

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Citizens Utility Board	:	
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VERIFIED APPLICATION FOR REHEARING OF THE NEW POWER COMPANY

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The New Power Company (“New Power”), by Piper Marbury Rudnick & Wolfe, its attorneys, pursuant to Section 10-113 of the Public Utilities Act and Section 200.880 of the Rules of Practice of the Illinois Commerce Commission (“Commission”), hereby submits its Verified Application for Rehearing of an Order that was issued by the Commission on July 5, 2001 in the instant proceeding. (*See* 220 ILCS 5/10-113; 83 Ill. Adm. Code Part 200.880.)

The Commission’s Order allows Nicor Gas Company (“Nicor” or “Nicor Gas”) to convert its “trial” pilot program - the Customer Select Program (“Program”) - into a “permanent” standard tariff. However, one important component of the Program must be revised in order to

allow Nicor's residential customers to receive the benefits of the competitive marketplace in the natural gas industry.

I.

**THE COMMISSION SHOULD GRANT
REHEARING AND ENTER AN ORDER THAT FULLY
ALLOWS SUPPLIERS TO PERFORM THE SINGLE-BILLING FUNCTION**

New Power seeks rehearing on a single issue: single billing by suppliers. This is an extremely important issue that, to a great extent, will dictate whether New Power devotes resources to bringing the benefits of competition to residential customers in the State of Illinois. Given the importance of the single billing issue to suppliers and the manner in which Nicor already is interpreting the Commission's Order, the issues associated with single billing could be highlighted and further explained to the Commission upon rehearing. (*See Nicor Motion for Clarification or Partial Stay at 5.*)

In fact, the Commission already has recognized the need for additional information, recently granting Nicor's request for a partial stay of the Commission's Order pending submission of Nicor's own application for rehearing on the issue of single billing. (*See Notice of Administrative Law Judges Ruling, July 31, 2001.*) Nicor asserts that it cannot comply with the minimal interim step of allowing single billing by suppliers through the use of account agents until March, 2002. (*See Nicor Motion for Clarification or Partial Stay at 5.*) Having obtained a seven (7) month Partial Stay of compliance with the Commission's Order that requires Nicor to allow single billing by suppliers, Nicor now contends that it will need an additional six (6) months, until September 1, 2002, to reprogram its billing systems to permit suppliers to merely act as billing agents. (*See Nicor Application for Rehearing at 24-26, August 2, 2001.*) The

Commission should take all steps necessary to ensure that Nicor designs its systems in a manner that allows for single billing by suppliers now.

The Commission properly concluded that single billing is desired by both customers and suppliers, and is necessary for the development of a competitive market in the natural gas industry. (*See* Order at 28.) Accordingly, the Commission directed that Nicor modify its tariffs to allow single billing through the use of account agents. (*See id.* at 28-29.) However, the Order failed to properly direct Nicor to file a “single-billing” tariff. (*See id.* at 28.) Such an Order would be consistent with the Commission’s long history of promoting competition in the natural gas industry. Furthermore, while allowing the use of account agents is an extremely positive interim step, it should not be accepted as a long term solution to bringing additional benefits of competition to residential natural gas consumers.

Granting rehearing to allow testimony from all interested parties will be a significant step forward in bringing the benefits of competition to Nicor’s residential and small commercial customers and will accomplish two basic goals. **First**, the Commission should establish a procedure on rehearing whereby workshops and/or meetings are held to establish a uniform format for the operational, technical, and communications process for the interaction between Nicor and suppliers in the Program. Nicor should be required to provide the following information in a uniform format:

- Nicor charges (in a bill-ready format);
- billing determinants;
- bill inserts and other notices, and any other necessary information that a supplier will need to provide to the consumer;

Second, the Commission should require Nicor to file a “Single Billing” tariff that includes:

- the terms and conditions of service;
- remittance options;
- payment priorities; and
- a credit, based upon an embedded cost methodology to reflect the savings to Nicor as a result of the supplier performing the billing function.

New Power respectfully requests that the Commission enter an Order granting rehearing to accomplish these **two** basic goals.

A. New Power Is Prepared To Provide Essential And Valuable Testimony Regarding The Single Billing Issue

New Power's experience in serving residential and small commercial customers is **unparalleled** in the energy industry. New Power is currently operational in eighteen (18) different markets, including markets in New Jersey, Pennsylvania, Texas, Ohio, California, Georgia, Indiana, Maryland, Michigan, and Virginia. In those markets, New Power is providing natural gas and/or electricity service to approximately 700,000 residential and small commercial customers. This experience provides New Power with the unique viewpoint of participation in the development of competitive natural gas markets and having seen what works and what does not work in other markets.

Due to its activities in other markets over the past year, New Power only recently has become an active participant in Illinois proceedings, and now is seriously considering the possibility of entering the Illinois natural gas market. If the Commission grants rehearing on the single billing issue, New Power would be prepared to present valuable evidence regarding the manner in which other states have allowed suppliers to perform the single billing function, including all technical and operational issues associated with single billing by suppliers. New Power submits that the Commission would benefit from receiving additional evidence regarding single billing from an experienced participant in other markets.

B. Promotion Of An Appropriate Single Billing Option Is Essential To The Development Of Competition

The Commission is well aware that suppliers desire to perform the single billing function and that customers want to receive only one bill for natural gas service. (*See* Order at 28. *See also* New Power Brief on Exceptions at 4-5; CUB/Cook County Initial Brief at 35.) In fact, as the Commission is aware, single billing by suppliers was supported by the Staff of the Commission (“Staff”) and all intervenors, including the Attorney General of the State of Illinois (“AG”), the Citizens Utility Board (“CUB”) and the State’s Attorney of Cook County (“CUB/Cook County”), and the National Energy Marketers Association (“NEMA”). (*See* New Power Brief on Exceptions at 4; Staff Initial Brief at 6; AG Initial Brief 27; CUB/Cook County Initial Brief at 35; NEMA Initial Brief at 6.)

Clearly, the primary beneficiaries of the provision of a single bill are customers; since a customer is able to choose to receive only one bill, from a single entity. As a result, the customer only has to write one check and make one payment for its natural gas service. The ability to provide single billing service translates to an additional value-added service and marketing tool that assists suppliers, such as New Power, in becoming the “single point of contact” with customers. (*See* New Power Brief on Exceptions at 5; Staff Initial Brief at 8.) Additionally, there is the potential for added substantial benefits under single billing, including the ability of a residential or small commercial customer to receive a single bill if the customer were purchasing natural gas and electric service from a single source, tailored billing options, and innovation and the offering of new products and services. (*See* New Power Brief on Exceptions at 5; Staff Initial Brief at 7.)

New Power is prepared to present substantial evidence on these subjects and how these benefits to consumers translate into benefits that may lead to the creation of an environment in which a truly competitive natural gas market can develop.

C. There Is Sufficient Time To Address The Single Billing Issue

By recently granting Nicor's request for a partial stay of the Commission's Order until March, 2002 regarding implementation of single billing through the use of account agents, the Commission has provided more than adequate time for the Commission, its Staff, Nicor, suppliers, and consumers to address all of the unresolved issues related to the filing of a single billing tariff. In fact, Nicor now contends that it will need a total of thirteen (13) months , until September 1, 2002 to reprogram its billing system to accommodate single billing by suppliers. (See Nicor Application for Rehearing at 24-26, August 2, 2001.)

This provides plenty of time to address these issues since solutions to all of the issues related to single billing by suppliers have previously been addressed in Illinois. Recently, the Commission, its Staff, utilities, suppliers, and consumers participating in the deregulated Illinois electric market reviewed these issues and developed solutions to the single billing by suppliers. (See *eg. Commonwealth Edison Company, Petition for Approval of delivery services tariffs and delivery services implementation plan and for approval of certain other amendments and additions to its rates, terms and conditions*, ICC Docket No. 99-0117, Order at 116–129, August 26, 1999.) It is imperative that the Commission direct the natural gas industry to leverage the results of the implementation of single billing in the electric industry in Illinois. Additionally, single billing issues and solutions have been adopted in a number of other jurisdictions, including New York, Pennsylvania, Texas, New Jersey, and Massachusetts. New Power is

prepared to present testimony regarding the processes and procedures utilized in these jurisdictions.

By granting rehearing, the Commission can review the record in the prior proceedings in the electric industry and the experience from other jurisdictions to fully understand all issues related to single billing by suppliers. New Power respectfully requests that the Commission grant rehearing on the single billing issue and enter an Order on Rehearing that allows suppliers to issue single bills and directs Nicor to file a single-billing tariff to recognize the costs that will be avoided as a result of the supplier issuing a consolidated, single bill.

II.

CONCLUSION

While the Commission made a number of appropriate modifications to Nicor's Customer Select program, there is still one major additional modification that is warranted in order to ensure that competition actually develops in the residential and small commercial market in Illinois. Nicor should be required to submit for Commission approval a single billing tariff that includes, but is not limited to: the terms and conditions of service, remittance options; payment priorities; and a credit, based upon an embedded cost methodology to reflect the savings to Nicor as a result of the supplier performing the billing function.

Without requiring the adoption of a uniform format for the operational, technical, and communications process for the interaction between Nicor and suppliers in the Program, and requiring Nicor to file a single billing tariff, residential and small commercial customers will be deprived of the benefits that suppliers like New Power can offer with a properly designed residential customer choice program and a truly competitive energy market will not develop in Illinois.

Lastly, if the Commission chooses to not grant rehearing on this limited issue, the Commission through its inaction will hinder the development of true competition in the Illinois retail natural gas market. The instant proceeding provides the Commission with an excellent opportunity with little inconvenience to the parties to ensure that competition will progress in the Nicor service territory for residential and small commercial customers, and hopefully in other natural gas utility service areas where competition for these customers has been non-existent.

Balancing the equities of the potential benefits to residential consumers and potential suppliers against the minimal inconvenience of ordering rehearing to assist Nicor in the implementation of a single billing tariff, the potential benefits clearly outweigh any asserted inconvenience.

WHEREFORE, the New Power Company respectfully requests that the Commission grant rehearing and enter an Order that:

1. Allows suppliers to perform the single billing function for its customers;
2. Establishes a procedure for the conduct of workshops and/or meetings to establish a uniform format for the operational, technical, and communications process for the interaction between Nicor and suppliers in the Program;
3. Requires Nicor to file a “Single Billing” tariff that includes, but is not limited to:
 - (a) the terms and conditions of service;
 - (b) remittance options;
 - (c) payment priorities; and
 - (d) a credit, based upon an embedded cost methodology to reflect the savings to Nicor as a result of the supplier performing the billing function; and
4. Granting such further additional relief as it deems appropriate.

Respectfully submitted,

THE NEW POWER COMPANY

By: _____
One of Its Attorneys

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