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# NEXTMarkets

*A daily look at the forces shaping retail services*

RESIDENTIAL MARKET

## Ga.'s biggest gas retailer looks to recover uncollected charges

Georgia's leading natural gas marketer, Georgia Natural Gas, is attempting to recover from some of its customers uncollected charges that date back possibly as far as last year, officials with the Georgia Public Service Commission said Tuesday.

According to an Oct. 30 company memorandum, written on SouthStar Energy Services/Georgia Natural Gas letterhead, "approximately 41,000 accounts need resolution to finalize the audit and billing improvement plans." SouthStar Energy, which does business in Georgia as Georgia Natural Gas, is an "alliance" of AGL Resources, Dynegy and Piedmont Natural Gas. Georgia Natural Gas has more than 500,000 customers in the state.

"These are accounts that for some reason…did not bill 100% of the applicable base charges," the memo said. The company is now asking these customers to pay up to eight months worth of bills, including base charges and monthly charges from Atlanta Gas Light Co. for distributing gas and ancillary services. Customers billed for eight months' base charges will have up to four months to pay, the company said.

Anticipating complaints, the marketer has provided its customer service personnel with a prepared script. When asked "How do I know that I am not being overcharged for base charges," the response would be, "Georgia Natural Gas has conducted a thorough audit to ensure that each customer has been billed correctly. In addition, we will never bill a customer for more than 12 base charges in one calendar year," according to the canned response. Georgia Natural Gas President Stephen Gunther did not return phone calls seeking comment.

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## Retail marketers and NYSEG begin talks to settle this question: Should the shopping credit be raised?

Retail energy marketers and New York State Electric & Gas are scheduled to begin talks today that the suppliers hope will boost retail competition in the utility's service territory in upstate New York.

Retailers are hoping to increase the utility's so-called shopping credit of 3.71-cents per kWh, saying that by raising the price against which they compete, more of NYSEG's 825,000 electricity customers will be induced to switch to competitive suppliers. If the planned talks are not successful, the marketers will press ahead with a lawsuit, Craig Goodman, president of the National Energy Marketers Association, one of the parties to the discussions, said Tuesday.

The New York Public Service Commission is sponsoring the settlement discussion, which will include NYSEG, Advantage Energy, NEMA, New York Energy Service Providers, Dynegy, and Consolidated Edison.

The discussions grew out of a motion filed in May by Advantage Energy, a retail marketer, asking the PSC to increase or change the credit. Advantage Energy said the credit was too low for retailers to make a profit.

NYSEG, however, disagreed, saying that the market price of energy was less than the switching credit and that the company, not the market, was responsible for any financial problems Advantage Energy had.

The PSC in May turned down Advantage's request for an immediate increase, but called for a review of the credit and offered to referee discussions among interested parties.

The parties met to discuss the issue over the summer and NYSEG said it

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## Pacific Northwest's public utilities worry RTO West's plan to eliminate import charges may raise region's power costs

RTO West's proposal to eliminate the charges now imposed on Pacific Northwest power exported to California may raise electricity prices in the region to California's levels, the Portland, Ore.-based Public Power Council, Portland plans to tell the Bonneville Power Administration today.

The council was scheduled to begin meeting with the BPA today to discuss this and other concerns about the proposed regional transmission organization. The council wants to have a say in the second phase of the RTO West proposal when it is submitted to the Federal Energy Regulatory Commission next spring, Kevin O'Meara, the organization's senior economist, said Tuesday.

Nine western utilities—including the BPA—late last month submitted to FERC their proposal to combine their transmission assets under the RTO West.

In its plan, RTO West among other things proposed eliminating the export charges now assessed when power is sent from the Pacific Northwest into California, said O'Meara. The charges were designed to provide an incentive for Northwest sellers to keep the bulk of their low-cost hydropower in its home region, he said.

"The indications we have gotten are

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***Quotable… "[H]ere it is November. I shouldn't have to be doing this. Why should I have to light a fire under them to collect their own bills?"—Georgia PSC Commissioner Bobby Baker on Georgia Natural Gas' failure to deliver on its August promise to resolve its billing problems by mid-September.***

### NYSEG talks...begins page 1

would consider reshaping its credit, but remains opposed to increasing or replacing it with a market-based credit.

According to NYSEG, about 20% of its commercial and industrial load, and 5% of its residential load buys power from competitive suppliers. These switching rates show that its current credit is working, the company said.

### Georgia marketer...begins page 1

Phil Nowicki, director of the Georgia PSC's consumer affairs office, said the commission was told only "several thousand" customer accounts were affected by the oversight and did not know how much money was involved. PSC Commissioner Bobby Baker said Georgia Natural Gas did not bill customers whose meters were not read in a given month. When the meters were read, and bills for multiple months were sent, those bills did not include base charges, he said.

Billing by retail gas suppliers has proved to be troublesome ever since the state opened its market to competition and was blamed for contributing to the bankruptcy of at least one marketer.

The issue has also attracted attention from the commission. Baker in July proposed a rule that would require marketers to forgive all customer bills issued more than 90 days late. The PSC, however, has yet to vote on the plan and is awaiting a state attorney general ruling on whether such a rule would survive legal challenge.

Baker is not happy with the Georgia Natural Gas' decision to back-bill the customers, saying the company promised the commission in August that its billing problems would be resolved by mid-September "[H]ere it is November. I shouldn't have to be doing this. Why should I have to light a fire under them to collect their own bills?"

### Public utilities worry...begins page 1

that eliminating the export charge will tend to transfer benefits from consumers in the Northwest to consumers in California. It will tend to equalize prices in the market," said O'Meara. The council is discussing its concerns with the BPA in part because many of its members plan to purchase BPA's "slice" product, which is designed to give them a share of the federal power marketing agency's hydro-electricity, he said.

"In a sense, all the utilities have just become transformed into owners of hydro-electric facilities whose output fluctuates. They need the transmission system to manage that," O'Meara said. The council also plans to file comments with FERC by the Nov. 20 deadline. "We want to make it clear that FERC shouldn't approve the general concepts—shouldn't give a final sign off—if the details aren't provided. We don't want FERC to give them *carte blanche* in pricing," said O'Meara.

RTO members Avista Corp., BPA, Idaho Power, Montana Power, Nevada Power, PacifiCorp, Portland General Electric, Puget Sound Energy and Sierra Pacific, own about 50,000 miles of transmission lines.

## NEWS SNAPSHOT

**We're not in Ar-kansas anymore.** Although it supported last month's recommendation by the Arkansas PSC staff to postpone the start of retail choice in the state by at least two years, Entergy believes any delay will leave it and other utilities in a kind of "Oz," unable to decide whether it should build generation to meet increased demand, a spokesman said Tuesday. "It's very hard to make business decisions" in this environment, he said in an interview with *NEXTMarkets*. The staff urged that the commission recommend to the legislature that it amend the restructuring law so that the Jan. 1, 2002, to June 30, 2003, window for commencing full retail competition be postponed to between Oct. 1, 2003 and Oct. 1, 2005, saying the additional time is needed to ensure that more generation has been added to the state and that questions surrounding the management of the transmission grid are settled. The PSC is expected to vote on the staff report this month.

**Stick to your knitting.** Don't look for Entergy to venture into unrelated businesses as more and more states open their retail electricity markets to competition. A company spokesman says CEO J. Wayne Leonard will likely concentrate on business ventures closely related to what it knows best—selling electricity. The company has pulled back from earlier forays into such lines as home security services and has decided to "stick with what we know best. …We've found that skill and expertise in one industry is not necessarily transferable to another," he said.

**Preferred provider.** FirstEnergy Services, the unregulated retail subsidiary of First Energy, has signed a deal with the Ohio Council of Retail Merchants to provide electricity and natural gas to its members through the company's Best Choice program. Under the program, OCRM members will receive competitive pricing when they choose FirstEnergy Services as their electricity or natural gas supplier. Council members will also be able to obtain competitively priced telecommunications services and energy-related products and services, including energy-use analysis and preventive maintenance for heating and cooling systems. "This program will help ensure that deregulation works for all our members," said John Mahaney, president and chief executive officer, OCRM. The discounts will also extend to employees of OCRM member companies that elect to enroll into the program.

**Upgrades.** Wisconsin regulators have approved Wisconsin Electric's plan to spend $37-million on improvements to downtown Milwaukee's electric infrastructure. The utility says the project will ensure the city will continue to have a reliable energy supply to match its continuing economic growth. The work includes upgrades to substations and distribution lines serving downtown and new transmission lines.

**Can we catch you later?** Utah Power parent Pacificorp is asking state regulators for permission to keep track of its future excess wholesale power costs in a special account that will allow it to try to recapture what it spent in a later rate case, the *Salt Lake Tribune* reports. The request comes after the utility said it had to eat costs it incurred this summer when higher-than-expected demand forced it to buy power in the region's overheated wholesale market. According to Pacificorp's filing with the PSC, the utility may have to spend as much as $67-million to buy market power to meet demand this year if electricity prices remain at or near current levels.

**A piece of the pie.** EnerTech Capital Partners, a Pennsylvania venture capital firm, has made an undisclosed investment Avista Advantage, the e-commerce subsidiary of Avista Corp., the *Spokesman-Review* of Spokane, Wash., reports. Although the size of the investment was not released, the paper says the deal will give EnerTech a minority share of Advantage, which provides energy monitoring and billing services to commercial and industrial customers.