

Northern Illinois Gas Company d/b/a Nicor Gas Company
Response to: Illinois Commerce Commission
Ill.C.C. Docket No. 08-0363
CB Second Set of Data Requests

Nicor Gas Ex. 21.3
Page 1 of 7

CB 2.05 Q. Referring to Company witness Mudra's direct testimony (Co. Ex. 14.0 pg. 52), please provide an explanation of the reasons the Company's proposal to eliminate the bi-monthly billing program. Also provide documentation of the Company's analysis, and all work papers.

CB 2.05 A. Please see the Direct Testimony of Kevin Kirby (Nicor Gas Exhibit 6.0, page 9, lines 182 - 191) for a discussion on the elimination of the bi-monthly/summer billing program. The attached Exhibit 1 is a copy of *Nicor Gas Initiative – Billing Every Customer Every Month* which justified this program elimination.

Witness: Kevin W. Kirby

Nicor Gas Initiative Billing Every Customer Every Month (BECEM)



Objective – De-Customize Billing Plans

- Bill Every (Nicor Gas) Customer Every Month (BECEM):
 - Begin billing budget plan customers monthly
 - Eliminate our summer billing policy by billing every customer between June to October instead of every other month
- The analysis shows that the total Nicor after tax cost to achieve is breakeven.

Customers are Confused by Both Summer Billing and Budget Billing

- I haven't received my bill yet. (bi-monthly billing during the summer)
- Why am I getting a 2-month bill? (bi-monthly billing during the summer)
- I received a 2-month bill so how am I suppose to know how much my bill was for last month. (you have to explain the bill...meter reading breakdown and billing breakdown.
- Why did I receive two coupons? (budget plan)
- I'm on the Budget Plan and I lost my other coupon can you send me another one?
- I'm on the Budget Plan and I get my bill every 2-months. Why can't I get my bill monthly?

This is a good time to move to a consistent billing pattern

- Higher gas costs are amplifying the cash flow and credit effects of these programs
- The percent of customers with vanilla billing continued to decrease and billing complexity has increased
- 3rd party billing occurs on the first budget bill only, causing customer confusion
- Reevaluation of the budget plan amounts as currently programmed results in many customers getting a different bill amount every other time they are billed
- Waiting 60 days in the summer to resolve a billing problem may result in the new bill not being issued for another 60 days
- Delayed bills increased due to the customized programming across a 60 day cycle
- Not reinforcing our desired customer behavior, get a bill/pay a bill every month as a 'top of mind' message
- CSR's ability to quickly answer customer inquiries hampered by overly customized billing plans

Helping our customers can help our operations *and* support our VOC efforts

- Increase cash flow by getting summer billing \$\$ in the door faster
- Increase direct mail marketing opportunities
- Increase credit control (e.g. summer billing customers with less than \$100 arrears would be included, accelerate deposit requests billing more frequently)
- Reduce call volume and customer confusion
- Risk reductions in IT by reducing CC&B complexity in coding and testing (e.g. when migrating new code, doing technical upgrades and patches)
- Maximize operational efficiencies with the Special Services labor force

Key Next Steps

- 3rd and 4th Quarter 2007
 - Get approval to change the policy to BECEM
 - Get approval to increase annual budget costs
 - Get approval to decommission code, test and implement in the first quarter of 2008
- 1st Quarter 2008
 - IT changes coded, tested and migrated
 - Budget Plan customers begin receiving monthly bills
 - Create a multi-pronged approach to communication
 - Customers (bill messages, VRU)
 - Employees (newsletters, emails)
 - ICC (notification, work with Rates on messaging)
- 2nd Quarter 2008
 - All Nicor customers receive monthly bills going forward