H

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Eastern Natural Gas Company for Approval of a New Bill Format pursuant to Ohio Administrative Code §4901:1-13-11(D)	)	Case No. 09-1039-GA-UNC
In the Matter of the Application of Pike Natural Gas Company for Approval of a New Bill Format pursuant to Ohio Administrative Code §4901:1-13-11(D)	)	Case No. 09-1040-GA-UNC
In the Matter of the Application of Southeastern Natural Gas Company for Approval of a New Bill Format pursuant to Ohio Administrative Code §4901:1-13-11(D)	)	Case No. 09-1041-GA-UNC

SUPPLEMENTAL MEMORANDUM IN SUPPORT OF MOTION FOR WAIVER

On December 16, 2009, Eastern Natural Gas Company, Pike Natural Gas Company, and Southeastern Natural Gas Company (Companies or Applicants) moved for a waiver from Rule 4901:1-13-11(B)(13) of the Ohio Administrative Code. The Applications in these cases were filed on November 4, 2009. A Supplement to the Applications was filed on December 14, 2009 to clarify an issue raised by the Staff of the Public Utilities Commission of Ohio (Staff) concerning Ohio Administrative Code §4901:1-13-11(B) (13). The Supplement did not purport to change or amend the original filing; its purpose was only to clarify the issue raised by the Staff. The Staff requested that the Applicants file a Motion for a Waiver which was filed on December 16. The Applications were suspended by Entry of December 17, 2009. This Supplemental Memorandum in Support of the Motion for Waiver is being filed as requested by the Staff to elaborate on the costs and time involved if the Motion for Waiver were not granted.

The Applicants have a current computer system which is over 20 years old; the Applicants have no personnel in an information technology (IT) department nor do they employ any programmers. The Applicants currently use a post card system of billing where the customers must return their payments in their own envelopes.

Two years ago, an unregulated affiliated company operating in Maryland was asked by customers and the US Post Office to change from post card bills to letter bills. A system was developed whereby the information in the existing computer system was used to create a print file and the company was able to retain a third party company to print letter bills instead of postcard bills. This transition from post card bills to letter bills was well received in Maryland.

In July of this year, the Applicants voluntarily approached the Commission Staff to see if a similar transition to letter bills could be implemented in Ohio. In effect, the Applicants would leverage this system that they had already developed and used in Maryland and would try to implement it in Ohio if it could be done on a cost effective basis. The Applicants do not have the financial resources to engage external programmers to make substantial changes to the system that has worked well in Maryland.

The system that the Applicants seek to implement is dependent upon using information in stored fields within the existing billing system. The values that are on the proposed bill come from stored fields within the billing system. The specific line item that the Staff suggested should be on the bill is not in a stored field within the existing billing system. That fact is what prompted the filing of the Motion for a Waiver.

If the Motion for a Waiver were not granted, the Applicants would have to engage external programmers to determine first, if the additional line item could be added and second, how that would be done. In addition, the printer of the bills would have its own programmers who would have to be engaged to make similar determinations from the printer's perspective. Further, there would have to be beta testing and quality assurance done to ensure accurate bills would be rendered. Each of these steps of engaging external computer programmers on both levels as well as engaging beta testing and quality assurance personnel take time and cost money. It must be remembered that the Applicants approached the Commission on a voluntary basis because they thought that there would be an opportunity to leverage the existing system that they had in place in Maryland while minimizing additional cost, and bringing the benefits of such a letter billing system to Ohio customers. The Applicants have no cost recovery mechanism in place to recover the costs of going to letter billing as opposed to postcard billing. All of the programming costs anticipated with the proposed bill leverage logic that is currently in place. If the Applicants cannot implement letter billing in Ohio on a cost effective basis, it will not do so. Granting the Motion for a Waiver would allow the Applicants to avoid the additional time and cost associated with engaging the external programmers and the printer's programmers as well as incurring additional testing and quality assurance costs. Good cause exists for granting the Motion for a Waiver.

On the other hand, without the Motion for a Waiver being granted, the benefits of having a letter bill will be lost. The benefits of having a letter bill versus a postcard bill will be significant to customers. For example, in the letter bill, a customer will be able to have a twelve month usage chart with each bill. This information may help the customer to participate in effective energy conservation measures. The letter bill, unlike the postcard bill, will have a box for messages allowing Eastern, Pike and Southeastern to further explain items on a bill or to provide information to the customers. The letter bill will also allow customers to use a direct debit in paying their bills. This would not be possible with a postcard bill.

The letter bill will provide details on safety information as to who to call in the case of an emergency. The letter bill also will provide the capability for bill inserts and notices such as pipeline safety notices. The letter bill, unlike the postcard bill, will allow the companies to better communicate with customers and provide information such as office hours. Further, with a letter bill, customers will be given an envelope with a bar code which will allow them to mail their payments back in a fashion that will be posted on a more cost effective and expedient way.

In summary, the Applicants are voluntarily trying to bring some significant benefits to Ohio customers by moving from a post card bill to a letter bill <u>if</u> this can be done on a cost effective basis. The insertion of a specific line item that the Staff recommended may or may not be possible given that the information in that line is <u>not</u> in a stored field within the existing billing system. Without the waiver, external programmers, testers, and quality assurance personnel on several levels will have to be engaged to determine if such a line item can even be added. All of these engagements cost money and will take time. The Applicants do not have the resources to engage in such activity. Without the Motion for a Waiver being granted, the Applicants will be unable to bring the many significant benefits of letter billing to Ohio customers. Good cause exists for granting the Motion for a Waiver.

WHEREFORE, the Applicants respectfully supplement their Motion for Waiver and ask that the Commission grant the Motion for a Waiver so that the benefits of having a letter bill can be extended to the customers to Eastern, Pike, and Southeastern on a cost effective basis.

Respectfully submitted,

Stephen M. Howard

Stephen M. Howard
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, Ohio 43216-1008
(614) 464-5401 (Telephone)
(614) 464-6350 (Facsimile)
smhoward@vorys.com

Attorneys for the Applicants