

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Citizens Utility Board)	
Request for an investigation into)	00-0620
The current structure of the Nicor)	
Customer Select Pilot Program and)	
The Proposed Changes filed)	
August 10, 2000, Meet the Public)	
Interest Standards and Other)	
Requirements Set Forth in the)	(Cons.)
Public Utilities Act. 220 ILCS)	
8-102.)	
)	
Northern Illinois Gas Company)	00-0621
D/b/a Nicor Gas Company)	
)	
Proposed changes to Riders 15)	
And 16 and related provisions.)	
(Tariffs filed on August 11, 2000))	

**NATIONAL ENERGY MARKETERS ASSOCIATION'S
BRIEF ON EXCEPTIONS**

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DATED: June 7, 2001

INTRODUCTION

As the Hearing Examiner's Proposed Order ("HEPO") aptly points out, the Illinois Commerce Commission ("Commission") has the opportunity in this proceeding to further facilitate gas service unbundling and foster competition. Greater competition will result in the development of new services and lower costs for customers.

The HEPO does a commendable job of identifying and removing many of the impediments to the continued development of an efficiently functioning competitive market. Nowhere is this more evident than in the HEPO's rejection of Nicor Gas' attempt to interfere with and prevent the account agent relationship with the customer. The HEPO correctly points out that at least 90% of the non-Customer Select transportation customers on the Nicor Gas system and approximately 80% of the electric delivery service customers employ agents. Yet, Nicor has inexplicably and steadfastly refused to allow its Customer Select customers to enjoy this same benefit.

The HEPO is thorough and well reasoned, and thus the National Energy Marketers Association ("NEM" or "NEMA") has few exceptions. One of our exceptions is substantive and the other is for purposes of clarification. NEM takes substantive exception to the conclusion that account agents should separately state the supply charges and Nicor Gas' delivery costs on their bills to customers. Alternatively, and for purposes of clarification, NEM takes exception to the wording in that same conclusion that supply charges should be separately stated. NEM believes that the HEPO intended to say "supplier's charges" as Commission Staff recommended.

EXCEPTION 1: CUSTOMERS SHOULD BE FREE TO CHOOSE WHAT INFORMATION THEY WANT TO RECEIVE FROM THEIR AGENT

NEM takes exception to the conclusion in the HEPO that account agents should separately state the supply charges and Nicor Gas' delivery costs on the bills that they provide to customers (HEPO at 28). While this requirement is well intentioned, NEM believes that it will impede the development and offering of new services, create confusion and mislead customers.

The HEPO correctly recognizes that one of the major benefits of increased competition is the development of new services to customers (HEPO at 13). As Staff witness Schlaf testified, account agency allows suppliers to develop innovative pricing offers to customers, such as a bundled price for gas supply and delivery charges, or a bundled price for gas and electricity (ICC Staff Exhibit 5.0, p. 8). Conceivably, other pricing mechanisms, such as a discount off bundled rates, flat rate pricing or guaranteed pricing could be offered to a customer. In all of these instances, the price of individual components, such as delivery costs or supply costs, are irrelevant since the customer has already agreed to some other pricing mechanism. Listing component pricing on such bills will likely lead to confusion on the customer's behalf. This will lead to the need for

additional customer service reps for the supplier to respond to customer questions and potentially to the filing of complaints. All of this increases costs and could limit the services that the supplier offers or the customers that the supplier would be willing to serve.

Similarly, different billing arrangements might be utilized. Some customers might prefer to be billed on a certain date, such as the 1st or the 15th of the month or whenever the customer receives his paycheck. An agent can agree to do this. In such circumstances, the customer's and the delivery company's billing periods would not correspond. Including delivery charges for the period from May 21 to June 20 on a bill to the customer for the period from June 1 to June 30 will also lead to confusion.

Agents may also employ different billing mediums, such as internet billing, credit card billing or direct debiting. In such instances, the agent is limited in how much information it can economically supply to customers. Requiring a lot of information on bills means that many customers may not be offered these convenient payment options.

Such innovative service offerings will thrive in the competitive marketplace only if customers desire them. Otherwise, customers will simply turn to another supplier who offers the pricing and billing arrangement that the customer desires, or the customer will stay with the gas utility and continue to be billed as the customer always has been. In fact, the HEPO explicitly notes that:

“In approving expansion of Customer Select, the Commission notes that the optional nature of the Program mitigates, to some extent, concerns that it is necessary to provide extensive consumer protections. Customers retain the option to have gas supply provided by Nicor Gas at a regulated rate.” (HEPO at 13)

Customers are further protected because it is their choice whether or not to receive the delivery services information. Absent an express waiver or agreement to some other billing format by the customer, the agent would be required to include the delivery services information on the bill to the customer. Therefore, NEM requests that page 28 of the HEPO should be modified as set forth below.

Proposed Alternative Language:

The fourth paragraph on page 28 should be modified as follows:

With respect to billing requirements and formats, Nicor Gas could have, but did not, specifically identify additional requirements to include in its Rider 16, Standards of Conduct. The Commission concurs with Staff that suppliers acting as account agents should separately state the supply charges and Nicor Gas' delivery costs. However, the Commission also concurs with NEMA that customers should be able to choose not to have such information included on the bills that they receive from their account agents. Therefore, Nicor Gas is directed to include such a requirement in its Rider 16, standards of conduct.

EXCEPTION 2: THE COMMISSION SHOULD CLARIFY THAT IT IS THE “SUPPLIER’S” CHARGES, NOT THE “SUPPLY” CHARGES THAT SHOULD BE INCLUDED ON THE BILL

On page 28 the HEPO concludes, “The Commission concurs with Staff that suppliers acting as account agents should separately state the supply charges and Nicor Gas’ delivery costs.” However, the Staff had testified that “The supplier would then provide a single bill to the customer with the requirement that the Company’s and the supplier’s charges are listed as line items.” (ICC Staff Exhibit 1.0, p 21)

There could a big difference between the “supplier’s” charges and the “supply” charges. As discussed above, suppliers will be offering numerous innovative pricing arrangements such as gas supply bundled with delivery charges, gas bundled with electricity, gas and electricity bundled with other services, flat rate pricing, etc. Such pricing arrangements are the “supplier’s” charges. In such arrangements, it is not possible to separately state “supply” (i.e. commodity gas) charges because there are no such charges.

We believe that this is what Staff intended. The account agent’s bill would include a line listing the “supplier’s” charges, i.e. whatever pricing arrangement the customer and the agent had agreed upon, and a separate line listing the charges from the delivery company.¹ Since the HEPO concurred with Staff, we believe that is what the HEPO intended, as well. Therefore, NEMA requests that page 28 of the HEPO be modified as set forth below.

Proposed Alternative Language

The fourth paragraph on page 28 should be modified as follows:

With respect to billing requirements and formats, Nicor Gas could have, but did not, specifically identify additional requirements to include in its Rider 16, Standards of Conduct. The Commission concurs with Staff that suppliers acting as account agents should separately state the ~~supply~~ supplier’s charges and Nicor Gas’ delivery costs. Therefore, Nicor Gas is directed to include such a requirement in its Rider 16, standards of conduct.

CONCLUSION

WHEREFORE, NEM respectfully requests that the HEPO be revised as set forth herein.

¹ These charges would obviously be listed for informational purposes since they would already be included in the “supplier’s” charges in most instances where some bundled pricing arrangement had already been agreed upon.

Respectfully submitted,

**THE NATIONAL ENERGY
MARKETERS ASSOCIATION**

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