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February 2, 2015

Rosemary Chiavetta, Esq., Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, Pennsylvania 17120

**Re: NGDC Customer Account Number Access Mechanism for EGSs
Docket No. I-2013-2381742**

Dear Secretary Chiavetta:

Enclosed for filing please find the comments of the Energy Association of Pennsylvania to the Commission's Final Order at the above-referenced docket.

Sincerely,

A handwritten signature in blue ink that reads "Terrance J. Fitzpatrick".

Terrance J. Fitzpatrick
President & CEO

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania’s Retail :
Natural Gas Supply Market – :
NGDC Customer Account Number : I-2013-2381742
Access Mechanism :

**COMMENTS OF THE
ENERGY ASSOCIATION OF PENNSYLVANIA
TO FINAL GAS RMI ORDER – ACCOUNT NUMBER ACCESS MECHANISM**

I. INTRODUCTION

On September 12, 2013, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued an Order initiating an investigation of Pennsylvania’s retail natural gas supply market, Investigation of Pennsylvania’s Retail Natural Gas Supply Market, I-2013-2381742 (“September 12 Order”), pursuant to the Natural Gas Choice and Competition Act, 66 Pa. C.S. §§ 2201-2212, which requires the Commission to periodically convene stakeholders and explore avenues to encourage increased competition in the natural gas supply market. See 66 Pa. C.S. § 2204(g). The September 12 Order sought comments on eight specific questions regarding the status of gas competition and how it might be improved. Initially, the Commission provided that the gas retail market investigation would proceed in two phases: the first phase would assess the current status of the market and explore what changes may be needed to assure that customers

realize the benefits of choosing supply from an entity other than the natural gas utility; and the second phase, headed by the Commission's Office of Competitive Market Oversight ("OCMO"), would examine how to resolve issues identified in the first phase and implement reasonable changes to improve choice for retail customers participating in the natural gas competitive market in Pennsylvania.

On August 21, 2014, the Commission issued a Tentative Order at this Docket, announcing specific topics and issues that the Commission intends to pursue in this Investigation of Pennsylvania's retail natural gas supply market ("Investigation" or "Gas RMI"). Following comment from stakeholders through the Tentative Order, the Commission released its Final Order at this Docket on December 18, 2014 with its outlined priorities and intentions to finalize specific action plans ("Final Gas RMI Order"). The Commission determined via this order that it would forgo the initial examination of the state of the natural gas retail market as proposed in the September 12 Order.

National Gas Suppliers ("NGSs") raised an issue with the Commission's Office of Competitive Oversight ("OCMO") in their comments to the August 2014 Tentative Order concerning difficulties experienced when trying to complete new customer sales/enrollment processes at public locations (e.g., farmers markets, shopping malls, etc.). The situation involves customers who have opted out of the Eligible Customer List ("ECL") and later seek to sign an agreement with an alternate gas supplier at a public venue. If the customer does not have his/her account number, the transaction cannot be completed. The supplier must take additional steps to secure the account number from the Natural Gas Distribution Company ("NGDC") to complete enrollment when the customer does not have the account number at the sales location. Suppliers contend that these extra steps create a barrier to competition, and result in frustration and lost

savings for the customer. NGSs maintain that these extra steps can and should be avoided and further recommend that NGDCs adopt a process for providing the customer's account number to the NGS during the enrollment process. OCMO suggests that public venue sales are preferred by customers over door-to-door marketing or telemarketing because the transaction is less intrusive and is generally initiated by the customer and claims that the inability of the NGS to obtain the customer account number for these transactions is a serious impediment to customer shopping.

Given this input, and following a similar exploration and Final Order on this topic in the Electric Retail Market Investigation¹, the Commission identified account number access mechanisms as an "immediate, priority item"² in this Investigation and for the natural gas industry. The Final Order requests comments on this issue, with specific emphasis on four topic areas related to preferences and capabilities, security measures, availability of the suggested mechanism, tracking and identifying users, and record retention associated with providing the customer's account number in the specific referenced circumstances.

Following Commission review and evaluation of the comments, the Commission stated that OCMO may, if it "believes there are further issues that require discussion,"³ convene stakeholder meetings; either way, the Commission expects OCMO to prepare recommendations on this issue in the first quarter of this year. The Energy Association of Pennsylvania ("EAP") respectfully submits these comments to supplement those filed individually by its member NGDCs.⁴ EAP contends that the additional issues contained herein regarding a customer

¹ Commission's Investigation of Electric Retail Market, Docket No. I-2011-2237952, specific Customer Account Number Access Mechanism Docket No. M-2013-2355751.

² Final Order Docket No. I-2013-2831742, p. 44.

³ Ibid, p. 47.

⁴ Columbia Gas of Pennsylvania, Inc.; Pike County Light & Power Company; National Fuel Gas Distribution Corp.; PECO Energy Company; Peoples Equitable Division; Peoples Natural Gas Company LLC; Peoples TWP LLC; Philadelphia Gas Works; UGI Central Penn Gas, Inc.; UGI Penn Natural Gas, Inc.; UGI Utilities Inc.; and, Valley Energy Inc.

account number access mechanism in the natural gas retail market warrant further stakeholder meetings for a more thorough discussion before OCMO provides recommendations to the Commission.

II. COMMENTS

A. Not “New” Issue

In the Final Order, the Commission asserts that the issue of account number lookup can be dealt with immediately because it is “not a ‘new’ matter,” as evidenced by the development of mechanisms already in place for Electric Distribution Companies (“EDCs”) following the investigation and order as a part of the Electric Retail Market Investigation.⁵ However, exploration with the electric utility industry does not necessarily make this issue familiar to NGDCs. These industries have fundamental differences, particularly here as it relates to the prevalence of suppliers and shopping in NGDC service territories. EAP believes that whether and how to implement an account number access mechanism deserves a thorough examination of all associated issues, as was done on the electric side. Such issues not addressed by the Commission in the Gas RMI Final Order include:

1. Cost recovery

In the electric tentative order, the Commission solicited comment on the most appropriate avenue for EDC cost recovery. The Commission asked for company costs estimates for such a measure as well as suggestions for which parties, and in what capacity, should be responsible for these costs. Companies, as well as other stakeholders, were afforded an opportunity to do so in their comments. The Final Gas RMI Order does not address the issue of

⁵ Final Order, p. 45.

cost recovery in the context of developing or implementing an account number access mechanism. EAP contends that such information, including whether NGSs should contribute to the associated costs, should be part of the final recommendation from OCMO.

NGDCs should not be required to undertake costly programming and system changes for particularized NGS requests without the assurance that recovery of associated expenses will be allowed. Expenses related to the development of the mechanism as well as its implementation, testing, and ongoing maintenance will be incurred and means for recovery should be determined upfront. Further, where programming changes are needed, EAP requests that any schedule consider the numerous Commission directives and requests already underway and vying for NGDCs' limited resources prior to mandating a particular completion timeframe.

2. Timeframe for development

Similarly, the Commission makes no mention in its Final Gas RMI Order of a suggested timeline for implementation. It notes that "it may take the NGDCs significant time to development a mechanism," but does not ask for any company input on this matter. Ultimately, the electric utilities were afforded almost 12 months to develop, submit, and begin work on a compliance plan for this initiative. EAP respectfully requests that the Commission afford the NGDCs with sufficient time to develop and implement their mechanisms. At a minimum, NGDCs should be given the same timeframe provided to electric utilities.

3. Exemption for small companies

In its Final Order on EDC customer account number access mechanisms, the Commission makes an exemption for Citizens' Electric Company and Wellsboro Electric Company "until such a time that at least 25% of their customers are shopping."⁶ The Commission

⁶ Final Order, Docket No. M-2013-2355751, p. 47.

makes no mention of exempting small NGDCs or NGDCs where the number of shopping customers in its service territory has reach a similar or comparable threshold. EAP believes a similar exemption should be extended in the gas industry.

4. Necessity of additional stakeholder input

EAP believes that a fair and equitable exploration of the development and implementation of an account number mechanism would not be complete without further Commission and stakeholder discussion on the aforementioned issues. EAP suggests an additional stakeholder meeting on these topic areas.

B. There is no one-size-fits-all solution

EAP acknowledges OCMO's role in resolving issues raised in the course of the gas retail market investigation by suppliers and supports reasonable efforts to improve the shopping experience for retail choice customers. However, in directing and/or developing guidelines for NGDCs to use in the design and implementation of an access mechanism to enhance the NGS process for obtaining customer account numbers during public enrollment situations when that customer has chosen to opt-out of the ECL, it should be recognized, first, that a one-size-fits-all resolution will not work for NGDCs, and, second, that the benefit for customers may not be uniform across service territories.

Any process that is adopted should be done in a manner that provides flexibility and recognizes the differences in individual NGDC operating systems and resources. Rather than attempting to identify a single, standardized solution, EAP suggests identifying a framework which seeks to automate an accurate exchange based on the individual NGDC's circumstances and system functionalities. While some NGDCs may find it preferable and more cost-effective

to build on to an existing web-based system, another may determine that method to be cost-prohibitive. Maintaining flexibility is crucial to developing a mechanism that performs best for both NGDCs and NGSs and appropriately balances cost-effectiveness and efficiency with continued customer protections and safeguards.

C. Secure Web Portal or Alternatives

With respect to the Commission request for comments on the technological platform to be used, EAP respectfully defers to its individual member companies as to the most appropriate mechanism for each.

D. Security Measures to be Used

Part of the exploration of associated security issues of a proposed customer number access mechanism should also include discussion of the use of a letter of authorization (“LOA”) as was done in the Electric RMI. This letter is traditionally used for NGSs to gain historic customer utilization data from the NGDC from customers who are not on the ECL. The Commission and stakeholders should explore the applicability of a similar modification to authorize suppliers to obtain account numbers from NGDCs. EAP would, however, object to any requirements or responsibilities on the part of NGDCs for verifying the authenticity of a LOA request. Complete responsibility for the accuracy and legitimacy of the LOA, if considered, should be borne solely by the requesting NGS, with the Commission addressing issues of verification raised by the customer with the NGS. EAP defers to its member companies as to the specifics of this form and the appropriate record retention.

Questions related to additional security measures, such as the use of password-protections and minimum customer information requirements for using the mechanism, are best answered by individual companies.

E. Identifying proper NGS sales venues for using the access mechanism process is a policy determination.

With respect to the Commission request for comments on appropriate NGS sales channels that should be included in those “approved” to use the subject access mechanism, EAP respectfully suggests that determinations of appropriate sales venues is a policy decision for the Commission. The protections that necessarily must be in place to prevent fraud, pressure sales tactics or slamming should be established, monitored and policed by the Commission, not utilities.

EAP notes that Commission’s stated purpose – in both the Gas RMI and the Electric RMI – for focusing on advancing this item is to discourage suppliers from relying on marketing methods that consumers may find more intrusive, such as ones held at their homes and businesses via door-to-door or telemarketing sales.⁷ The Commission’s question in the Final Gas RMI Order, therefore, of whether the mechanism should be made available at consumer homes and businesses appears contradictory to its prior conclusions and may encourage the intrusive sales tactics which the Commission seeks explicitly to discourage.

F. Understanding the electric utility experience and outcomes

Finally, there is a substantial benefit to the Commission and stakeholders to understand first the costs and success of the adoption of the account number access mechanism in the

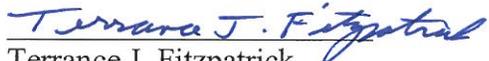
⁷ Final Order, Docket No. I-2013-2381742, p. 45; Final Order, Docket No. M-2013-2355751, p. 3.

electric industry before adaptation to the gas industry is sought. PECO Energy, for example, in its comments to the August 21, 2014 Tentative Order at this Docket, indicated that “the electric portal has not been widely used,” – the costs of which are borne ultimately by all consumers.⁸ Examining the specific cost and usage data in the electric industry would be helpful to inform OCMO recommendations.

III. CONCLUSION

EAP respectfully requests that the Commission consider these comments in the Final Order in this proceeding.

Respectfully submitted,


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Date: February 2, 2015

⁸ PECO Comments to August 21, 2014 Tentative Order, I-2013-2381742, p. 9.