status when a Customer Moves

a. Position of the Parties

CAC asks that we make it clear that the contract is automatically voided when a customer moves.

b. Resolution

We agree with CAC and we will revise the regulations by adding the following language in § 62.75 (c)(7), “When a customer moves from one location to another, even if the move is within an NGDC’s service territory, the agreement is cancelled.”

7. Cessation of Service

a. Position of the Parties

OCA recommends that the Commission clearly state that a cessation of service to the customer, either at the expiration of the fixed term agreement or during the fixed term agreement, requires the 90 day and 60 day notices.

b. Resolution

The issue of cessation of service is addressed by the Commission at Docket No. M-00001343, Interim Guidelines regarding Notification by a Natural Gas

Supplier of Operational Changes Affecting Customer Service and Contracts.

Thus, § 62.75(g) does not apply to cessation of service by an EGS.

8. Expiration Notices

a. Position of the Parties

CNGR points out that that the 90-day and 60-day notice requirements for contract expiration only makes sense for agreements with a term greater than three months. If we agree with CNGR, the IRRC asks us to clarify if renewal notices apply to the short-term agreements that are less than four months in duration.

b. Resolution

We agree with CNGR and will add language to the effect that this applies to contracts with a term greater than three months in length in the appropriate place in § 62.75(g)(1). We have not seen any agreements for less than four months proposed by suppliers. However, if a supplier had an agreement for less than four months, then these regulations would not apply. We do not feel such short term agreements warrant advance customer notices. We would carefully review such agreements and we would pay particular attention to any renewal and cancellation provisions.

9. Clarification of the Meaning of the Term “Affirmatively Reselects”

a. Position of the Parties

The IRRC asks that we offer a clarification of what the term “affirmatively reselects” means at § 62.75(g)(2).

b. Resolution

Simply defined, the term “affirmatively reselects” means that the customer accepts the new offer of the NGS verbally, in writing or electronically. There are a number of ways for the customer to convey the acceptance of the new NGS offer that constitute an affirmative reselection. The following are examples of an affirmative reselection: The customer initiates a telephone call to the NGS and during the conversation the customer accepts the new offer, the NGS initiates a telephone call to the customer and during the conversation the customer accepts the new offer, the customer accepts the new offer by signing a document and returning it to the NGS, or the customer acknowledges the acceptance of the new offer electronically, perhaps by checking a box on a form on the NGS’ web site.

We will add these examples to the regulation in the interest of clarity.

10. Conversion from a Long Term to a Month-to-Month Agreement

a. Position of the Parties

The IRRC questions what occurs if an NGS wants to convert a long-term agreement to a month-to-month contract. The IRRC also asks if the customer has to positively reselect this option or will the conversion occur if there is no action on the part of the customer. The IRRC recommends that we address this type of conversion in the regulation.

b. Resolution

We agree with the IRRC that we have not adequately addressed the continuation of a fixed term agreement to a month-to-month agreement when the

customer does not respond to the notice. We will add the following language to § 62.75(g)(2). “A fixed term agreement may be converted to a month-to-month agreement, either at the same terms and conditions or at revised terms and conditions, as long as the agreement converts from a fixed term to a month-to-month agreement and contains no cancellation penalties, in the event that the customer does not respond to the notice. A fixed term agreement may be converted to another fixed term agreement as long as the new agreement includes a customer initiated cancellation provision that allows the customer to cancel at any time for any reason and contains no cancellation penalties, in the event that the customer does not respond to the notice.”

§ 62.76 Request for information

1. Customer Requests for Energy Efficiency Information

a. Position of the Parties

PGA assumes that there is no gas counterpart to the “green power” disclosure in the electric industry and recommends that we eliminate the requirement for NGDCs to provide efficiency information to customers upon request. The IRRC asks that we choose between the use of “efficiency information” and “information on energy efficiency” and provide a definition for the term we choose.

b. Resolution

We disagree with PGA because the NGDCs’ consumer education programs already provide customers with efficiency information upon request and we expect

the NGDCs to simply continue current practices. We agree with the IRRC and we will use the term “efficiency information” and define it as the existing NGDC efficiency information included in the NGDC’s consumer education program.

§ 62.77 Marketing/sales activities

1. Fixed and Tiered Pricing

a. Position of the Parties

CNGR suggests that we substitute the word “tiered” for the word “fixed” in § 62.77(b)(1) because there would be no need to require the NGS to illustrate fixed price charges at various usage levels since the price per unit will not change based on usage. The IRRC asks us to clarify if this section applies to tiered pricing.

b. Resolution

The usage levels for the marketing table were determined by reviewing typical historical usage levels for both heating and non-heating customers of the NGDCs. The steps in usage levels are meant to allow a customer to find a close comparison to his individual usage level and corresponding price per standard pricing unit of the NGDC so that he can make an informed decision about the offer from the NGS. While we recognize that the table will show the same results under the common fixed price variation of fixed pricing, we believe that the intended benefit to the customer is significant enough to keep the requirement. In addition, since the tiered pricing variation is a fixed pricing variation, we do not need to restrict the applicability of this section to just the tiered pricing variation.

2. Cost of Marketing Table

a. Position of the Parties

PGA contends that the required marketing table is potentially costly to NGSs.

b. Resolution

We do not believe that the costs are burdensome to NGSs because our experience with the electric market did not result in any supplier complaints about the cost of the table. Also, the table provides useful information to customers for comparison purposes.

3. Explanation of When the Marketing Table is Required

a. Position of the Parties

The IRRC asks that we clarify when the NGS is required to issue the marketing table as required at § 62.77(b)(1) and (2), either in all marketing materials or just those marketing materials that include a written disclosure statement.

b. Resolution

We clarify that the table is required only when the marketing materials contain a written disclosure statement and we will revise Section 62.77(b) accordingly.

4. Ceiling Price in a Variable Pricing option

a. Position of the Parties

PGA questions the relevance of showing an average price for a variable pricing option in the marketing table and the IRRC asks that we be consistent in our requirements at § 62.75(c)(2)(i) and § 62.77(b)(2).

b. Resolution

We agree with PGA and the IRRC and we believe that when we change § 62.77(b)(2) to be consistent with the change we previously agreed to make at § 62.75(c)(2)(ii), the issues that these parties raise will be resolved. Specifically, we will add that the marketing table should be done for both the starting price and the ceiling price, if the ceiling price is applicable. This will eliminate the need for the disclosure of an average price. We will revise Section 62.77(b)(2) accordingly.

5. Use of Equivalent Measures or Standard Pricing Unit of the NGDC

a. Position of the Parties

The IRRC and OCA contend that the marketing table that is required at § 62.77(b) should contain NGS prices according to the standard pricing unit of the NGDC and that we should modify this section accordingly.

b. Resolution

We agree with OCA and IRRC and we will modify the regulations to require that the marketing tables show prices in the standard pricing unit of the NGDC.

6. Time Frame Applicable to the Marketing Table

a. Position of the Parties

The IRRC asks if the marketing table at § 62.77(b)(2) reflects pricing for one month or several months. IRRC also asks if the price is for a particular date, as a limited time offer.

b. Resolution

The marketing table at both § 62.77(b)(1) and (2) reflect the price for one month and we will revise these two sections accordingly. If the marketing table reflects pricing as a limited time offer, then the table should contain such a footnote. We will revise these sections to require a statement about a limited time offer, if it applicable.

§ 62.78 Privacy of customer information

1. Use of the Term “Convenient Method”

a. Position of the Parties

The IRRC recommends that we should amend Subsection (a) to specify that the customer must be given the option of restricting the release of private information consistent with Subsection (b), which contains a list of the acceptable convenient methods.

b. Resolution

We agree with the IRRC and we will revise Subsection (a) consistent with the IRRC’s recommendation.

§ 62.79 Complaint handling process

1. Toll-Free Phone Numbers

a. Position of the Parties

CLS requests that all NGDCs and NGSs provide toll-free numbers for all customers for whom telephone contact is a toll call. The IRRC asks if we have considered such a requirement.

b. Resolution

We have not required the use of toll-free numbers because all NGDCs and NGS appear to already be providing toll free numbers to customers. The use of toll-free numbers is perceived as a good business practice in a competitive environment and competition has made the use of toll-free numbers commonplace.

2. Use of the Term “Applicable Standards”

a. Position of the Parties

CLS contends that the use of the term “applicable standards” in § 62.79(2) creates uncertainty that Subchapter F of Chapter 56 might not apply to an NGS or an NGDC.

b. Resolution

We agree with CLS that Subchapter F of Chapter 56 applies to NGSs and NGDCs and we will revise this section accordingly.

§ 62.80 Common natural gas competition terms

1. Definition of PUC

a. Position of Parties

CLS asks that we modify the definition of PUC to include a phrase about the regulation of distribution rates.

b. Resolution

We respectfully decline to change our current definition of PUC because we believe it is as simple as possible while covering the most important aspects of the PUC as a regulatory agency. We also note that all bills and written disclosure statements for residential and small business customers will contain a sentence which says that distribution prices and charges are set by the PUC.

2. Differences between Common Natural Gas Competition Terms and the Glossary of Gas Terms for the Consumer

a. Position of the Parties

The IRCC and PGA point out that there are discrepancies in the definitions of fourteen terms contained in the two Commission reference documents known as the Common Natural Gas Competition Terms and the Glossary of Gas Terms for the Consumer. PGA asks us to eliminate these differences.

b. Resolution

We will change the name of the Glossary of Gas Terms for the Consumer to the Consumer's Dictionary for Natural Gas Competition consistent with Section

62.73(3). Additionally, we shall conform the definitions in the Consumer's Dictionary to those appearing in Section 62.80.

Accordingly, pursuant to Sections 501, 1301, 1307, and 1501 of the Public Utility Code, 66 PA. C.S. §§ 501, 1301, 1307, and 1501, and the Commonwealth Documents Law, 45 P.S. §§ 1201, et seq., and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1-7.4, we propose to amend our regulations by adding Sections 62.71-62.80, as noted above and as set forth in Annex A;

THEREFORE,

IT IS ORDERED:

1. That the Secretary shall submit this order and Annex A for review by the designated standing committees of the General Assembly, and for review by the Independent Regulatory Review Commission.
2. That the Secretary shall submit this order and Annex A to the Office of the Attorney General for review as to form and legality.
3. That the Secretary shall submit a copy of this order and Annex A to the Governor's Budget Office for review of fiscal impact.
4. That the Secretary shall duly certify this order and Annex A and deposit them with the Legislative Reference Bureau for publication in the Pennsylvania Bulletin. This regulation shall become effective upon final publication in the Pennsylvania Bulletin.

5. That the contact persons are Ahmed Kaloko, Director, Bureau of Conservation, Economics and Energy Planning (technical), (717) 787-2139 and Lawrence F. Barth (legal), (717) 772-8579. Alternate formats of this document are available to persons with disabilities and may be obtained by contacting Sherri DelBiondo, Regulatory Coordinator, Law Bureau, and (717) 772-4597.

6. That a copy of this order and Annex A shall be served upon persons who filed comments, natural gas distribution companies subject to the Natural Gas Choice and Competition Act, licensed natural gas suppliers, the Office of Trial Staff and the Office of the Small Business Advocate.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: November 29, 2000

ORDER ENTERED: **NOV 30 2000**

Annex A
Title 52. Public Utilities
Part I. Pennsylvania Public Utility Commission
SUBPART C. FIXED UTILITIES
CHAPTER 62. NATURAL GAS SUPPLY CUSTOMER CHOICE
SUBCHAPTER C. Customer Information Disclosure

§ 62.71. Purpose.

- (a) The purpose of this subchapter is to require that all natural gas providers enable customers to make informed choices regarding the purchase of all natural gas services offered by providing adequate and accurate customer information. Information shall be provided to customers in an understandable format that enables customers to compare prices and services on a uniform basis.
- (b) As to the scope of this subchapter, this section and §§ 62.72 and 62.73 (relating to definitions; and standards and pricing practices for retail natural gas service) apply to all customers, including large commercial and industrial customers. Sections 62.74 - 62.79 apply only to residential and small business customers, as defined in § 62.72. Section 62.80 (relating to common natural gas competition terms) applies as described in section § 62.73(d).

§ 62.72. Definitions.

The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise:

Basic services - Services necessary for the physical delivery of natural gas to a retail customer, consisting of natural gas distribution services and natural gas supply services.

**BILLED PRICES - THE DISCLOSED NGS PRICES ON THE
CUSTOMER BILL.**

City gate - The point where interstate pipelines deliver gas into natural gas distribution company facilities.

Commission - The Pennsylvania Public Utility Commission.

Commodity charges or natural gas supply charges - Basic service charges for natural gas supply services to retail customers, excluding charges for natural gas distribution services.

Consumer - A retail gas customer.

~~Consumer Contract - The written disclosure statement of the terms of service between a customer and NGS which satisfies the definition of consumer contract in section 3 of the Plain Language Consumer Contract Act (73 P.S. § 22.03).~~

Customer - A person that buys retail natural gas.

Customer information - Written, oral or electronic communications used by natural gas providers to communicate to consumers prices and terms of service.

DISCLOSURE STATEMENT - THE WRITTEN DISCLOSURE OF THE TERMS OF SERVICE BETWEEN AN NGS AND A CUSTOMER WHICH SATISFIES THE DEFINITION OF CONSUMER CONTRACT IN SECTION 3 OF THE PLAIN LANGUAGE CONSUMER CONTRACT ACT (73 P.S. § 2203).

DISCLOSURE STATEMENT PRICES - THE DISCLOSED NGS PRICES IN THE DISCLOSURE STATEMENT.

Distribution charges - Basic service charges for the delivery of natural gas to a retail customer from the point of receipt into the NGDC's distribution system. These charges include basic service under § 56.15(4) (relating to billing information) and universal service, as applicable.

EFFICIENCY INFORMATION - THE EXISTING NGDC EFFICIENCY INFORMATION INCLUDED IN THE NGDC'S CONSUMER EDUCATION PROGRAM.

Historical billing data - The minimum of twelve (12) months of data as recorded by the NGDC, which contains usage data and dollar amount billed, unless 12 months of this data is not available, in which case the NGDC shall provide as much billing data as available. This data is thousand cubic feet (Mcf), hundred cubic feet (ccf), or dekatherms (Dth) consumption at some prescribed interval of consumption and associated cost.

MARKETED PRICES - THE DISCLOSED PRICES ON NGS MARKETING CUSTOMER INFORMATION.

~~NGDC natural gas distribution company~~ A public utility that provides natural gas services and which may provide natural gas supply services and other services. For purposes of this subchapter, the term does not include either of the following:

~~(i) A public utility subject to the jurisdiction of the Commission which has annual gas operating revenues of less than \$6 million per year, except when the public utility voluntarily petitions the Commission to be included within this~~

~~definition or when the public utility seeks to provide natural gas supply services to retail gas customers outside its service territory.~~

~~(ii) A natural gas public utility subject to the jurisdiction of the Commission that is not interconnected to an interstate gas pipeline by means of a direct connection or an indirect connection through the distribution system of another natural gas public utility or through a natural gas gathering system.~~

NGDC - NATURAL GAS DISTRIBUTION COMPANY - A PUBLIC UTILITY OR CITY NATURAL GAS DISTRIBUTION OPERATION THAT PROVIDES NATURAL GAS DISTRIBUTION SERVICES AND WHICH MAY PROVIDE NATURAL GAS SUPPLY SERVICES AND OTHER SERVICES. FOR PURPOSES OF THIS SUBCHAPTER, THE TERM DOES NOT INCLUDE:

(I) ANY PUBLIC UTILITY SUBJECT TO THE JURISDICTION OF THE COMMISSION WHICH HAS ANNUAL GAS OPERATING REVENUES OF LESS THAN \$6,000,000 PER YEAR, EXCEPT WHERE THE PUBLIC UTILITY VOLUNTARILY PETITIONS THE COMMISSION TO BE INCLUDED WITHIN THIS DEFINITION OR WHERE THE PUBLIC UTILITY SEEKS TO PROVIDE NATURAL GAS SUPPLY SERVICES TO RETAIL GAS CUSTOMERS OUTSIDE ITS SERVICE TERRITORY; OR

(II) ANY NATURAL GAS PUBLIC UTILITY SUBJECT TO THE JURISDICTION OF THE COMMISSION THAT IS NOT INTERCONNECTED TO AN INTERSTATE GAS PIPELINE BY MEANS OF A DIRECT CONNECTION OR AN INDIRECT CONNECTION THROUGH THE DISTRIBUTION SYSTEM OF ANOTHER NATURAL GAS PUBLIC UTILITY OR THROUGH A NATURAL GAS GATHERING SYSTEM.

~~NGS natural gas supplier An entity other than an NGDC, but including NGDC marketing affiliates, which provides natural gas supply services to retail gas customers utilizing the jurisdictional facilities of an NGDC that provides NGS services outside its certificate service territories. The term includes a municipal corporation, its affiliates or any joint venture, to the extent that it chooses to provide NGS services to retail customers located outside of its corporate or municipal limits, as applicable, other than the following:~~

~~(i) As provided prior to _____ (Editor's Note: The blank refers to the effective date of adoption of this proposal.), pursuant to a certificate of public convenience if required under this title.~~

~~(ii) Total natural gas supply services in de minimis amounts.~~

~~(iii) Natural gas supply services requested by, or provided with the consent of, the public utility in whose certificated territory the services are provided.~~

~~(iv) Natural gas supply services provided to the municipal corporation itself or its tenants on land it owns or leases, or is subject to an agreement of sale or pending condemnation, as of September 1, 1999, to the extent permitted by applicable law independent of 66 Pa. C.S. Chapter 22 (relating to the Natural Gas Choice and Competition Act).~~

~~(A) The term excludes an entity to the extent that it provides free gas to end-users under the terms of an oil or gas lease.~~

~~(B) Notwithstanding another provision of this title, a NGS that is not an NGDC is not a public utility as defined in 66 Pa. C.S. § 102 (relating to definitions) to the extent that the NGS is utilizing the jurisdictional distribution facilities of an NGDC or is providing other services authorized by the Commission.~~

NGS - NATURAL GAS SUPPLIER - AN 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. THE TERM INCLUDES A NATURAL GAS DISTRIBUTION COMPANY THAT PROVIDES NATURAL GAS SUPPLY SERVICES OUTSIDE ITS CERTIFICATE SERVICE TERRITORIES. THE TERM INCLUDES A MUNICIPAL CORPORATION, ITS AFFILIATES OR ANY JOINT

VENTURE, TO THE EXTENT THAT IT CHOOSES TO PROVIDE
NATURAL GAS SUPPLY SERVICES TO RETAIL CUSTOMERS
LOCATED OUTSIDE OF ITS CORPORATE OR MUNICIPAL LIMITS, AS
APPLICABLE, OTHER THAN THE FOLLOWING:

(I) AS PROVIDED PRIOR TO JULY1, 1999, THE EFFECTIVE
DATE OF CHAPTER 22 OF THE PUBLIC UTILITY CODE, PURSUANT
TO A CERTIFICATE OF PUBLIC CONVENIENCE IF REQUIRED UNDER
THE PUBLIC UTILITY CODE;

(II) TOTAL NATURAL GAS SUPPLY SERVICES IN DE MINIMIS
AMOUNTS;

(III) NATURAL GAS SUPPLY SERVICES REQUESTED BY, OR
PROVIDED WITH THE CONSENT OF, THE PUBLIC UTILITY IN
WHOSE CERTIFICATED TERRITORY THE SERVICES ARE PROVIDED;
OR,

(IV) NATURAL GAS SUPPLY SERVICES PROVIDED TO THE
MUNICIPAL CORPORATION ITSELF OR ITS TENANTS ON LAND IT
OWNS OR LEASES, OR IS SUBJECT TO AN AGREEMENT OF SALE OR
PENDING CONDEMNATION, AS OF SEPTEMBER 1, 1999, TO THE
EXTENT PERMITTED BY APPLICABLE LAW INDEPENDENT OF 66

PA.C.S. CHAPTER 22 (RELATING TO THE NATURAL GAS CHOICE AND COMPETITION ACT).

(A) THE TERM EXCLUDES AN ENTITY TO THE EXTENT THAT IT PROVIDES FREE GAS TO END-USERS UNDER THE TERMS OF AN OIL OR GAS LEASE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, A NATURAL GAS SUPPLIER THAT IS NOT A NATURAL GAS DISTRIBUTION COMPANY IS NOT A PUBLIC UTILITY AS DEFINED IN 66 PA.C.S. § 102 (RELATING TO DEFINITIONS) TO THE EXTENT THAT THE NATURAL GAS SUPPLIER IS UTILIZING THE JURISDICTIONAL DISTRIBUTION FACILITIES OF A NATURAL GAS DISTRIBUTION COMPANY OR IS PROVIDING OTHER SERVICES AUTHORIZED BY THE COMMISSION.

Natural gas distribution service - The delivery of natural gas to retail gas customers utilizing the jurisdictional facilities of the ~~NGDC~~ NATURAL GAS DISTRIBUTION COMPANY.

Natural gas providers - The term refers collectively to the NGDC, NGS, marketer, aggregator or broker, or both, as well as any third party acting on behalf of these entities.

Natural gas supply charges or commodity charges - Basic service charges for natural gas supply services to retail customers, excluding charges for natural gas distribution services.

~~*Natural gas supply services* —The term includes the sale or arrangement of the sale of natural gas to retail customers and services that may be unbundled by the Commission under 66 Pa. C.S. § 2203(3) (relating to standards for restructuring of natural gas utility industry). The term does not include distribution service.~~

(1) THE TERM INCLUDES:

- (i) THE SALE OR ARRANGEMENT OF THE SALE OF NATURAL GAS TO RETAIL CUSTOMERS; AND
- (ii) SERVICES THAT MAY BE UNBUNDLED BY THE COMMISSION UNDER 66 PA. C.S. § 2203(3) (RELATING TO STANDARDS FOR RESTRUCTURING OF NATURAL GAS UTILITY INDUSTRY)

(2) THE TERM DOES NOT INCLUDE DISTRIBUTION SERVICE.

Nonbasic services - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of natural gas service. EXAMPLES INCLUDE GAS LINE REPAIR PROGRAM AND GAS APPLIANCE WARRANTY PROGRAM.

~~*Retail gas customer* —A direct purchaser of natural gas supply services or natural gas distribution services, other than an NGS. The term excludes an occupant of a building or facility where the owner/operators manage the internal distribution system serving the building or facility and supply natural gas and other related services to occupants of the building or facility; when the~~

~~owners/operators are direct purchasers of natural gas supply service; and when the occupants are not direct purchasers.~~

RETAIL GAS CUSTOMER - A DIRECT PURCHASER OF NATURAL GAS SUPPLY SERVICES OR NATURAL GAS DISTRIBUTION SERVICES, OTHER THAN A NATURAL GAS SUPPLIER. THE TERM EXCLUDES AN OCCUPANT OF A BUILDING OR FACILITY WHERE THE OWNER/OPERATORS MANAGE THE INTERNAL DISTRIBUTION SYSTEM SERVING SUCH BUILDING OR FACILITY AND SUPPLY NATURAL GAS AND OTHER RELATED SERVICES TO OCCUPANTS OF THE BUILDING OR FACILITY; WHERE SUCH OWNERS/OPERATORS ARE DIRECT PURCHASERS OF NATURAL GAS SUPPLY SERVICE; AND WHEN THE OCCUPANTS ARE NOT DIRECT PURCHASERS.

Small business customer - This term refers to a person, sole proprietorship, partnership, corporation, association or other business entity that receives natural gas service under a small commercial, small industrial or small business rate classification, and whose aggregate maximum registered annual consumption with the NGDC was less than 300 Mcfs, or equivalent, over the last 12 months.

§ 62.73. Standards and pricing practices for retail natural gas service.

In furnishing retail natural gas service, NGDCs and NGSs or any entity that otherwise provides retail natural gas service information to customers, shall comply with the following:

(1) Use common and consistent terminology in customer communications, including marketing, billing and disclosure statements and use the standard pricing unit of the NGDC. The three standard pricing units that are currently used by NGDCs are ccfs, Mcfs and Dths.

(2) Use the term NGDC as described in § 62.72 (relating to definitions) as a standard term.

(3) Use the terms as defined in the Commission's "Consumer's Dictionary for Natural Gas Competition" (Dictionary), maintained on file in the Commission's Office of Communications. NGDCs shall provide this Dictionary upon customer request, and the "Common Natural Gas Competition Terms" as described in paragraph (4) shall indicate the phone number and address OF THE NGDC to request the Dictionary.

(4) Each NGDC will distribute the "Common Natural Gas Competition Terms," found in § 62.80 (relating to common natural gas competition terms), as part of its consumer education program, as a bill insert or in a separate mailing once per year for the life of the NGDC's choice education campaign, WHICH IS MANDATED AT SECTION 2206(D) OF THE ACT.

§ 62.74. Bill format for residential and small business customers.

(a) ~~NGS prices billed~~ BILLED PRICES shall reflect the marketed prices and ~~the agreed upon prices in the disclosure statement.~~ THE DISCLOSURE STATEMENT PRICES.

(b) The following requirements apply only to the extent to which an entity has responsibility for billing customers, and to the extent that the charges are applicable. Duplication of billing for the same or identical charges by both the NGDC and NGS is not permitted.

(1) NGDC charges shall appear separately from NGS charges.

(2) Charges for basic services shall appear before charges for nonbasic services, and appear distinctly separate.

(3) Customer bills shall contain the following charges, if these charges are applicable, and these charges shall appear in a distinct section of the bill. The designation or label of each charge as either a basic charge or nonbasic charge appears in parentheses following the name of the charge. This label of either basic or nonbasic is not required to accompany the name of the charge on the bill.

(i) Commodity charges (basic).

(A) Commodity charges shall be presented in the standard pricing unit for natural gas of the NGDC in actual dollars or cents per standard pricing unit or actual average dollars or cents per standard pricing unit.

(B) Commodity charges shall appear first among the basic charges with one exception. NGDCs may place the customer charge first among the basic charges.

(ii) Distribution charges (basic).

(iii) Customer charge or basic charge (charge for basic service in § 56.15 (relating to billing information)) (basic).

(iv) Gas cost adjustment charges (basic).

(V) INTERSTATE TRANSITION COST SURCHARGES

(BASIC).

~~(v)~~(vi) Taxes (Shall comply with § 56.15) (basic).

~~(vi)~~(vii) Late payment charges (basic).

~~(vii)~~(viii) Security deposit (basic).

~~(viii)~~(ix) Reconnection fee (basic).

~~(ix)~~(x) Itemization of nonbasic charges (nonbasic).

~~(x)~~(xi) Overall billing total.

(4) The entity reading the meter for billing purposes shall provide the following natural gas use data figures:

(i) The total annual natural gas use for the past 12 months in the standard pricing unit of the NGDC including the current billing cycle. This is a single cumulative number.

(ii) The average monthly natural gas use for the past 12 months in the standard pricing unit of the NGDC including the current billing cycle. This is a single cumulative number.

(5) The requirements of § 56.15 shall be incorporated in customer bills to the extent that ~~they apply~~ § 56.15 IS APPLICABLE.

(6) Definitions for the following charges and terms are required in a customer's bill, if they appear as billing items, as contained in § 62.80 (relating to

common natural gas competition terms), and shall be in a distinctly separate section of the bill:

- (i) Commodity charges.
- (ii) Distribution charges.
- (iii) Customer charge/basic charge (charge for basic service in § 56.15).
- (iv) Gas cost adjustment charges.
- (v) The standard pricing unit of the NGDC, either, ccf, Mcf or Dth.

(7) "General Information" is the required title for customer contact information in a customer's bill.

(i) The name, address, telephone number and Internet address for the NGS and NGDC shall be included.

(ii) Both NGDC and NGS information in subparagraph (i) is required on all customer bills with the billing entity's information first.

(8) When a customer chooses the option to receive a separate bill for competitive natural gas supply, the NGDC shall include in a customer's bill the following information where the NGS charges would normally appear:

- (i) The NGS's name.
- (ii) A statement that the customer's NGS is responsible for the billing of NGS charges.

(9) When a customer chooses the option to receive a single bill from the NGDC, the NGDC shall include in the customer's bill the name of the NGS where the NGS charges appear.

(10) For customers who have chosen to receive gas supply from a competitive supplier, the customer's bill shall include the following statements which may appear together in a paragraph:

(i) "Commodity prices and charges are set by the natural gas supplier you have chosen."

(ii) "The Public Utility Commission regulates distribution prices and services."

(c) The billing entity shall provide samples of customer bills to the Commission for review prior to issuance to customers.

§ 62.75. Disclosure statement for residential and small business customers.

(a) ~~The agreed upon prices in the disclosure statement~~ PRICES shall reflect the marketed prices and the billed prices.

(b) The NGS shall provide the customer A written disclosure STATEMENT of CONTAINING the terms of service at no charge whenever:

(1) The customer requests that an NGS initiate service.

(2) The NGS proposes to change the terms of service.

(c) ~~The contract's~~ DISCLOSURE STATEMENT'S terms of service shall be disclosed, including the following terms and conditions, if applicable:

(1) **Commodity charges shall be disclosed according to the actual prices and be presented in the standard pricing unit of the NGDC or other Commission-approved standard pricing unit. Commodity charges shall include estimated total state taxes. Commodity charges exclude state sales tax and county tax.**

(2) **The variable pricing statement (if applicable) shall include:**

(i) **Conditions of variability (state on what basis prices will vary) INCLUDING THE NGS'S SPECIFIC PRESCRIBED VARIABLE PRICING METHODOLOGY.**

(ii) **The starting price and the ceiling price, IF THE CEILING PRICE IS APPLICABLE.**

(3) **An itemization of basic and nonbasic charges distinctly separate and clearly labeled.**

(4) **The length of the agreement, which includes:**

(i) **The starting date.**

(ii) **The expiration date, if applicable.**

(5) **An explanation of sign-up bonuses, add-ons, limited time offers, other sales promotions and exclusions, if applicable.**

(6) **An explanation of prices, terms and conditions for special services, if applicable.**

(7) **The cancellation provisions, if applicable. WHEN A CUSTOMER MOVES FROM ONE LOCATION TO ANOTHER, EVEN IF THE MOVE IS**

WITHIN AN NGDC'S SERVICE TERRITORY, THE AGREEMENT IS CANCELLED.

(8) The renewal provisions, if applicable. Automatic renewal is allowed at the same terms and conditions as long as the new agreement is month-to-month.

(9) The name and telephone number of the supplier of last resort.

(10) An explanation of penalties, fees or exceptions, printed in type size larger than the type size appearing in the terms of service. Penalties shall be disclosed in actual dollars or a specific method for determining the actual dollars shall be disclosed.

(11) Customer contact information that includes the name of the NGDC and NGS, and the NGS's address, telephone number, Commission license number and Internet address, if available. The NGS's information shall appear first and be prominent.

(12) A statement that directs a customer to the Commission if the customer is not satisfied after discussing the terms of service CONTAINED IN THE DISCLOSURE STATEMENT with the NGS.

(13) The name and telephone number for universal service program information.

(d) Customers shall be provided a 3-day right of rescission period following receipt of the disclosure statement from the NGS.

(1) The 3-day right of rescission is three business days.

(2) The 3-day right of rescission begins when the customer receives the ~~written~~ disclosure STATEMENT from the NGS.

(3) The customer may cancel in writing, orally or electronically, if available, by contacting the NGS.

(4) Waivers of the 3-day right of rescission are not permitted.

(e) The definition for commodity charges is required on natural gas disclosure statements and shall be defined in accordance with § 62.80 (relating to common natural gas competition terms). Definitions for other basic charges, if applicable, are required. Definitions for each of the nonbasic services, if applicable, are required. The definition section of the bill shall be distinctly separate.

(f) The NGS shall include in the customer's disclosure statement the following statements which may appear together in a paragraph:

(1) "Commodity prices and charges are set by the natural gas supplier you have chosen."

(2) "The Public Utility Commission regulates distribution prices and services."

(g) Disclosure statements shall include the following customer notification:

(1) "If you have a fixed term agreement with us THAT IS LONGER THAN THREE MONTHS and it is approaching the expiration date, we will send you advance written notices at about 90 days and 60 days before the expiration date. If we propose to change our terms of service in any type of agreement, we will send you advance written notices at about 90 days and 60 days before the

effective date of the change. If we are billing you directly for our services, then we will provide the notices as a bill message, a bill insert, or in a separate corresponding mailing. If the NGDC is billing our charges for us, then we will provide the notices in separate corresponding mailings. We will explain your options to you in these two advance notifications.”

(2) The NGS may add appropriate language in the notice so that the notice may serve as an amendment to the original agreement if the customer affirmatively reselects the NGS. AFFIRMATIVE RESELECTION OCCURS WHEN THE CUSTOMER INITIATES A TELEPHONE CALL TO THE NGS AND DURING THE CONVERSATION THE CUSTOMER ACCEPTS THE NEW OFFER, THE NGS INITIATES A TELEPHONE CALL TO THE CUSTOMER AND DURING THE CONVERSATION THE CUSTOMER ACCEPTS THE NEW OFFER, THE CUSTOMER ACCEPTS THE NEW OFFER BY SIGNING A DOCUMENT AND RETURNING IT TO THE NGS, OR THE CUSTOMER ACKNOWLEDGES THE ACCEPTANCE OF THE NEW OFFER ELECTRONICALLY, PERHAPS BY CHECKING A BOX ON A FORM ON THE NGS’ WEB SITE. THESE ARE OFFERED AS EXAMPLES AND ARE NOT MEANT TO BE ALL INCLUSIVE. After a customer affirmatively reselects the NGS, the NGS is relieved of its obligation to fulfill outstanding notice requirements. If the change in terms notice is for a reduction in the price of the commodity charges, the NGS is required to send only one written notice at least 60 but not more than 90 days prior to the effective date of the price

change. A FIXED TERM AGREEMENT MAY BE CONVERTED TO A MONTH-TO-MONTH AGREEMENT, EITHER AT THE SAME TERMS AND CONDITIONS OR AT REVISED TERMS AND CONDITIONS, AS LONG AS THE AGREEMENT CONVERTS FROM A FIXED TERM TO A MONTH-TO-MONTH AGREEMENT AND CONTAINS NO CANCELLATION PENALTIES, IN THE EVENT THAT THE CUSTOMER DOES NOT RESPOND TO THE NOTICE. A FIXED TERM AGREEMENT MAY BE CONVERTED TO ANOTHER FIXED TERM AGREEMENT AS LONG AS THE NEW AGREEMENT INCLUDES A CUSTOMER INITIATED CANCELLATION PROVISION THAT ALLOWS THE CUSTOMER TO CANCEL AT ANY TIME FOR ANY REASON AND CONTAINS NO CANCELLATION PENALTIES, IN THE EVENT THAT THE CUSTOMER DOES NOT RESPOND TO THE NOTICE.

(h) If the supplier of last resort changes, the new supplier of last resort shall notify customers of that change, and shall provide customers with the name, address, telephone number and Internet address, if available.

§ 62.76. Request for information.

(a) Natural gas providers shall respond to reasonable customer requests for efficiency information by indicating that these materials are available upon request from the Commission or the NGDC.

(b) Residential and small business customers, upon request from the customer, are entitled to receive at no charge and at least once a year, historical billing data

from whomever reads the meter for billing purposes. If the customer is receiving competitive natural gas supply service from an NGS, and receiving a separate bill from the NGS, the NGS will provide dollar amounts billed.

(1) The NGDC is only obligated to provide information that is readily available in its billing system.

(2) The historical billing data shall be conveyed in terms of the NGDC's standard pricing unit, for example, ccfs, Mcfs or Dths, and associated charges for the current billing period and for the year preceding the current billing period.

(3) The historical billing data will be updated with each billing cycle.

(c) Natural gas providers shall notify consumers not less than once per year either in advertising materials, disclosure statements or bills that EFFICIENCY information ~~on energy efficiency~~ and historical billing data is available upon request.

§ 62.77. Marketing/sales activities.

(a) An NGS'S ~~advertised~~ MARKETED prices shall reflect DISCLOSURE STATEMENT prices ~~in disclosure statements~~ and billed prices and shall be presented in the standard pricing unit of the NGDC.

(b) An NGS'S marketing materials that offer terms of service IN A DISCLOSURE STATEMENT for acceptance by customers shall include prices, as follows:

(1) If using a fixed price, the NGS shall show charges for supply service ~~per ccf for usages of~~ IN THE STANDARD PRICING UNIT OF THE NGDC AT

MONTHLY USAGE LEVELS EQUIVALENT TO 15, 80 and 120 ccfS of natural gas ~~or equivalent, per month,~~ in a table format.

(2) If using a variable price mechanism, the NGS shall factor in all costs associated with the rate charged to the customer FOR SUPPLY SERVICE, and show the ~~average~~ STARTING PRICE AND CEILING price for supply service ~~per ccf for usages of,~~ IF THE CEILING PRICE IS APPLICABLE, IN THE STANDARD PRICING UNIT OF THE NGDC AT MONTHLY USAGE LEVELS EQUIVALENT TO 15, 80 and 120 ccfS of natural gas ~~or equivalent, per month,~~ in a table format.

(3) The NGS shall note the effective date of the prices shown in the table provided under paragraph (1) or (2) AND IF THE PRICES ARE A LIMITED TIME OFFER, THE NGS SHALL NOTE THE EXPIRATION DATE OF THE LIMITED TIME OFFER.

(c) Advertising materials targeted for residential and small business sales shall be made available upon request of the Commission.

§ 62.78. Privacy of customer information.

(a) An NGDC or NGS may not release private customer information to a third party unless the customer has been notified of this intent and has been given a convenient method, CONSISTENT WITH SUBSECTION (B), of notifying the entity of the customer's desire to restrict the release of the private information. If the customer does not choose to restrict the release of one of the two restriction options in paragraphs (1) and (2) then all of the customer's private information

may be released to a third party except for the telephone number. If the customer chooses to restrict the release of private customer information, the customer may restrict information released according to one of the following two restriction options:

(1) Restrict the release of only the customer's historical billing data in the NGDC's standard pricing unit, that is, as denominated by the NGDC.

(2) Restrict the release of all private customer information including name, billing address, service address, rate class, rate sub-class, account number and historical billing data in the NGDC's standard pricing unit, that is, as denominated by the NGDC.

(b) Customers shall be permitted to restrict information as specified in subsection (a) by returning a signed form, or by oral or electronic communication.

(c) Nothing in this section prohibits the NGS and NGDC from performing their mandatory obligations to provide natural gas service as specified in the disclosure statement and in 66 Pa. C.S. (relating to the Public Utility Code).

(d) Telephone numbers may not be released to third parties.

§ 62.79. Complaint handling process.

NGDCs and NGSs shall disclose to customers the following with respect to the rights of customers in the handling and resolution of complaints:

(1) Residential and small business customers shall directly contact the party responsible for the service in question as an initial step for complaint and problem resolution. If the customer mistakenly contacts the wrong entity, the

customer shall be promptly referred to the appropriate contact. In the event of an unexpected loss of firm gas service, the customer shall be directed to the NGDC.

(2) Complaints that pertain to Chapter 56 (relating to standards and billing practices for residential utility service) matters shall be handled and resolved in accordance with the applicable standards in Chapter 56.

(3) NGDCs and NGSs shall give the Commission access to disclosure statements, billing and other customer information resources for compliance reviews as deemed necessary by the Commission. When complaints arise and are brought before the Commission for resolution, the obligation of the NGS shall be extended to the provision of pricing information.

§ 62.80. Common natural gas competition terms.

The following are common natural gas competition terms:

Burner tip - The point at which natural gas is used such as a furnace, water heater or range.

Ccf - 100 cubic feet of gas. This is a measure of gas usage.

Chapter 56 - The PUC regulations that govern metering, billing and collections for residential gas and electricity service.

City gate - The point where interstate pipelines deliver gas into NGDC facilities.

Commodity charges - The charges for basic gas supply service which is sold either by volume (ccf or Mcf) or heating value (dekatherms).

Customer charge - A monthly charge to cover NGDC costs such as maintaining the gas lines, meter reading and billing.

Distribution charges - The charges for the delivery of natural gas from the point of receipt into the NGDC's system.

Dth (Dekatherm) - A measure of the heat content value of gas. Gas usage is determined by multiplying the Mcf used by the heat content value of the gas.

Gas cost adjustment charges - The amount billed or credited each month to account for differences between projected and actual gas supply costs of the natural gas distribution company.

Mcf - 1,000 cubic feet of gas. This is a measure of gas usage.

NGDC - Natural gas distribution company - A state regulated natural gas utility which owns the gas lines and equipment necessary to deliver natural gas to the consumer. (Formerly called local distribution company)

NGS - Natural gas supplier - An entity that sells or arranges to sell natural gas to customers that is delivered through the distribution lines of an NGDC.

PUC - Pennsylvania Public Utility Commission - The state regulatory agency that provides oversight, policy guidance and direction to public utilities and suppliers.

Price to compare - The dollar amount charged by the NGDC used by consumers to compare prices and potential savings with other natural gas suppliers.

Storage - Placing natural gas into an underground facility for removal and use at a later date.

Transmission - The moving of natural gas through the interstate pipeline system for delivery to the NGDC.



PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH OF PENNSYLVANIA

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INDEPENDENT REGULATORY
REVIEW COMMISSION

JOHN M. QUAIN
CHAIRMAN

January 31, 2001

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
14th Floor, Harrisstown II
333 Market Street
Harrisburg, PA 17101

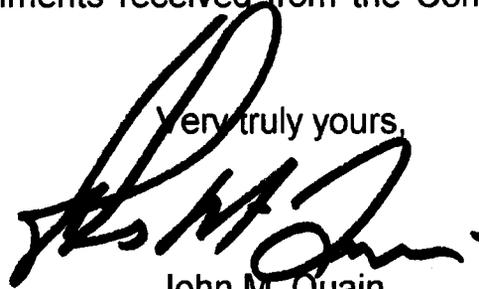
Re: L-00000149/57-215
Final Rulemaking
Customer Information Disclosure
Requirements for Natural Gas Distribution
Companies and Natural Gas Suppliers
52 Pa. Code Chapter 62

Dear Chairman McGinley:

Enclosed please find one (1) copy of the regulatory documents concerning the above-captioned rulemaking. Under Section 745.5(a) of the Regulatory Review Act, the Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission, on May 11, 2000, submitted a copy of the Notice of Proposed Rulemaking to the House Committee on Consumer Affairs, the Senate Committee on Consumer Protection and Professional Licensure and to the Independent Regulatory Review Commission (IRRC). This notice was published at 30 Pa.B. 2605, on May 27, 2000. In compliance with Section 745.5(b.1) copies of all comments received were provided to your Commission and the Committees.

In preparing this final form rulemaking, the Public Utility Commission has considered all comments received from the Committees, IRRC and the public.

Very truly yours,

A handwritten signature in black ink, appearing to read 'John M. Quain', written over the typed name below.

John M. Quain
Chairman

Enclosures

cc: The Honorable Clarence D. Bell
The Honorable Lisa Boscola
The Honorable Chris R. Wogan
The Honorable Keith McCall
Legislative Affairs Director Perry
Chief Counsel Pankiw
Regulatory Coordinator DelBiondo
Assistant Counsel Barth
Dr. Kaloko
Mr. Zogby

