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May 26, 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 NGSs
Docket No. M-2015-2468991**

Dear Secretary Chiavetta:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Donna M.J. Clark".

Donna M.J. Clark
Vice President & General Counsel

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Natural Gas Distribution Company :
Customer Account Number Access : M-2015-2468991
Mechanism for Natural Gas Suppliers :

**COMMENTS OF THE
ENERGY ASSOCIATION OF PENNSYLVANIA
TO TENTATIVE 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, 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).

On December 18, 2014, the Commission released a final order in the investigation (“Final Gas RMI Order”) outlining its priorities and intentions in a specific action plan that is to be implemented by the Office of Competitive Market Oversight (“OCMO”). The Final Gas RMI Order identified the development of an account number access mechanism by natural gas distribution companies (“NGDCs”) as an “immediate, priority item”¹ for the Commission. The

¹ Final Order Docket No. I-2013-2831742, p. 44.

Final Gas RMI Order requested comments on this issue, with specific emphasis on 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 to natural gas suppliers' ("NGS") when the account number is otherwise unavailable from either the customer or the Eligible Customer List ("ECL").

Following Commission review and evaluation of the comments to the Final Gas RMI Order, the Commission released a Tentative Order on April 9, 2015 at Docket No. M-2015-2468991 to determine the necessary procedures for developing and implementing a natural gas account number access mechanism. The Energy Association of Pennsylvania ("EAP") respectfully submits these comments to supplement those filed individually by its member NGDCs.²

II. COMMENTS

A. Customer Privacy and the Commission's Zero Tolerance Policy

EAP agrees with the Commission's admonition in the Tentative Order that this tool is specifically being designed for use at marketing events in public venues, and not for telemarketing or door-to-door sales. The Commission's "zero tolerance policy" for abuse of customer privacy or customer information confidentiality requirements is paramount to EAP and its member NGDCs as well. EAP further agrees with the Commission's direction that the NGS

² 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.

obtain and maintain a Letter of Authorization (“LOA”) signed by the customer or an authorized representative and that NGDCs will not be under an obligation to separately verify that the LOA is legitimate. The Commission proposal requires that the access mechanism afford the NGS with the ability to attest that the tool is being utilized at a public venue via a “check and/or drop-down boxes to meet this proposed requirement.”³ EAP suggests that the NGS simultaneously attest to the authenticity of the LOA. NGDCs should then be able to rely on the attestation of the supplier and should be held harmless in the event the attestation of the NGS is ultimately found to be fraudulent. Thus, the submission for the request for the account number would not be processed without the attestation that the mechanism was used at a public venue and the LOA is legitimate.

B. Cost Recovery

EAP reiterates its comments to the Final Gas RMI Order that NGDCs should not be required to undertake costly programming and system changes for particular initiatives requested by NGSs without the assurance that a means to recover associated expenses incurred by NGDCs will be established and that reasonable costs will be allowed. While EAP defers to its member companies to supply the specific costs involved for developing this tool in each member’s service territory, it is important that the means of achieving full and timely cost recovery be determined prior to implementation. This is particularly true where, as discussed below, the experience with this mechanism in the electric retail market indicates that it is not being used by the suppliers but the Commission continues to believe the development of the mechanism benefits customers and should be financed by the utility. EAP and its member NGDCs urge the Commission to consider a cost-sharing mechanism whereby those NGSs who wish to use this

³ Tentative Order, Docket No. M-2015-2468991 p. 15

tool pay a proportion of the costs to implement and maintain it. EAP requests that the Commission determine the means of cost recovery in its final order and provide assurance that reasonable and prudent costs will be allowed.

C. Timeline for Implementation

EAP notes that in moving forward with the Gas Retail Market Investigation, the Commission is attempting to address several shopping improvements at once, including discussions and tentative orders surrounding accelerated gas switching and more supplier friendly joint NGDC-NGS bills (Docket No. M-2015-2474802) among others. It will not be possible from an operations and IT perspective to implement these initiatives simultaneously. Prioritization will be difficult without guidance from the Commission on which item(s) should be addressed first and without a recognition that changes to the IT system, in particular, will need to be tested and refined prior to any final implementation.

Specifically as it relates to the timeframe for development of the account number access mechanism, EAP notes that electric distribution companies (“EDCs”) were given one year from the date of a final order to develop, submit, and complete work on this initiative. EAP respectfully requests that the Commission afford the NGDCs with a similar period of time to develop and implement their mechanisms. Accordingly, the suggestion as stated in the Tentative Order to have an account access mechanism available for NGS use by August 31, 2016 is workable if a final order at this docket is received by August 2015. In any event, the completion date should be at least one year from the issuance of a final order in this proceeding. Finally, EAP asks that, as other Gas RMI initiatives are implemented, the Commission consider the existing directives that are vying for the NGDCs’ time and resources prior to establishing a

particular completion timeframe; future orders should not reflect effective dates prior to effective dates of orders or tentative orders already established (i.e. Account Access Mechanism – proposed due August 2016, Consolidated Bill – proposed due June 2016).

D. Understanding the electric utility experience and outcomes

EAP was among several parties that suggested a thorough review of EDC account number access mechanism costs and usage as a part of comments to the Gas RMI Final Order. EAP appreciates that the Commission, in the context of considering this mechanism in the Gas RMI Investigation, obtained information from the EDCs regarding the implementation and use of this mechanism, including the date made available for use, total costs, number of EGSs registered, number of access attempts, and number of successful attempts from their web portals.⁴ EAP maintains that this information is necessary to examine whether the benefits are reasonable and justify the NGDC cost to develop and maintain the account access mechanism.

The information supplied to the Commission demonstrates that while many EGSs have *registered* to use the tool across the state only a handful (seven by reported count of PECO and First Energy) have actually used the tool. Neither Duquesne nor UGI have had any EGS access account information by way of this mechanism. Not a single EGS in the Duquesne service territory registered to use this tool despite the fact that Duquesne spent nearly \$100,000 to build the mechanism. First Energy reported that 70% of their hits involved customers whose information was already available on the ECL; over half of queries to PECO's system were already available on the ECL.⁵

⁴ Tentative Order, p. 8

⁵ Tentative Order, p. 9-10

Based on the aforementioned information supplied by the EDCs, the Commission maintains its “belief that some mechanism **must** be created that allows NGSs to access NGDC customer account numbers” (emphasis added) and that such a mechanism may very well “outperform that being utilized for electric competition.”⁶ The results of the EDCs account number access mechanism experience do not appear to support this belief thus far. One could reasonably conclude that the implementation of this tool in the electric market has done very little in the way of encouraging either consumer or supplier participation in the retail market.

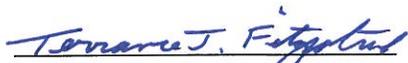
The Commission hopes that the use of an account access tool in the retail gas market by NGSs could very well exceed the use of a similar mechanism in the electric market. EAP is concerned that the inverse may also be true and that cost recovery would be denied despite the directive to develop this tool or that some other compliance action could be initiated where suppliers have not availed themselves of this mechanism. NGDCs face the very real risk of implementing a tool – at a cost to all ratepayers, including those who cannot or who will never be incentivized to shop for their gas supply – that would be used by very few, or perhaps no, gas suppliers. While the Commission has decided to move forward on this item, and all NGDCs will certainly work to implement the mechanism in accordance with the ultimate policy directive, EAP continues to suggest that each of these initiatives pursued under the Gas RMI have demonstrated merit and measurable benefit to all customers and the gas supply market overall.

⁶ Tentative Order, p. 10

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: May 26, 2015