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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMMISSION'S)
INVESTIGATION INTO THE BOARD OF)
DIRECTORS FOR UTILITIES OF THE)
DEPARTMENT OF PUBLIC UTILITIES FOR)
THE CITY OF INDIANAPOLIS D/B/A)
CITIZENS ENERGY GROUP AND CWA)
AUTHORITY, INC., INCLUDING THE)
BILLING PRACTICES AND COMPLIANCE)
WITH APPROVED RULES AND)
REGULATIONS)

CAUSE NO. 44462

APPROVED:

MAR 19 2014

ORDER OF THE COMMISSION

Presiding Officers:

Carolene Mays, Commissioner

Aaron A. Schmoll, Senior Administrative Law Judge

Based upon a request received by the General Counsel ("General Counsel") of the Indiana Utility Regulatory Commission ("Commission"), the Commission hereby notifies the Board of Directors for Utilities of the Department of Public Utilities for the City of Indianapolis d/b/a Citizens Energy Group and CWA Authority, Inc. (jointly "Citizens") of its intent to commence an investigation of Citizens, including the billing practices of Citizens for the gas, water, and wastewater utilities owned and operated by Citizens, and their compliance with approved rules and regulations.

1. Commission Jurisdiction. Citizens owns and operates gas, water and wastewater utilities that provide service to customers located principally within Marion County, Indiana. Citizens is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including Ind. Code § 8-1-11.1-3 and certain provisions of the Public Service Commission Act, as amended. Under Ind. Code § 8-1-11.3(c)(9) and Ind. Code § 8-1.5-3-8, Citizens is required to obtain Commission approval of changes in the utility schedules of rates and charges and terms and conditions of service.

The Public Service Commission Act, as amended, provides the Commission with broad oversight powers of utilities subject to its jurisdiction. Specifically, Ind. Code § 8-1-2-68 provides that:

[w]henever, upon an investigation, the commission shall find any rates, tolls, charges, schedules, or joint rate or rates to be unjust, unreasonable, insufficient, or unjustly discriminatory, or to be preferential or otherwise in

violation of any of the provision of this chapter, the commission shall determine and by order fix just and reasonable rates, tolls, charges, schedules, or joint rates to be imposed, observed, and followed in the future in lieu of those found to be unjust, unreasonable, insufficient, or unjustly discriminatory or preferential or otherwise in violation of any of the provisions of this chapter.

In addition, Ind. Code § 8-1-2-69 provides when the Commission finds upon investigation any "...practices, acts, or service to be unjust, unreasonable... or in violation of any of the provisions of this chapter," it "shall determine and declare and by order fix just and reasonable... acts, practices, or service to be ... followed in the future...." In addition to public utilities, the Indiana Court of Appeals has held that the Commission's investigative authority under these provisions extends to acts by municipalities providing utility service subject to the Commission's jurisdiction under Ind. Code § 8-1.5-3-8. *See Bloomington Country Club, Inc. v. City of Bloomington Water and Wastewater Utilities*, 827 N.E.2d 1213 (Ind. Ct. App. 2005).

Accordingly, the Commission has jurisdiction over Citizens and the subject matter of this proceeding.

2. Background and Scope of Review. On March 13, 2014, the Commission's General Counsel requested that the Commission commence an investigation into the billing practices of Citizens' gas, water and wastewater utilities. *See* attached March 13, 2014 letter from Beth Krogel Roads. In support of its request, General Counsel indicates that recent meetings and correspondence with Citizens have raised concerns with the manner in which Citizens is billing customers of its gas, water, and wastewater utilities and Citizens' compliance with approved rules, regulations, and tariffs.

Specifically, General Counsel expressed concern that customer payments are being prorated for various utility and non-utility charges in contravention of Commission approved tariffs. General Counsel indicated that this practice extends to Low Income Heat and Energy Assistance Payments, which are intended to provide assistance to customers only for gas utility service. General Counsel also raised concern with Citizens' reporting and handling of customer complaints and calls into the Citizens Call Center.

Accordingly, the Commission hereby initiates this investigation of Citizens, including Citizens' billing practices for the gas, water, and wastewater utilities owned and operated by Citizens, and their compliance with Commission approved rules, regulations, and tariffs.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. An investigation pursuant to Ind. Code §§ 8-1-2-68 through -70 is hereby commenced.

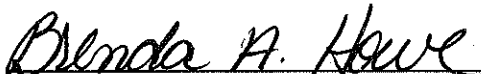
2. A Prehearing Conference and Preliminary Hearing is hereby scheduled in this Cause for Tuesday, April 22, 2014 at 11:00 a.m. in Room 224, PNC Center, 101 West Washington Street, Indianapolis, Indiana.

3. This Order shall be effective on and after the date of its approval.

ATTERHOLT, MAYS, AND ZIEGNER CONCUR; STEPHAN AND WEBER NOT PARTICIPATING:

APPROVED: **MAR 19 2014**

**I hereby certify that the above is a true
and correct copy of the Order as approved.**



Brenda A. Howe
Secretary to the Commission



INDIANA UTILITY REGULATORY COMMISSION
101 W. WASHINGTON STREET, SUITE 1500E
INDIANAPOLIS, INDIANA 46204-3407

<http://www.in.gov/iurc>
Office: (317) 232-2701
Facsimile: (317) 232-6758

March 13, 2014

Lorraine Seyfried, Chief Administrative Law Judge
Indiana Utility Regulatory Commission
101 W. Washington Street, Suite 1500 E
Indianapolis, Indiana 46204-3407

Re: Request for Investigation Regarding Citizens Energy Group Billing Practices

Dear Judge Seyfried:

As General Counsel of the Indiana Utility Regulatory Commission ("Commission"), I respectfully request that the Commission open an investigation into the billing practices, including combined billing, of the Board of Directors for Utilities of the Department of Public Utilities for the City of Indianapolis d/b/a Citizens Energy Group and CWA Authority, Inc. (collectively "Citizens") for the gas, water, and wastewater utilities owned and operated by Citizens.

On December 19, 2013, Citizens submitted a 30-day filing (ID #3213 – attached as Attachment A), requesting permission to revise certain tariff sheets regarding the Terms and Conditions for Service applicable to gas, water, and sewage disposal service customers. Citizens proposed to prorate payments on combined bills across the customers' gas, water/sewer, and non-utility charges. When Commission staff had questions regarding the proposal, a meeting was held on February 10, 2014, between Commission staff and Citizens employees.¹ At that meeting, Citizens employees indicated that (1) Citizens had been prorating combined bills pursuant to the proposed changes for several months; and (2) Low Income Heat and Energy Assistance Payments ("LIHEAP") had also been prorated across gas, water/sewer, and non-utility charges.

As a follow up to the February 10th meeting, I sent an information request to Citizens (attached as Attachment B), to which Citizens responded on March 4, 2014 (response attached as Attachment C). Citizens' response is inconsistent with previous information received from Citizens, including their 30-day filing (ID #3213), and raises additional concerns, including the following:

¹ As you may be aware, 30-day filings are exempt from ex parte restrictions under 170 IAC 1-1.5.

- Citizens' response states that they do not prorate bills, except in two "unique and rare anomalies;" however, the request to prorate bills in 30-day filing ID #3213 would have applied to all customers.
- In the February 10th meeting, Citizens employees indicated that it would be very expensive to fix the billing problems; however, Citizens' response states that they had requested an estimate from their vendor on February 11, 2014, and received a response on February 25, 2014. Citizens did not even request an estimate to fix the billing problems until after the February 10th meeting.
- Citizens' response indicates that Citizens has been prorating LIHEAP payments among gas and non-utility charges since November 2010. Citizens' response further indicates that Citizens has been prorating LIHEAP payments among gas, water/sewer, and non-utility charges since it started combined billing on October 1, 2012. While Citizens states that this was done pursuant to an "agreement" with the Indiana Housing and Community Development Authority ("IHCDA"), using federal LIHEAP funds for water/sewer and non-utility charges appears to be contrary to the stated purpose of the federal program and could be considered misuse or misappropriation of federal funds and result in the State of Indiana losing such funding for those residents most at risk.
- In its response, Citizens answers question number 1 with the statement that Citizens does not prorate bills. However, in its answers to question numbers 5 and 8, Citizens admits that it does prorate LIHEAP payments between gas and non-utility charges since November 2010 and between gas, water/sewer, and non-utility charges since October 1, 2012.
- Citizens' response states that Citizens had received 200 complaints versus 238 complaints (logged as billing disputes) received by the Commission's Consumer Affairs Division since October 1, 2012. At first blush, these numbers may seem consistent; however, it must be noted that Citizens does not put the contact information for the Commission's Consumer Affairs Division on Citizens' bills. As a result, it would be reasonably expected that the number of complaints received by Citizens should be much higher than indicated.

In addition, since Citizens implemented their combined billing on October 1, 2012, Citizens Call Center is not meeting the performance goals they established as part of the combined call center, and it appears that performance is not improving. For example, there are months when the numbers of calls abandoned exceed 25%. Additionally, the billing complaints seen by the Commission's Consumer Affairs Division are primarily the result of Citizens not complying with federal statute, Commission rules, and their own approved tariff.

Moreover, in the Citizens Water rate case, IURC Cause No.44306, testimony in the record shows reason for ongoing concerns regarding Citizens' call center performance.

The bottom line is that it appears that Citizens: (1) has serious issues with its billing practices, including combined billing; (2) has been prorating LIHEAP payments to water/sewer and non-utility charges when LIHEAP payments should be restricted to the gas portion of any bill; and (3) has been misstating or understating the number of customer complaints regarding its billing practices.

Judge Seyfried
Page 3
March 13, 2014

The Commission has the authority to investigate Citizens' utility practices, and it is my recommendation that the Commission open an investigation pursuant to Ind. Code 8-1-2.

Please contact me if you have any questions or if you need any additional information.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Beth Kroger Roads". The signature is written in black ink and is positioned above the printed name.

Beth Kroger Roads
General Counsel
Indiana Utility Regulatory Commission

Attachment A

**30-day Filing ID # 3213
(December 19, 2013)**



Citizens Gas | Citizens Thermal | Citizens Resources
2020 N. Meridian St. | Indianapolis, IN | 46202-1393
www.citizensenergygroup.com

Jill A. Phillips
Manager, Rates & Regulatory Affairs
Office/Fax: (317) 927-4427
jphillips@citizensenergygroup.com

December 19, 2013

Brenda A. Howe
Secretary of the Commission
Indiana Utility Regulatory Commission
101 West Washington St., Suite 1500 E
Indianapolis, IN 46204

Re: Thirty – Day Filing for Citizens Pursuant to 170 IAC 1-6

Dear Ms. Howe:

Pursuant to 170 IAC 1-6-3(3), the Board of Directors for Utilities of the Department of Public Utilities for the City of Indianapolis d/b/a Citizens Energy Group and CWA Authority Inc. (collectively "Citizens") respectfully submit for the approval of the Indiana Utility Regulatory Commission ("Commission") certain proposed changes to the respective terms and conditions for service (collectively "Terms and Conditions for Service") for the gas, water, and wastewater utilities owned and operated by Citizens.

Citizens is proposing modifications to certain tariff sheets in its' Terms and Conditions for Service applicable to gas, water, and sewage disposal service customers, as described within the Terms and Conditions for Service. In general, the changes to the Terms and Conditions for Service include: (1) changes to enhance consistency for gas, water, and sewage disposal service for application of payments; and (2) renumbering of certain sections in light of the proposed payment application-related changes.

On October 1, 2012, Citizens implemented its combined billing initiative to enhance service and convenience for customers by providing them with monthly meter readings, a single bill, one call center point of contact and consistent payment method options for gas, water and sewage disposal service. Currently, Citizens' Terms and Conditions for Service provide for Citizens to prorate combined bill payments based upon billed charges for applicable active utility services and apply payments first to the oldest outstanding charges and then to current charges pertaining to utility services. Payments are then applied to charges for non-utility services last. In order to address customer service payment application issues, the proposed changes will allow for the application of combined bill payments for all Utility and non-Utility services to be applied first to the oldest outstanding charges and then to current charges.

Enclosed for review and approval by the Commission, please find the following:

- Tab 1 – Proposed tariff changes to Terms and Conditions for Gas Service (redline and clean)
- Tab 2 – Proposed tariff changes to Terms and Conditions for Water Service (redline and clean)



Citizens Gas | Citizens Thermal | Citizens Resources
2020 N. Meridian St. | Indianapolis, IN | 46202-1393
www.citizensenergygroup.com

Jill A. Phillips
Manager, Rates & Regulatory Affairs
Office/Fax: (317) 927-4427
jphillips@citizensenergygroup.com

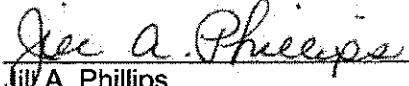
- Tab 3 – Proposed tariff changes to Terms and Conditions for Sewage Disposal Service (redline and clean)

Citizens affirms that a notice regarding the filing in the form attached hereto as Exhibit A was published on December 18, 2013 in the Indianapolis Star, a newspaper of general circulation in the Indianapolis area, where the largest number of Citizens customers are located. Citizens also affirms that this notice has been posted on the Citizens website and in its customer service lobby.

Upon approval of the enclosed tariff modifications to the Terms and Conditions for Service, please return one (1) approved stamped copy of each to Jamie Burks for our files. Any questions concerning this submission should be directed to:

Jill A. Phillips
Manager, Rates & Regulatory Affairs
2020 N. Meridian Street
Indianapolis, IN
Email: jphillips@citizensenergygroup.com
Phone/Fax: 317-927-4427

Sincerely,



Jill A. Phillips
Manager, Rate & Regulatory Affairs

Enclosures
cc: Office of the Utility Consumer Counselor

EXHIBIT A

LEGAL NOTICE

PUBLIC NOTICE is hereby given that on or about December 18, 2013, the Department of Public Utilities for the City of Indianapolis, acting by and through the Board of Directors for Utilities, as trustee, in furtherance of a public charitable trust for the gas and water systems d/b/a Citizens Energy Group and CWA Authority Inc., as owner of the sewer system, (collectively "Citizens") intends to file with the Indiana Utility Regulatory Commission ("Commission") certain proposed changes to their respective Terms and Conditions for gas, water, and sewage disposal service (collectively "Terms and Conditions for Service") as approved by the Commission.

Citizens is proposing modifications to language in the Terms and Conditions to allow for the application of combined bill payments for all Utility and non-Utility services to be applied first to the oldest outstanding charges and then to current charges.

The proposed changes to Citizens' Terms and Conditions for Service will be eligible for approval by the Commission on or after January 20, 2014. This notice is provided to the public pursuant to 170 IAC 1-6-6. Contact information, to which an objection should be made, is as follows:

Secretary
Indiana Utility Regulatory Commission
PNC Center
101 West Washington Street
Suite 1500 East
Indianapolis, Indiana 46204
Telephone: (317) 232-2701
Facsimile: (317) 232-6758

Office of Utility Consumer Counselor
PNC Center
115 West Washington Street
Suite 1500
Indianapolis, Indiana 46204
Telephone: (317) 232-2494
Toll Free: (888) 441-2494
Facsimile: (317) 232-5923

Tab 1

CITIZENS GAS
2020 N. MERIDIAN STREET
INDIANAPOLIS, INDIANA 46202

~~FIRST~~ SECOND REVISED PAGE NO. 18
~~ORIGINAL~~ FIRST REVISED PAGE NO. 18

4.2.2 The Automatic Bank Deduction Plan shall be a payment plan whereby the Combined Bill amount is deducted each month from the End-Use Customer's checking account by the End-Use Customer's authorized financial institution. The Utility shall continue to provide to the End-Use Customer a monthly bill.

4.3 APPLICATION OF COMBINED BILL PAYMENT

4.3.1 The Utility shall prorate Combined Bill payments based upon billed charges for all applicable ~~active~~ Utility and non-Utility Services and apply payments first to the oldest outstanding charges ~~for Utility Services~~ and then to current charges, ~~pertaining to Utility Services where applicable. Payments will be applied to charges for non-Utility Services last.~~

4.3.2 An End-Use Customer may direct Combined Bill payments by contacting the Utility prior to the due date. For all other payments the Utility is not obligated to direct payments.

~~4.3.3 Payments in excess of the charges for applicable active Utility Services will be applied to inactive Utility Service balances and prorated according to the balances of the inactive Utility Services.~~

4.4 CORRECTION OF ERRORS

When an error is discovered in any billing or when billing is omitted, the Utility may adjust such error to the known date of error, but in any event within not more than twelve (12) Months from the date of such billing. Whenever it is discovered a Meter is not recording within the limits of accuracy as prescribed by the I.U.R.C. Rules, an adjustment of the individual billings shall be made for a period of one-half of the time elapsed since the previous Meter test, or one year, whichever period is shorter.

4.5 ESTIMATED METER READINGS

When for good cause, pursuant to 170 IAC 5-1-13(C), a Meter is not read on a normal interval, an estimated Meter reading shall be used and so identified on the bill. An estimated Meter reading for an End-Use Customer's bill will be determined by adding the End-Use Customer's calculated Gas consumption during the billing period to the Meter reading at the beginning of the billing period.

4.6 DELINQUENCY AND RELATED CHARGES

If payment for a Utility Services bill from an End-Use Customer is not received by the Utility or its agent within seventeen (17) days from the date the bill is mailed, the bill shall be considered delinquent.

CITIZENS GAS
2020 N. MERIDIAN STREET
INDIANAPOLIS, INDIANA 46202

SECOND REVISED PAGE NO. 18
SUPERSEDING FIRST REVISED PAGE NO. 18

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If payment for a Utility Services bill from an End-Use Customer is not received by the Utility or its agent within seventeen (17) days from the date the bill is mailed, the bill shall be considered delinquent.

Tab 2

Citizens Water
2020 N. Meridian Street
Indianapolis, Indiana 46202

~~SECOND~~THIRD REVISED PAGE NO. 14
~~SUPERSEDING FIRST~~SECOND REVISED PAGE NO. 14

Combined Bill amount is deducted each month from the nonindustrial Customer's bank account by the nonindustrial Customer's authorized financial institution. The Utility shall continue to provide to the nonindustrial Customer a monthly bill.

3.2.6 The Utility may provide a budget plan for payment of Utility Services bills by the Customer whereby the annual bill as estimated by the Utility is divided into even monthly payments. The amount actually paid by the Customer shall be balanced with the amount actually billed to the Customer and any differences shall be paid by or credited to the customer.

3.2.7 A single charge may be made for providing a Customer with usage summary by Meter beyond the twenty-four (24) month period available online; such charge to the Customer shall be pursuant to the Usage Information Charge set forth on Appendix B.

3.3 Application of Combined Bill Payment

3.3.1 The Utility shall prorate Combined Bill payments based upon billed charges for all applicable active-Utility and non-Utility Services and apply payments first to the oldest outstanding charges ~~for Utility Services and then to current charges pertaining to Utility Services where applicable. Payments will be applied to charges for non-Utility Services last.~~

3.3.2 A Customer may direct Combined Bill payments by contacting the Utility prior to the due date. For all other payments, the Utility is not obligated to direct payments.

~~3.3.3 Payments in excess of the charges for applicable active Utility Services will be applied to inactive Utility Services balances and prorated according to the balances of the inactive Utility Services.~~

3.4 Adjustments Following Estimated Bills. Where the Utility has billed based on estimated consumption, the first charge after a Meter reading is obtained shall be adjusted by averaging consumption over the period from the last reading, or from the date service through the Meter was begun if the Meter had not been previously read, charging for each period in accordance with the Utility's Rate Schedules for the periods and allowing credit for the amount of estimated billings.

3.5 Requested Meter Readings. Upon request of a Customer, the Utility will make a special reading of the Customer's Meter at a time other than the time of a regularly scheduled reading for the charge prescribed in the Utility's Rate Schedules. The Utility, however, shall have no duty to issue a special bill based on such off-cycle reading.

3.6 Remote Meter Reading Service. Remote Meter reading service is available to Customers being served through $\frac{5}{8}$ -inch, $\frac{3}{4}$ -inch or 1-inch Meters which are installed indoors. This service allows the Utility to read Meters located inside a structure without entering the structure. A small, weatherproof totalizer will be mounted on the outside of the structure and connected by a cable to a register mounted on the Meter. The equipment to accomplish this service will be furnished, installed, maintained and replaced, if necessary, and owned by the Utility. A remote meter reading device is a fixture at the Premises where it is installed and will not be moved to another location without the Utility's written consent.

Whenever the Utility, during normal working hours (as set forth on www.citizenswater.com), is unable to read a Customer's Meter for twelve consecutive months, the Utility shall require installation of a remote meter reading device. Once a remote meter reading device is installed, it will remain in service until the Service Pipe to the

Citizens Water
2020 N. Meridian Street
Indianapolis, Indiana 46202

THIRD REVISED PAGE NO. 14
SUPERSEDING SECOND REVISED PAGE NO. 14

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3.6 Remote Meter Reading Service. Remote Meter reading service is available to Customers being served through $\frac{5}{8}$ -inch, $\frac{3}{4}$ -inch or 1-inch Meters which are installed indoors. This service allows the Utility to read Meters located inside a structure without entering the structure. A small, weatherproof totalizer will be mounted on the outside of the structure and connected by a cable to a register mounted on the Meter. The equipment to accomplish this service will be furnished, installed, maintained and replaced, if necessary, and owned by the Utility. A remote meter reading device is a fixture at the Premises where it is installed and will not be moved to another location without the Utility's written consent.

Whenever the Utility, during normal working hours (as set forth on www.citizenswater.com), is unable to read a Customer's Meter for twelve consecutive months, the Utility shall require installation of a remote meter reading device. Once a remote meter reading device is installed, it will remain in service until the Service Pipe to the

Tab 3

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

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SUPERSEDING ~~SECONDT~~ REVISED PAGE NO. 20

9. BILLING AND PAYMENT OF BILLS

9.1 The Utility will issue bills to Customers on a Monthly basis for the applicable Utility Services. Bills are payable to the office of the Utility or to an authorized agent within seventeen (17) days from the date mailed. When the seventeenth (17th) day falls on Sunday or a legal holiday, the seventeen-day period shall be considered to end with the next business day.

9.1.1 If payment for a Utility Services bill from a Customer is not received by the Utility or its agent within seventeen (17) days from the date the bill is mailed, the bill shall be considered delinquent.

9.1.1.1 All charges follow the Customer and moving from one Premises to another in no way absolves the Customer from any unpaid charges incurred at a previous location. In the case of leased property, the landlord shall be responsible to the Utility for payment of the bill, even though the tenant may pay it.

9.1.1.2 The Utility may add a late payment charge to a Customer's delinquent Utility Services bill as set forth in Appendix A.

9.1.1.3 A single charge may be made for each visit to the Customer's Premises to collect or attempt to collect a delinquent account for applicable Utility Services; such charge to the Customer shall be pursuant to the Delinquent Account Collection Charge reflected in Appendix A.

9.1.1.4 A single charge may be made for handling a single check or electronic payment (e.g., ABD) from a Customer for Utility Services returned unpaid by any financial institution; such charge shall be pursuant to the Returned Check Charge set forth in Appendix A.

9.1.1.5 A single charge may be made for providing a Customer with usage summary by meter beyond the twenty-four (24) month period available online; such charge to the Customer shall be pursuant to the Usage Information Charge set forth in Appendix A.

9.1.2 The Utility may provide an Automatic Bank Deduction Plan for Nonindustrial Customers, which will be a payment plan whereby the Combined Bill amount is deducted each month from the Nonindustrial Customer's checking account by the Nonindustrial Customer's authorized financial institution. The Utility shall continue to provide to the Nonindustrial Customer a Monthly bill.

9.1.3 The Utility may provide a budget plan for payment of Utility Services bills by the Customer whereby the annual bill as estimated by the Utility is divided into even monthly payments. The annual amount actually paid by the Customer shall be balanced with the annual amount actually billed to the Customer and any differences shall be paid by (or credited to) Customer.

9.2 The Utility shall prorate Combined Bill payments based upon billed charges for all applicable active-Utility and non-Utility Services and apply payments first to the oldest outstanding charges for Utility Services and then to current charges pertaining to Utility Services where applicable. ~~Payments will be applied to non-Utility Services last.~~

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

~~THIRDFOURTH~~ ~~REVISED~~ ~~PAGE NO. 21~~
~~SUPERSEDING SECOND~~ ~~THIRD~~ ~~REVISED~~ ~~PAGE NO. 21~~

- 9.3 A Customer may direct Combined Bill payments by contacting the Utility prior to the due date. For all other payments, the Utility is not obligated to direct payments.
- ~~9.4~~ ~~Payments in excess of the charges for applicable active Utility Services will be applied to inactive Utility Service balances and prorated according to the balances of the inactive Utility Services.~~
- 9.45 The Utility shall measure usage and bill Nonindustrial Customers in the following manner:
- 9.45.1 To the extent possible, bills to Nonindustrial Customers will be based on the Customer's metered water usage or estimated water usage in any given month as provided for in Section 9.5.2.
- 9.45.2 In the event a Nonindustrial Customer is not served by a public water supply or water used is not completely metered, the Utility shall estimate the volume and strength of the waste and use such estimate for the purposes of billing rates and charges. The foregoing estimates shall be based upon analyses and volumes of a similar installation to the Nonindustrial Customer or the volume and analysis as determined by measurements and samples taken by the Utility or an estimate determined by the Utility or by any combination of the foregoing or other equitable method.
- 9.56 The Utility shall measure usage and bill Industrial Customers in the following manner:
- 9.56.1 The Utility may require any Industrial Customer to construct at the Industrial Customer's own expense, facilities to allow inspection, sampling and flow measurement and may also require sampling or metering equipment to be provided, installed and operated at the Industrial Customer's expense.
- 9.56.2 To the extent the Utility does not require installation of metering equipment as provided in the foregoing section, each Industrial Customer shall report to the Utility by the twenty-fifth (25th) day of the following Month on a form prescribed by the Utility an estimate of the volume discharged in the prior Month and a representative value of the strength of the waste including, but not limited to, BOD, SS and NH3-N, unless alternate reporting procedures are otherwise specified in writing by the Utility. All measurements, tests and analyses of the characteristics of such waste shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Sewage" as published jointly by the American Public Health Association and the Water Pollution Control Federation consistent with 40 CFR Part 136 or by other methods generally accepted under established sanitary engineering practices and approved by the Utility. The reports submitted shall be subject to verification by the Utility but may serve as the basis for billing with all necessary adjustments in the amounts to be made after verification. In the event an analysis and volume of the industrial waste are not furnished to the Utility by the aforementioned time, the charges shall be based upon estimates made by the Utility, in the manner provided in Section 9.5.2.
- 9.56.3 In the event that a self reporting Industrial Customer described in section 9.6.2 fails to submit the report required by Section 9.6.2 by the twenty-fifth (25th) day of the following Month, the Industrial Customer shall pay late reporting charges according to the schedule set forth in Appendix A.

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

~~THIRD~~ ~~FOURTH~~ REVISED PAGE NO. 22
SUPERSEDING ~~SECOND~~ ~~THIRD~~ REVISED PAGE NO. 22

9.56.4 The Utility shall have the right to enter upon the land of any Industrial Customer and to set up such equipment as is necessary to certify the reports submitted. It shall be the duty of the Industrial Customer to provide all necessary clearance before entry and not to unnecessarily delay or hinder the Utility in carrying out the measuring and sampling. The right of entry shall exist during any time the Industrial Customer is operating or open for business.

9.56.5 In cases where measurements are difficult to make, or the industrial waste composition changes frequently, or representative samples are difficult to get, or where other methods of measurement are necessitated for other sound engineering reasons as determined by the Utility, the Utility shall have the authority to use such other basis for determining such charges as shall be reliably indicative of volume and BOD, SS and NH3-N strengths of particular industrial waste, such as, but not limited to, water purchase or usage, character of products, comparisons between the Industrial Customer data and collected data from like industries.

9.56.6 The cost of all tests, measurements and analyses taken by the Utility pursuant to the above Sections or otherwise shall be charged to the Industrial Customer tested in an amount equal to the actual average cost of such test, measurement or analysis as determined at the close of each Year. These costs shall be due and payable as provided in Section 9.1.

9.67 The Utility may make adjustments to bills for Sewage Disposal Service as described below:

9.67.1 If any meter, on which a Sewage Disposal Service bill is based, shall be found to have a percentage of error greater than two percent (2%), the following provisions for the adjustment of bills shall be observed:

9.67.1.1 When a meter is found to have a positive average error, *i.e.*, is fast, in excess of two percent (2%), the Utility shall refund or credit the Customer's account with the amount in excess of that determined to be an average charge for one-half of the time elapsed since the previous meter test, or one (1) year, whichever period is shorter. This average charge shall be calculated on the basis of units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be fast. No part of a minimum service charge shall be refunded.

9.67.1.2 When a meter is stopped or has a negative average error, *i.e.*, is slow, in excess of two percent (2%), the Utility will charge the Customer an amount estimated to be an average charge for one-half of the time elapsed since the previous meter test or one (1) year, whichever period is shorter. The average charge shall be calculated on the basis of units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be slow or stopped. Such action may be taken only in cases where the Utility is not at fault for allowing the stopped or slow meter to remain in service.

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

~~THIRD-FOURTH~~ REVISED PAGE NO. 23
~~SUPERSEDING SECOND~~~~THIRD~~ REVISED PAGE NO. 23

9.67.1.3 In the event the Customer's service is interrupted for a reason other than the act of the Customer or the condition of Customer-controlled equipment, and the service remains interrupted for more than two (2) days after being reported or found to be out of order, appropriate adjustments or refunds may be made to the Customer.

9.67.2 When an error is discovered in any billing or when billing is omitted, the Utility may adjust such error to the known date of error, but in any event within not more than twelve (12) Months from the date of such billing.

9.67.3 Upon detecting a device or scheme which has been utilized to avoid or attempted to avoid full payment for Sewage Disposal Service, the Utility may, after estimating the volume waste:

9.67.3.1 Immediately disconnect water or Sewage Disposal Service without notice pursuant to Rule 10.1.3.

9.67.3.2 Bill and demand immediate payment from the person benefiting from such device or scheme the actual cost of the volume of waste, corrections and repairs, or two hundred dollars (\$200.00), whichever is more.

9.67.3.3 Bill any and all damages as provided by Indiana Code 34-24-3-1 et seq. based upon the Utility's reasonable and customary estimate thereof.

9.67.4 Where a metered water supply is used for fire protection as well as for other uses, the Utility may, at its sole discretion, make adjustments in the Sewage Disposal Service charge as may be equitable. In such cases the burden of proof as to the type of water usage shall be upon the Customer. Where a metered water supply is used for fire protection only, the sewer user charge shall not apply.

10. DISCONTINUANCE OF SERVICE

10.1 Water and/or Sewage Disposal Service rendered under any application, contract, agreement or otherwise may be discontinued by the Utility without request by the Customer and without notice, and the Utility may remove any of its property from the Customer's Premises without legal process for any one of the following reasons:

10.1.1 Where a condition dangerous or hazardous to life, physical safety, or property exists.

10.1.2 Upon order by any Court, the Commission, or other duly authorized public authority, or upon written instruction by a law enforcement agency acting within its jurisdiction pursuant to Indiana Code 35-45-5-4(c).

10.1.3 A fraudulent or unauthorized use of Sewage Disposal Service is detected and the Utility has reasonable grounds to believe the affected Customer is responsible for such use, including when the Utility has reasonable evidence that a Customer who is indebted to the Utility for Sewage Disposal Service at his present or other location is receiving Sewage Disposal Service under the same or a different name.

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

FOURTH REVISED PAGE NO. 20
SUPERSEDING THIRD REVISED PAGE NO. 20

9. BILLING AND PAYMENT OF BILLS

- 9.1** The Utility will issue bills to Customers on a Monthly basis for the applicable Utility Services. Bills are payable to the office of the Utility or to an authorized agent within seventeen (17) days from the date mailed. When the seventeenth (17th) day falls on Sunday or a legal holiday, the seventeen-day period shall be considered to end with the next business day.
- 9.1.1** If payment for a Utility Services bill from a Customer is not received by the Utility or its agent within seventeen (17) days from the date the bill is mailed, the bill shall be considered delinquent.
- 9.1.1.1** All charges follow the Customer and moving from one Premises to another in no way absolves the Customer from any unpaid charges incurred at a previous location. In the case of leased property, the landlord shall be responsible to the Utility for payment of the bill, even though the tenant may pay it.
- 9.1.1.2** The Utility may add a late payment charge to a Customer's delinquent Utility Services bill as set forth in Appendix A.
- 9.1.1.3** A single charge may be made for each visit to the Customer's Premises to collect or attempt to collect a delinquent account for applicable Utility Services; such charge to the Customer shall be pursuant to the Delinquent Account Collection Charge reflected in Appendix A.
- 9.1.1.4** A single charge may be made for handling a single check or electronic payment (e.g., ABD) from a Customer for Utility Services returned unpaid by any financial institution; such charge shall be pursuant to the Returned Check Charge set forth in Appendix A.
- 9.1.1.5** A single charge may be made for providing a Customer with usage summary by meter beyond the twenty-four (24) month period available online; such charge to the Customer shall be pursuant to the Usage Information Charge set forth in Appendix A.
- 9.1.2** The Utility may provide an Automatic Bank Deduction Plan for Nonindustrial Customers, which will be a payment plan whereby the Combined Bill amount is deducted each month from the Nonindustrial Customer's checking account by the Nonindustrial Customer's authorized financial institution. The Utility shall continue to provide to the Nonindustrial Customer a Monthly bill.
- 9.1.3** The Utility may provide a budget plan for payment of Utility Services bills by the Customer whereby the annual bill as estimated by the Utility is divided into even monthly payments. The annual amount actually paid by the Customer shall be balanced with the annual amount actually billed to the Customer and any differences shall be paid by (or credited to) Customer.
- 9.2** The Utility shall prorate Combined Bill payments based upon billed charges for all applicable Utility and non-Utility Services and apply payments first to the oldest outstanding charges and then to current charges.

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

FOURTH REVISED PAGE NO. 21
SUPERSEDING THIRD REVISED PAGE NO. 21

- 9.3 A Customer may direct Combined Bill payments by contacting the Utility prior to the due date. For all other payments, the Utility is not obligated to direct payments.
- 9.4 The Utility shall measure usage and bill Nonindustrial Customers in the following manner:
- 9.4.1 To the extent possible, bills to Nonindustrial Customers will be based on the Customer's metered water usage or estimated water usage in any given month as provided for in Section 9.5.2.
- 9.4.2 In the event a Nonindustrial Customer is not served by a public water supply or water used is not completely metered, the Utility shall estimate the volume and strength of the waste and use such estimate for the purposes of billing rates and charges. The foregoing estimates shall be based upon analyses and volumes of a similar installation to the Nonindustrial Customer or the volume and analysis as determined by measurements and samples taken by the Utility or an estimate determined by the Utility or by any combination of the foregoing or other equitable method.
- 9.5 The Utility shall measure usage and bill Industrial Customers in the following manner:
- 9.5.1 The Utility may require any Industrial Customer to construct at the Industrial Customer's own expense, facilities to allow inspection, sampling and flow measurement and may also require sampling or metering equipment to be provided, installed and operated at the Industrial Customer's expense.
- 9.5.2 To the extent the Utility does not require installation of metering equipment as provided in the foregoing section, each Industrial Customer shall report to the Utility by the twenty-fifth (25th) day of the following Month on a form prescribed by the Utility an estimate of the volume discharged in the prior Month and a representative value of the strength of the waste including, but not limited to, BOD, SS and NH₃-N, unless alternate reporting procedures are otherwise specified in writing by the Utility. All measurements, tests and analyses of the characteristics of such waste shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Sewage" as published jointly by the American Public Health Association and the Water Pollution Control Federation consistent with 40 CFR Part 136 or by other methods generally accepted under established sanitary engineering practices and approved by the Utility. The reports submitted shall be subject to verification by the Utility but may serve as the basis for billing with all necessary adjustments in the amounts to be made after verification. In the event an analysis and volume of the industrial waste are not furnished to the Utility by the aforementioned time, the charges shall be based upon estimates made by the Utility, in the manner provided in Section 9.5.2.
- 9.5.3 In the event that a self reporting Industrial Customer described in section 9.6.2 fails to submit the report required by Section 9.6.2 by the twenty-fifth (25th) day of the following Month, the Industrial Customer shall pay late reporting charges according to the schedule set forth in Appendix A.

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

FOURTH REVISED PAGE NO. 22
SUPERSEDING THIRD REVISED PAGE NO. 22

- 9.5.4 The Utility shall have the right to enter upon the land of any Industrial Customer and to set up such equipment as is necessary to certify the reports submitted. It shall be the duty of the Industrial Customer to provide all necessary clearance before entry and not to unnecessarily delay or hinder the Utility in carrying out the measuring and sampling. The right of entry shall exist during any time the Industrial Customer is operating or open for business.
- 9.5.5 In cases where measurements are difficult to make, or the industrial waste composition changes frequently, or representative samples are difficult to get, or where other methods of measurement are necessitated for other sound engineering reasons as determined by the Utility, the Utility shall have the authority to use such other basis for determining such charges as shall be reliably indicative of volume and BOD, SS and NH3-N strengths of particular industrial waste, such as, but not limited to, water purchase or usage, character of products, comparisons between the Industrial Customer data and collected data from like industries.
- 9.5.6 The cost of all tests, measurements and analyses taken by the Utility pursuant to the above Sections or otherwise shall be charged to the Industrial Customer tested in an amount equal to the actual average cost of such test, measurement or analysis as determined at the close of each Year. These costs shall be due and payable as provided in Section 9.1.
- 9.6 The Utility may make adjustments to bills for Sewage Disposal Service as described below:
- 9.6.1 If any meter, on which a Sewage Disposal Service bill is based, shall be found to have a percentage of error greater than two percent (2%), the following provisions for the adjustment of bills shall be observed:
- 9.6.1.1 When a meter is found to have a positive average error, *i.e.*, is fast, in excess of two percent (2%), the Utility shall refund or credit the Customer's account with the amount in excess of that determined to be an average charge for one-half of the time elapsed since the previous meter test, or one (1) year, whichever period is shorter. This average charge shall be calculated on the basis of units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be fast. No part of a minimum service charge shall be refunded.
- 9.6.1.2 When a meter is stopped or has a negative average error, *i.e.*, is slow, in excess of two percent (2%), the Utility will charge the Customer an amount estimated to be an average charge for one-half of the time elapsed since the previous meter test or one (1) year, whichever period is shorter. The average charge shall be calculated on the basis of units registered on the meter over corresponding periods either prior or subsequent to the period for which the meter is determined to be slow or stopped. Such action may be taken only in cases where the Utility is not at fault for allowing the stopped or slow meter to remain in service.

CWA Authority, Inc.
2020 N. Meridian St.
Indianapolis, IN 46202

FOURTH REVISED PAGE NO. 23
SUPERSEDING THIRD REVISED PAGE NO. 23

- 9.6.1.3 In the event the Customer's service is interrupted for a reason other than the act of the Customer or the condition of Customer-controlled equipment, and the service remains interrupted for more than two (2) days after being reported or found to be out of order, appropriate adjustments or refunds may be made to the Customer.
- 9.6.2 When an error is discovered in any billing or when billing is omitted, the Utility may adjust such error to the known date of error, but in any event within not more than twelve (12) Months from the date of such billing.
- 9.6.3 Upon detecting a device or scheme which has been utilized to avoid or attempted to avoid full payment for Sewage Disposal Service, the Utility may, after estimating the volume waste:
- 9.6.3.1 Immediately disconnect water or Sewage Disposal Service without notice pursuant to Rule 10.1.3.
- 9.6.3.2 Bill and demand immediate payment from the person benefiting from such device or scheme the actual cost of the volume of waste, corrections and repairs, or two hundred dollars (\$200.00), whichever is more.
- 9.6.3.3 Bill any and all damages as provided by Indiana Code 34-24-3-1 et seq. based upon the Utility's reasonable and customary estimate thereof.
- 9.6.4 Where a metered water supply is used for fire protection as well as for other uses, the Utility may, at its sole discretion, make adjustments in the Sewage Disposal Service charge as may be equitable. In such cases the burden of proof as to the type of water usage shall be upon the Customer. Where a metered water supply is used for fire protection only, the sewer user charge shall not apply.

10. DISCONTINUANCE OF SERVICE

- 10.1 Water and/or Sewage Disposal Service rendered under any application, contract, agreement or otherwise may be discontinued by the Utility without request by the Customer and without notice, and the Utility may remove any of its property from the Customer's Premises without legal process for any one of the following reasons:
- 10.1.1 Where a condition dangerous or hazardous to life, physical safety, or property exists.
- 10.1.2 Upon order by any Court, the Commission, or other duly authorized public authority, or upon written instruction by a law enforcement agency acting within its jurisdiction pursuant to Indiana Code 35-45-5-4(c).
- 10.1.3 A fraudulent or unauthorized use of Sewage Disposal Service is detected and the Utility has reasonable grounds to believe the affected Customer is responsible for such use, including when the Utility has reasonable evidence that a Customer who is indebted to the Utility for Sewage Disposal Service at his present or other location is receiving Sewage Disposal Service under the same or a different name.

Attachment B

**Information Request from Beth Krogel Roads to Citizens Energy Group
(February 19, 2014)**

Roads, Beth Krogel

From: Roads, Beth Krogel
Sent: Wednesday, February 19, 2014 2:42 PM
To: 'Hill, Jennett M.'
Cc: 'MAllen@citizensenergygroup.com'; 'jphillips@CitizensEnergyGroup.com'; Veneck Jr., Robert; Steinhauer, Jane
Subject: Information Request
Attachments: Information Request to Citizens Energy Group 2-19-2014.doc
Importance: High
Contacts: Jennett Hill

Dear Ms. Hill:

On February 10, 2014, staff from the Indiana Utility Regulatory Commission ("Commission" or "IURC") met with representatives from Citizens Energy Group ("Citizens"), regarding the pending 30-day Filing, ID #3213, on the proposed rule change concerning how customer payments are applied to their bills. While Commission staff found the meeting very helpful and appreciate Ms. Phillips' efforts in setting up the meeting, we would like to get some clarification on some of our questions, as well as responses to additional questions, both of which are listed on the attached document.

Please provide Citizens' response by Wednesday, March 4, 2014. The 30-day filing will remain pending until that time. If a satisfactory response is not received, the 30-day filing will likely be denied and further Commission investigation may be necessary. If you have any questions or if you need additional information regarding this request, please contact me.

Thank you for your prompt attention to this matter.

Beth Krogel Roads

Acting General Counsel

Indiana Utility Regulatory Commission

101 W. Washington St., Suite 1500 East

Indianapolis, IN 46204

Direct line: (317) 232-2092

Fax #: (317) 232-6758

Email: bkroads@urc.in.gov

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If you have received this e-mail transmission in error, please reply to the sender, so that the Indiana Utility Regulatory Commission's Office of General Counsel can arrange for proper delivery, and then please delete the message from your inbox. Thank you.

**Information Request to Citizens Energy Group
from Indiana Utility Regulatory Commission Staff**

Dated: February 19, 2014

1. In the meeting with the Commission on February 10, 2014, Citizens' staff indicated that it was already prorating bills according to the proposed language in the 30 day filing rather than adhering to the procedures described in its currently approved tariff. How long has Citizens been billing on a pro rata basis for utility and non-utility charges?
2. On what date (approximately) did Citizens Gas discover that it was not billing according to language set forth in its tariff?
3. When did Citizens add the line protection (UtilityShield) charge to the bill?
4. Mr. Kilpatrick also indicated at the meeting that the system modification would likely be expensive. Please describe what action has been taken to address this issue with the billing system with approximate dates when the action occurred. Additionally, please provide the quoted price by your vendor to address the billing system's inability to apply payments in their entirety to utility charges first.
5. Please describe how LIHEAP payments are applied to a combined water/sewer/natural gas service bill with a UtilityShield charge. Please use an example with numbers.
6. Are LIHEAP payments being applied to the water/sewer portion of customers' bills?
7. Are LIHEAP payments being applied to the non-utility portion of customers' bills?
8. If the answer to either #6 or #7 above is yes, why does Citizens think applying LIHEAP payments to the water/sewer and/or non-utility portion of customers' bills is allowable under federal law?
9. If LIHEAP payments have been prorated among utility and non-utility services, at what date did this practice begin?
10. Please describe any other billing issues that Citizens is experiencing with the combined billing system, including whether there are other billing errors that can be linked to the system design? If there are, please describe these other errors.
11. Please provide the number of customers who have complained to Citizens of billing errors on their statement since the inception of the combined billing system.

Attachment C

**Response to Information Request by Citizens Energy Group
(March 4, 2014)**



2020 North Meridian St. | Indianapolis, IN | 46202

CitizensEnergyGroup.com

Jennett M. Hill
Sr. Vice President & General Counsel

Phone/Fax: (317) 927-6471
E-mail: jhill@citizensenergygroup.com

March 4, 2014

Beth Krogel Roads
Acting General Counsel
Indiana Utility Regulatory Commission
101 West Washington Street
Suite 1500 East
Indianapolis, Indiana 46204

Re: Information Request to Citizens Energy Group from Indiana Utility Regulatory Commission Staff

Dear Beth:

I am attaching Citizens' response to the information request that you forwarded to me on February 19, 2014. As you may recall, this information request was issued in connection with Citizens' pending 30-day Filing (ID #3213).

I'd like to highlight a few matters addressed in your information request and outlined in our response.

- Citizens has worked closely with the Indiana Housing and Community Development Authority ("IHCDA") in connection with Citizens' current allocation of payments for low-income customers' utility services. Prior to the commencement of the next heating season, Citizens will work with IHCDA to ensure that any LIHEAP funding included in funds distributed by IHCDA to Citizens on behalf of low-income customers will be applied only to gas services.
- In lieu of the modifications proposed in the pending 30-day Filing, Citizens has initiated system modifications to address the two unique billing system issues that can arise under very rare circumstances (which had formed the basis of the pending 30-day Filing).

Given that Citizens has initiated a system modification to address the two unique system issues discussed in our attached response, we intend to withdraw the pending 30-day Filing (ID #3213).

I hope that the attached information responds to your request. If I may be of further assistance, please do not hesitate to contact me directly. Have a great week, Beth.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennett M. Hill'.

Jennett M. Hill

cc: Abby Gray, Executive Director, Legal Operations, Indiana Office of the Utility Consumer Counselor

Attachment

**Information Request to Citizens Energy Group
from Indiana Utility Regulatory Commission Staff**

Dated: February 19, 2014

1. In the meeting with the Commission on February 10, 2014, Citizens' staff indicated that it was already prorating bills according to the proposed language in the 30 day filing rather than adhering to the procedures described in its currently approved tariff. How long has Citizens been billing on a pro rata basis for utility and non-utility charges?

Response:

To clarify, Citizens does not prorate bills. However, Citizens' billing system does prorate payments among each customer's utility services and any non-utility services in accordance with the current Terms and Conditions for Gas, Water, and Wastewater, with the exception of two unique and rare anomalies. In approximately July 2013, Citizens began to observe two specific conditions where the billing system was not processing payments as intended. Both conditions result in payments being unintentionally allocated to a non-utility charge ahead of an inactive utility charge as shown on Attachment 1. The two conditions that cause that unintended result are further described below:

1. when charges from an inactive account at a previous address are transferred to an active account that includes non-utility charges (10 instances since October 2012), and
2. when an account that includes non-utility charges has been disconnected (for utility charges only) for nonpayment, the customer has paid to have the service restored, and the past due amount is added to the customer's bill (77 instances since October 2012).

These are the circumstances the pending 30-day filing was intended to address. These anomalies made up 0.001% of the 6.9 million bills issued since October 2012.

2. On what date (approximately) did Citizens Gas discover that it was not billing according to language set forth in its tariff?

Response:

In approximately July 2013, Citizens began to observe the anomalies described in response 1. As noted in response 1, the number of occurrences amounts to 0.001% of the 6.9 million bills issued since October 2012.

3. When did Citizens add the line protection (UtilityShield) charge to the bill?

Response:

November 2010

4. Mr. Kilpatrick also indicated at the meeting that the system modification would likely be expensive. Please describe what action has been taken to address this issue with the billing system with approximate dates when the action occurred. Additionally, please provide the

quoted price by your vendor to address the billing system's inability to apply payments in their entirety to utility charges first.

Response:

As a result of our meeting with the Commission and the OUCC, we requested an estimate from our vendor based on a new set of requirements to ensure payments are posted to all regulated charges before posting any payment to non-regulated charges. That request was made February 11, 2014. On February 25, 2014, the vendor provided a response estimating the cost of this new modification to be \$22,830.

5. Please describe how LIHEAP payments are applied to a combined water/sewer/natural gas service bill with a UtilityShield charge. Please use an example with numbers.

Response:

The Indiana Housing and Community Development Authority ("IHCDA") is the State agency responsible for administering funds provided to low income customers through the federal LIHEAP program, as well as other funds provided to low income customers through the State's Energy Assistance Program (collectively "IHCDA funds"). As discussed below in response to question 8, Citizens works closely with the IHCDA regarding the use of those funds. Currently, IHCDA funds applied to a customer payment are prorated to natural gas, water and sewer charges. Once those charges are satisfied, any remaining amount is applied to UtilityShield charges. See Attachment 2 for an actual example.

6. Are LIHEAP payments being applied to the water/sewer portion of customers' bills?

Response:

See response to question 5.

7. Are LIHEAP payments being applied to the non-utility portion of customers' bills?

Response:

See response to question 5.

8. If the answer to either #6 or #7 above is yes, why does Citizens think applying LIHEAP payments to the water/sewer and/or non-utility portion of customers' bills is allowable under federal law?

Response:

See response to question 5. Prior to implementing Combined Billing in 2012, Citizens met with the IHCDA and discussed various options for allocation of IHCDA funds to payments for low income customers' utility services. After that discussion, all parties agreed that during the transition to Combined Billing Citizens should allocate assistance payments across all utility services on Citizens' combined bills, as that would minimize the potential for confusion, late-payment fees and disconnection for water and sewer services. The IHCDA recently informed Citizens that prior to the next heating season (beginning October 2014), it would like to reassess the process Citizens' Combined Billing system uses to allocate

payments to low income customers to ensure that LIHEAP funds are only applied to payments for natural gas utility services.

9. If LIHEAP payments have been prorated among utility and non-utility services, at what date did this practice begin?

Response:

The practice began in November, 2010 when Citizens began offering customers the convenience of paying Utility Shield payments to the Manchester Group through their gas bill. There have been approximately 415 to 455 customers each year who qualify for EAP assistance that have also purchased Utility Shield since the program began in November 2010.

10. Please describe any other billing issues that Citizens is experiencing with the combined billing system, including whether there are other billing errors that can be linked to the system design? If there are, please describe these other errors.

Response:

As with any significant computer system integration, Citizens experienced a number of issues upon the integration that resulted in billing issues. Citizens identified 123 unique issues, of which 68 affected billing. The resolution for each of these issues was prioritized based on the number of customers affected and the severity of the issue. To date, all but one of those issues has been remediated. The remaining issue is related to a defect in the system that was not associating a sewer service with a water service for approximately 300 accounts. Citizens implemented a fix for this issue on February 3, 2014 and believes the fix will resolve most issues.

11. Please provide the number of customers who have complained to Citizens of billing errors on their statement since the inception of the combined billing system.

Response:

Citizens receives customer complaints via its call center, social media, other sources, and the Commission (under 170 IAC 16-1-3, disputes regarding any utility service or billing matter that have not been resolved at the utility level may constitute a complaint).

Since the implementation of combined billing in October 2012, we have received complaints as follows:

- Citizens' call center 150
- Social media 75
- Other sources 30
- Commission 200

Of the 200 complaints logged by the Commission as billing disputes since October 2012 (not all of these were classified as billing errors), only seventeen of these were classified by the Commission as justified, and five are still pending (some of the complaints received by the Commission may be duplicated in the other categories above).

Intended Payment Application					
			LPC		
Payment \$ 150.00	Inactive Utility Bal	Beg Bal	\$ 30.00		
		Payment	\$ (30.00)		
		End Bal	\$ -	\$ -	\$ -
	Gas	Beg Bal	\$ 50.00		
		Payment	\$ (50.00)		
	End Bal	\$ -	\$ -	\$ -	
	Water	Beg Bal	\$ 20.00		
		Payment	\$ (20.00)		
		End Bal	\$ -	\$ -	\$ -
	Sewer	Beg Bal	\$ 40.00		
		Payment	\$ (40.00)		
		End Bal	\$ -	\$ -	\$ -
	Non-Utility	Beg Bal	\$ 13.90		
		Payment	\$ (10.00)		
		End Bal	\$ 3.90	N/A	\$ 3.90
Remaining Balance Due			\$ 3.90		

Payment applies pro rata to active and inactive utility services first

Payment remaining after paying all active and inactive utility services is applied to non-utility

Actual Payment Allocation in Rare Circumstances					
			LPC		
Payment \$ 150.00	Gas	Beg Bal	\$ 50.00		
		Payment	\$ (50.00)		
		End Bal	\$ -	\$ -	\$ -
	Water	Beg Bal	\$ 20.00		
		Payment	\$ (20.00)		
	End Bal	\$ -	\$ -	\$ -	
	Sewer	Beg Bal	\$ 40.00		
		Payment	\$ (40.00)		
		End Bal	\$ -	\$ -	\$ -
	Non-Utility	Beg Bal	\$ 13.90		
		Payment	\$ (13.90)		
		End Bal	\$ -	N/A	\$ -
	Inactive Utility Bal	Beg Bal	\$ 30.00		
		Payment	\$ (26.10)		
		End Bal	\$ 3.90	\$ 0.33	\$ 4.23
Remaining Balance Due			\$ 4.23		

Payment applies pro rata to active utility services first

Payment remaining after paying all active utility services is applied to non-utility

Payment remaining after paying all active utility & non-utility services is applied to inactive utility services

Month #1

		LPC			
EAP \$ 350.00	Gas	Beg Bal	\$ 50.00		
		EAP	\$ (50.00)		
		End Bal	\$ -	\$ -	\$ -
	Water	Beg Bal	\$ 45.00		
		EAP	\$ (45.00)		
	End Bal	\$ -	\$ -	\$ -	
	Sewer	Beg Bal	\$ 18.42		
		EAP	\$ (18.42)		
	End Bal	\$ -	\$ -	\$ -	
	Non-Utility	Beg Bal	\$ 16.58		
		EAP	\$ (16.58)		
	End Bal	\$ -	N/A	\$ -	
	Inactive Utility Bal	Beg Bal	\$ -		
		EAP	\$ -		
	End Bal	\$ -	\$ -	\$ -	
Credit Balance/Unapplied EAP			\$ (220.00)		

Payment/EAP applies pro rata to active utility services first

Payment/EAP remaining after paying all active utility services is applied to non-utility

Payment/EAP remaining after paying all active utility & non-utility services is applied to inactive utility

Month #2

		LPC			
Unapplied EAP \$ 220.00	Gas	Beg Bal	\$ 75.35		
		EAP	\$ (75.35)		
		End Bal	\$ -	\$ -	\$ -
	Water	Beg Bal	\$ 7.43		
		EAP	\$ (7.43)		
	End Bal	\$ -	\$ -	\$ -	
	Sewer	Beg Bal	\$ 8.43		
		EAP	\$ (8.43)		
	End Bal	\$ -	\$ -	\$ -	
	Non-Utility	Beg Bal	\$ 16.58		
		EAP	\$ (16.58)		
	End Bal	\$ -	N/A	\$ -	
	Inactive Utility Bal	Beg Bal	\$ -		
		EAP	\$ -		
	End Bal	\$ -	\$ -	\$ -	
Credit Balance/Unapplied EAP			\$ (112.21)		

Payment/EAP applies pro rata to active utility services first

Payment/EAP remaining after paying all active utility services is applied to non-utility

Payment/EAP remaining after paying all active utility & non-utility services is applied to inactive utility

Month #3

		LPC			
Unapplied EAP \$ 112.21	Gas	Beg Bal	\$ 85.43		
		EAP	\$ (85.43)		
		End Bal	\$ -	\$ -	\$ -
	Water	Beg Bal	\$ 8.61		
		EAP	\$ (8.61)		
	End Bal	\$ -	\$ -	\$ -	
	Sewer	Beg Bal	\$ 13.25		
		EAP	\$ (13.25)		
	End Bal	\$ -	\$ -	\$ -	
	Non-Utility	Beg Bal	\$ 27.45		
		EAP	\$ (4.92)		
	End Bal	\$ 22.53	N/A	\$ 22.53	
	Inactive Utility Bal	Beg Bal	\$ -		
		EAP	\$ -		
	End Bal	\$ -	\$ -	\$ -	
Remaining Balance Due			\$ 22.53		

Payment/EAP applies pro rata to active utility services first

Payment/EAP remaining after paying all active utility services is applied to non-utility

Payment/EAP remaining after paying all active utility & non-utility services is applied to inactive utility