

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

IN RE:

In the Matter of the Commission, on its own motion, seeking to review policies and practices relating to the administration of customer choice programs for natural gas service offered within the State of Nebraska

Application No. NG-102 / PI-225

COMMENTS OF BLACK HILLS ENERGY SERVICES COMPANY

INTRODUCTION

COMES NOW, Black Hills Energy Services Company (“BHES”) by and through undersigned counsel, and submits the following comments in response to the Nebraska Public Service Commission’s (“Commission”) March 10, 2020, “Progression Order #2, Request For Comments and Notice of Workshop” (“March 10 Order”) regarding review of policies and practices relating to the administration of customer choice programs for natural gas service offered within the State of Nebraska.

BACKGROUND

1. On August 6, 2019, the Commission issued an “Order Opening Docket Requesting Written Comments and Notice of Assessment” (“August 6 Order”) regarding and reviewing the administration of customer choice programs for natural gas service offered within the State of Nebraska.
2. On September 13, 2019, pursuant to the August 6 Order, BHES submitted written comments to the Commission.
3. On September 25, 2019, BHES, among others, participated in a workshop at the Commission concerning customer choice programs.

4. On October 29, 2019, the Commission issued “Progression Order No. 1” (“October 29 Order”) setting forth a series of recommendations and expectations for the consumer choice program.
5. BHES is a non-regulated competitive natural gas supplier in the Choice Gas Programs of both Nebraska and Wyoming. BHES appreciates the Commission and Commission Staff’s efforts in reviewing the choice program’s rules and procedures. These comments primarily focus on the areas outlined in the March 10 Order. BHES does not waive any rights or positions that may not be contained in these comments. BHES reserves the right to change its positions contained in these comments in the future. BHES would appreciate the opportunity to comment in the future on any significant proposals that may be presented by other stakeholders through written comments or at the June 17, 2020, Commission workshop.

COMMENTS

1. 2020 Selection Period

- a. **Did the 2020 selection period run smoothly? What went well? Were any issues encountered that should be addressed for coming years?**

Overall, BHES believes that the 2020 selection period ran smoothly.

A few highlights of went well in 2020 include:

- BHES greatly appreciates the efforts of the Choice Administrator with the timely processing of Delegation Agreements (“DA’s”). Receiving confirmations of DA’s processed prior to the selection period has been a very valued improvement.

- BHES is very appreciative of the timely response from the Choice Administrator on marketing material feedback.
- BHES is appreciative of the improved efficiency and timely communication from the Choice Administrator regarding customer complaint issues.

BHES did encounter the following issues that should be addressed in coming years:

- BHES would recommend increased frequency of electronic marketing prior to the beginning of the selection period as explained further in these comments below.
- BHES would recommend addressing the enforcement of marketing rules as explained further in these comments below.
- BHES recommends a dedicated line be established for choice customers. The current IVR system appeared to be a time-consuming challenge for customers to navigate and retrieve control numbers. BHES recommends the Choice Administrator review and/or update the automated control number retrieval system in order to alleviate call center wait times. The current automated retrieval system requires a customer to supply the last four digits of their Social Security Number. This information does not appear to be a required piece of information for the utility customer database, as many customers have not supplied this. As a result, the automated system is not available and they are required to call the call center

and potentially wait for long periods. BHES recommends an effort by the Choice Administrator to update its customer information systems such that the information is consistent across the customer base, or as an alternative option, recommends it choose another unique identifier.

b. Was anything different in the 2020 selection period, as compared to past years?

In 2020, the marketing period was two weeks shorter as compared to 2019. BHES believes that the combination of a shorter marketing period and more restrictive marketing rules did have a significant impact on BHES' ability to market to customers. In future years, BHES would recommend a modification of the electronic marketing rules to allow for at least one electronic contact every week during the marketing period outside of the annual enrollment period. The current rule is one in 30 days contact for both telephonic and non-telephonic. BHES requests the modification in the electronic communication as customers have the ability to "opt out", and as such, have some measure to block the marketing if they so choose.

2. Customer Education

a. Has your entity increased its customer outreach and education regarding the Choice program? If so, what was done, and what was the customer response?

BHES reached out to all customers extensively during the active marketing period. The goal behind BHES' customer outreach is to educate and encourage customers to actively sign up each year. Specifically, BHES'

pricing is available via multiple methods: direct mail, online, and via its call center. BHES pricing and the ability to make selection is available to customers 24 hours a day, 7 days a week for all customers. Customers can use this information to compare prices and products versus other competitors. The BHES website can be used by customers to learn more about the products being offered and their terms and conditions. There also is a choice gas help section where FAQ's are addressed. Finally, BHES is available via phone and email during and outside of the active selection period to answer and address questions or issues customers may have.

- b. The Commission has increased the amount of customer education materials available on its website (<https://psc.nebraska.gov/natural-gas/cusumer-choice-program>). Is what is currently available sufficient, or should it be added to or otherwise improved?**

BHES appreciates the efforts of the Commission to increase customer education materials available for choice gas customers. At this time, BHES has no suggestions for additional information to be available on the Commission's website. However, BHES notes that it requires navigating several web pages on the Commission website before finding the consumer choice program web page. If possible, placing this information more prominently on the Commission website may make the increased education materials more accessible for choice gas customers.

- c. What can individual suppliers do to increase the level of customer education regarding the Choice program?**

BHES believes that supporting the Commission and Choice Administrator with adequate funding is the best and most practical approach to increase customer education regarding the Choice program. BHES believes customer education on pricing, products and services should be the primary focus of supplier outreach. When a supplier provides a customer with timely and accurate information on pricing, products, and services it allows the customer to make an informed choice on the best supplier for their particular needs. Ultimately, this is a competitive marketplace, and each supplier has a vested interest in promoting their interests, and as such, could leave open the possibility of abuse. BHES believes that the bulk of customer outreach and education about the consumer choice program should be performed by neutral parties such as the Commission or Choice Administrator. A supplier led customer education program adds an additional activity that requires oversight by the Commission and Choice Administrator.

3. Delegation Agreements

a. This sub-question is for the administrator only.

BHES has no comment.

b. Should DAs be available for commercial customers? If so, should small commercial customers be treated differently than large commercial customers?

BHES believes the DA is a good practice for all commercial customers and there is no need to treat small and large commercial customers differently. BHES believes that a properly completed DA is beneficial because it serves as a record of a transaction and contains the following information:

1. Signature of the decision maker
2. Product and price selected

3. Term selected
4. Date of selection

4. Selection Period

- a. This sub-question is for the administrator only.**

BHES has no comment.

- b. If any supplier has changed its opinion of the length of the selection period since the previous workshop, how do you now see it and what made you change your view?**

BHES has not changed its opinion of the length of the selection period since the previous workshop. BHES stated previously that the current four-month marketing period was appropriate and provides a time balance which allows suppliers an appropriate time period to educate customers about its products and services and prevents a year-round “barrage” on customers. Given this, the addition of daily or weekly eligible files delivered to suppliers by the Choice Administrators could alleviate the potential frustration and confusion by customers who have made an active selection. As stated during the last workshop, BHES is willing to discuss alternative approaches to the marketing period.

5. Dispute Resolutions

- a. This sub-question is for the administrator only.**

BHES has no comment.

- b. Is a standard policy of sanctions and remedies for violations of the Code of Conduct desirable? Why or why not?**

Yes, BHES supports the development of a policy of sanctions and remedies for violations of the Code of Conduct. BHES believes it is important for

there to be an enforcement protocol when the Code of Conduct is clearly violated. A standard policy would provide an open and transparent understanding of the rules, and the consequences for violating such rules. As part of any policy, BHES believes there needs to be due consideration given to a fair appeal process. Additionally, the policy should establish protocols outlining investigation methodology and documentation.

- c. During the September 25 workshop, BHNG stated it would follow up with a CNGP who submitted a complaint after the complaint was resolved. Is that currently being done? If so, is it helpful? Is it sufficient? If not, how can it be improved?**

The Choice Administrator is taking a much more proactive approach to follow up on submitted complaints and BHES appreciates the increased efforts by the Choice Administrator. However, a clear policy establishing protocols for investigation methodology and documentation would allow for a better understanding of the investigation performed by the Choice Administrator between the filing of the complaint and the follow-up of the complaint from the Choice Administrator.

- d. Are the sanctions or remedies currently available effective? Are there other sanctions or remedies that should be available when violations occur?**

BHES does not believe that the current sanctions and remedies are clearly defined. BHES supports the development of a standard sanctions and remedies policy as noted in Section 5(b).

6. Default Pricing

a. Questions for suppliers:

- i. How do you determine the default rate for customers who do not make a selection? Does your methodology for determining the default rate vary from year to year?**

BHES utilizes the same methodology to set default pricing year over year. As in the ballot season, default prices are set by evaluating the competitive dynamics of the choice market, commodity markets, and non-commodity related costs.

- ii. Using rates from the previous selection period, and assuming average usage based on class, what would the difference in the average monthly and annual bill be for:**

- 1. Residential customers that select the average fixed rate offered during the selection period, versus those that receive the default rate;**

The chart below notes the average additional amount a default customer pays when compared to a customer who makes a selection:

Class	Division	Monthly	Annual
Res.	Central	\$10.97	\$127.92
Res.	Western	\$11.38	\$132.84

- 2. Small commercial customers that select the average fixed rate offered during the selection period, versus those that receive the default rate; and**

The chart below notes the average additional amount a default customer pays when compared to a customer who makes a selection:

Class	Division	Monthly	Annual
Sm. Com.	Central	\$27.36	\$298.47
Sm. Com.	Western	\$30.66	\$330.37

3. Large commercial customers that select the average fixed rate offered during the selection period, versus those that receive the default rate?

The chart below notes the average additional amount a default customer pays when compared to a customer who makes a selection:

Class	Division	Monthly	Annual
Lg. Com.	Central	\$354.87	\$3,186.23
Lg. Com.	Western	\$319.50	\$3,138.57

iii. Does each supplier have one default rate for every customer assigned to them, or is there more than one default rate used by any single supplier? Is there more than one default rate offered within a class of customers?

BHES default rates are set by division (Central and Western). That being said, for each division, there one fixed rate and one index rate regardless of class. However, the Winterguard (fixed monthly bill), is a rate calculated for each premise.

b. For all parties: Should there be a limit on what customers who do not make a selection can be charged? If so, what types of limits would you suggest? If not, why not?

BHES is open to further discussion on default rate limits, however, BHES does not currently have any suggestions for the mechanics of such a limit.

Ultimately, BHES believes that the increased level of competition is benefiting choice customers, and there is currently an upward trend in more customers making an active selection.

7. Energy Options

a. How are transportation and capacity related costs currently allocated between customers? Is this allocation method appropriate?

BHES is not an active participant in the Energy Options program and, therefore, has no comment.

b. What are the benefits and detriments of a pro rata allocation of transportation costs?

BHES is not an active participant in the Energy Options program and, therefore, has no comment.

8. Further Information. Are there any additional documents, articles, and/or materials related to the topics outlines above that the Commission and other interested parties should consider in their review of the issues discussed above? If so, please provide and explanation and supporting documentation.

BHES has no additional information to include for the Commission's consideration at this time.

BHES appreciates the opportunity to provide comments concerning the review of policies and practices related to the administration of customer choice programs in Nebraska. BHES urges the Commission to further refine the customer choice program as suggested herein. BHES would be pleased to participate in any further proceedings the Commission may wish to conduct on this review of the customer choice program.

Dated this 29th day of May, 2020.

Respectfully submitted,

Black Hills Energy Services Company

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CERTIFICATE OF SERVICE

I hereby certify that I have caused to be served a copy of the foregoing this 29th day of May, 2020, in accordance with the procedure established for this proceeding.

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