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February 8, 2016

VIA E-FILING

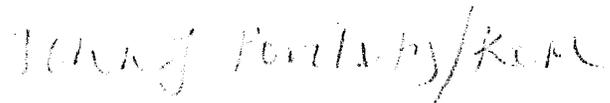
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, PA 17120

Re: Natural Gas Distribution Company Customer Account Number Access
Mechanism for Natural Gas Suppliers; Docket No. M-2015-2468991

Dear Secretary Chiavetta:

On behalf of The Retail Energy Supply Association, enclosed for electronic filing are the Comments of the Retail Energy Supply Association for the above-captioned matter. Please contact me if you have any questions regarding the foregoing matter.

Very truly yours,



John F. Povilaitis

JFP/bb
Enclosure

cc: Natural Gas Distribution Companies (*via electronic mail only*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Natural Gas Distribution Company :
Customer Account Number : **Docket No. M-2015-2468991**
Access Mechanism for Natural :
Gas Suppliers :

**COMMENTS
ON BEHALF OF THE
RETAIL ENERGY SUPPLY ASSOCIATION**

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Dated: February 8, 2016

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I. INTRODUCTION AND SUMMARY OF POSITION

The Retail Energy Supply Association (“RESA”)¹ submits these comments to the Compliance Plans filed by the natural gas distribution companies (“NGDCs”) on January 8, 2016 pursuant to the Commission’s Final Order in the matter of the *Natural Gas Distribution Company Customer Account Number Access Mechanism for Natural Gas Suppliers*, Docket No. M-2015-2468991 (Order entered July 8, 2015) (“*Final Mechanism Order*”). By the *Final Mechanism Order*, the Commission required NGDCs to submit Compliance Plans within six months for the development of a username and passcode-protected secure website portal that will, upon customer request and consent, provide natural gas suppliers (“NGSs”) with access to residential and small business account numbers that are not available on the NGDC’s eligible customer list (“ECL”) when the NGS is enrolling the customer in a public venue. The Commission further provided interested parties with an opportunity to file written comments within 30 days from the date of filing the Compliance Plans.

RESA appreciates this opportunity to offer comments and is supportive of the Commission’s efforts to require the NGDCs to deploy the account number access mechanism (“Mechanism”) so that consumers have the convenience of enrolling with an NGS when they do not have their account numbers available. Since this is the first interaction that an NGS has with the customer, it is critical that the experience is positive and inspires consumer confidence in the ability of the NGS to provide natural gas supply services, as well as customer services.

¹ The comments expressed in this filing represent the position of the Retail Energy Supply Association as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

NGSs have found that modern consumers expect the supplier enrollment process to be simple and seamless, similar to other transactions they make in their daily lives -- so many of which are electronic and instantaneous. For example, consumers who are accustomed to being able to transfer funds from one banking account to another through a few clicks on their mobile device, arrange transportation by opening an application on their smartphone, and watch movies on demand are often frustrated when they are asked to produce an account number from their utility bill before they can switch to an NGS. Most consumers have not memorized their multi-digit utility account number and they do not carry it in their wallet. Regardless of where a consumer is -- whether it is a public event, at work, at home, or on the train -- gaining access to their utility account numbers is often cumbersome and time-consuming, if not impossible. Frequently, the need to interrupt the sales transaction with an NGS so that the consumer can retrieve the utility account number abruptly ends the potential enrollment. As a result, the consumer loses out on the benefits of shopping and is deprived of lower prices, more stable prices and/or access to innovative product offerings and other value-added services.

In order to fulfill the expectations of modern consumers shopping for natural gas supply and enrolling with NGSs, it is critical that the Mechanism be simple to use and that it function in a convenient manner that produces robust and reliable results. RESA has reviewed the Compliance Plans filed by Columbia Gas of Pennsylvania, Inc. ("Columbia"), National Fuel Distribution Corporation ("NFG"), PECO Energy Company ("PECO"), Peoples Natural Gas Company LLC, Peoples Natural Gas Company LLC-Equitable Division and Peoples TWP LLC ("Peoples"), Philadelphia Gas Works ("PGW"), and UGI Utilities, Inc.-Gas Division, UGI Penn Natural Gas, Inc. and UGI Central Penn Gas, Inc. ("UGI"). Based upon this review, RESA does not believe that the Mechanism will achieve the objectives envisioned by the Commission of

streamlining the enrollment process for consumers who do not have access to their account numbers. Due to the high margin for error in the inputs, coupled with the wide variations in how each NGDC would handle situations in which no hits or multiple hits² are returned from a query, RESA is concerned that the Mechanism will be neither simple to use nor produce the necessary robust and reliable results.

Moreover, given the timeframe and costs of implementation, and the pressing need to facilitate greater participation in the natural gas retail market by consumers, RESA believes that it is essential to maximize the use and effectiveness of the Mechanism. For these reasons, RESA urges the Commission to dispense with the requirement for NGSs to first consult the ECL to determine if the customer's account number is available through those means and also to expand the availability of the Mechanism to all types of sales.

RESA's specific comments are summarized as follows:

- The Commission should require the NGDCs to implement a consistent set of required inputs or handle outputs in a manner that allows the use of the Mechanism to achieve robust and reliable results that avoid no hit/multiple hit scenarios;
- Costs for the implementation of the Mechanism, to the extent they are recovered by the NGDC, should be allocated to all residential and small business customers;
- The Mechanism should be available for all types of sales, including enrollments at public events, through telephone and online methods, and at homes or businesses;
- NGSs should not be required to review the ECL prior to using the Mechanism; and
- At a minimum, each NGDC's Compliance Plan should contain all components of the Mechanism required by the Commission.

² A "multiple hit" is a situation where more than one account number is returned in response to the query.

Implementing the Mechanism in a way that produces robust and reliable results, allowing it to be used in any type of sales transaction in which the consumer chooses to engage, and permitting the recovery of costs through surcharges or riders would optimize the opportunity for this retail market enhancement to increase participation by consumers. At this juncture in the natural gas retail market where more than 85% of consumers are not shopping for natural gas supply, steps that streamline a consumer's enrollment are warranted.³

II. RESA COMMENTS

A. Robust and Reliable Results

In order for the Mechanism to be effective and meet the expectations of consumers regarding the process for enrolling with NGSs, it needs to produce robust and reliable results. Based upon the description of the Mechanism in each of the Compliance Plans, particularly when coupled with the experience of electric generation suppliers ("EGSs") using a similar tool in the electric industry, RESA does not believe that implementation of the Mechanism will achieve the objectives envisioned by the Commission of streamlining the enrollment process for consumers who do not have access to their account numbers.

1. Inconsistent Approaches

A chart summarizing the key aspects of each NGDC's Mechanism as described in the Compliance Plans is attached as Appendix A.⁴ A review of the different features of each NGDC's Mechanism reveals a clear lack of consistency across the board, which would make it very challenging for NGSs to adequately meet consumer's expectations of efficiently retrieving their account numbers. Specifically, the NGDCs' proposals vary greatly on the alternative

³ http://www.puc.pa.gov/NaturalGas/pdf/GasSwitch/GasSwitch_ShoppingNumbers_103115.pdf.

⁴ RESA has attempted to make this chart as accurate as possible, while necessarily not including all details addressed by the NGDCs' Compliance Plans. While the Compliance Plans obviously speak for themselves, this chart is offered to show a convenient side-by-side comparison of each NGDC's proposal.

approaches they will take if the information initially entered by the NGS does not produce an account number.

For instance, while Columbia would provide optional fields in the event of multiple hits (such as telephone number, city, state and/or last four digits of the social security number),⁵ Peoples would permit the use of a wildcard for the customer's first name or small business name in the event of no hits and would also identify the field causing the error.⁶ PGW would provide drop-down boxes or allow wildcards for street type and/or postal code; and while it may not know the field causing the error, PGW would prompt for more information.⁷ PECO proposes to allow for optional fields in the event of either multiple or no hits, but it is not clear how these fields would assist with retrieval in the event of no hits, unless PECO plans to permit NGSs to provide different information in that situation.⁸ NFG would not allow the use of wildcards or drop-down boxes and does not address the use of error codes or optional fields or the ability of the NGS to make multiple attempts.⁹ UGI indicates that it will not know the cause of the error and otherwise does not address most of these issues outlined by the *Final Mechanism Order*; further, UGI would impose an additional requirement on NGSs to input the name on the photo identification that is provided to the NGS by the customer.¹⁰

Clearly, more consistency with how multiple hit/no hit situations are resolved is necessary. Now that this issue has surfaced through the Compliance Plans, the Commission should establish a more uniform set of practices to deal with multiple hit/no hit situations.

⁵ Columbia Compliance Plan at 4.

⁶ Peoples Compliance Plan at 3, 4.

⁷ PGW Compliance Plan at 2, 5.

⁸ PECO Compliance Plan at 4.

⁹ NFG Compliance Plan at 2.

¹⁰ UGI Compliance Plan at Attachment A, Access mechanism Development.

2. High Margin for Error

In addition to the numerous variations on how the lack of a hit or an exact match would be handled, it is important to consider the experiences of NRG Retail Affiliates (“NRG”) using a similar tool in the electric industry, which were recounted in NRG’s comments filed in this proceeding on May 26, 2015. Those comments raised significant concerns about the effectiveness of a Mechanism that requires the NGS to input the customer’s full name, service street address and postal code and have it exactly match (100% character-for-character match) the information in the NGDC’s database.¹¹ The types of problems encountered by NRG included databases that contain extraneous information, such as extra spaces, irregular characters and misspellings. NRG Comments at 6. As of March 22, 2015, EGSs searching for an account number in one NGDC’s database were successful only 5% of the time. NRG Comments at 8 (including footnote 7). Even as NRG became more proficient with that database in 2015, its success rate as of May 26, 2015 was only 28%.

RESA recognizes that many of the experiences shared by NRG were with one electric distribution company (“EDC”), but RESA notes that it is a large EDC serving a concentrated area in southeastern Pennsylvania and is also a major NGDC, presumably using the same customer database. In addition, NRG provided specific examples of difficulties encountered using other EDCs’ look-up tools and reported less than stellar success rates with those, as well. Some of the problems described by NRG include:

- Name fields that include a first or middle initial;
- Irregular spacing or punctuation;

¹¹ In general, the NGDC Compliance Plans do not specify that 100% character-for-character matches are contemplated, but they also fail to confirm that there is flexibility with the inputs in this regard. To the extent that the NGDCs are not requiring 100% character-for-character matches and/or can attest that these issues do not exist in their database, some of the concerns identified by RESA in these comments are lessened.

- Name fields that include a prefix or suffix;
- Address fields that include property lot numbers;
- Address fields that with numerous derivations of street type, including Ave, Rd St, Ln, Cir, etc.;
- Name and address fields that include non-standard formatting, such as misspellings, ampersands, and zeroes in the place of the letter “o”.

Particularly in view of NRG’s real-life experiences with a similar tool and given the inconsistency among the NGDCs’ proposals in the event that the NGS’s first attempt is not successful, RESA urges the Commission to revisit the inputs that are used or reconsider the protocols to be followed when the query fails to produce an account number. As a high margin for error exists with these inputs, especially full customer names and street types, and the fact that NGDCs’ proposals are varied on how they would address these errors, the Commission should take measures designed to improve the functioning of the Mechanism so that customers’ expectations for a simple and seamless enrollment are fulfilled.

3. Possible Alternatives to High Margin for Error and Inconsistencies

RESA offers two alternatives for achieving the objective of enhancing the reliability and robustness of the results produced by the Mechanism. RESA specifically recommends that the Commission revisit the information that an NGS should be required to enter into the NGDC’s system when it is seeking the account number. Another possible approach is for the Commission to adopt a set of “best practices” for the NGDCs to follow in addressing the situations when use of the Mechanism does not produce an exact match and to require NGDCs to ensure that their databases do not contain extraneous information going forward so that first attempts are more frequently successful.

RESA acknowledges and expects that either of these approaches would likely require additional input from the NGDCs and other interested stakeholders. Therefore, RESA suggests that the Office of Competitive Market Oversight (“OCMO”) convene an in-person meeting in the near future to gather that information. NGDCs should be required to attend the meeting and be prepared to discuss the feasibility of different inputs, as well as a set of best practices to address situations when the Mechanism produces no hits or multiple hits. RESA believes that an in-person stakeholder meeting would be the most efficient and effective way to address these issues, while keeping the August 31, 2016 implementation date in effect.¹² Such a setting would allow for a focused and interactive discussion about the best way to enhance the usefulness of the Mechanism so that consumers’ expectations are fulfilled and the benefits that flow from implementation are realized.

a. New Set of Inputs

As to the inputs that an NGS must enter into the NGDC’s system, RESA submits that it would be preferable to select fields other than customers’ full names and service addresses, due to the high margin for error in those fields. By selecting different inputs, such as customer last name and the last four digits of the social security number, it should be possible to protect the customer’s privacy to the same degree as envisioned by the Commission’s *Final Mechanism Order* while allowing the Mechanism to produce the robust and reliable results that are required to streamline the enrollment process for consumers.

¹² RESA recognizes that NFG has asked for a delay in implementation until January 2, 2017 due to ongoing changes in its billing system. RESA also believes that some other issues related to the Gas Retail Markets Investigation may benefit from an in-person meeting, including a discussion of the status of the NGDCs’ efforts to develop a Joint Bill and a related matter that RESA has been addressing individually with NGDCs regarding inclusion of a reference to NGSs and their charges in communications that are sent to customers who receive electronic bills. In addition, issues are addressed throughout these Comments that may warrant further discussion before the Mechanism is implemented.

b. Identification of Best Practices

If the selection of different inputs is not workable, RESA proposes that the Commission require NGDCs to follow a set of best practices in situations when the Mechanism does not produce an exact match and to require NGDCs to clean up their databases going forward so that first attempts are more frequently successful. At a minimum, RESA believes that each NGDC should be required to:

- Allow for the use of wildcards or incomplete submissions in some fields;
- Use drop-down boxes for street types or postal codes, if compatible with system;
- Permit NGSs to complete optional fields in the event of multiple or no hits;
- Allow NGSs to view multiple hits to determine if one is the correct account number;
- Enable NGSs to resubmit as often as necessary; and
- Provide as much information as possible regarding fields containing errors.

i. Wildcards

In considering whether NGDCs should be required to permit the use of wildcards or incomplete submissions in some fields, the Commission should reject the concerns raised by the NGDCs about the possibility of the Mechanism producing incorrect or multiple account numbers. NGSs are obligated by the Commission's regulations to safeguard the privacy of customer information¹³ and to ensure that the customer has authorized the switch.¹⁴ Indeed, in the *Final Mechanism Order*, the Commission reiterated its "zero tolerance policy for violations of customer privacy and customer information confidentiality requirements" and stressed "that any NGS who obtains, uses or discloses a customer account number without customer

¹³ 52 Pa. Code § 62.78.

¹⁴ 52 Pa. Code § 59.97.

authorization will be held responsible.” *Id.* at 21. Therefore, if the Mechanism produces incorrect or multiple account numbers due to the use of wildcards, NGSs will be obligated to review the results to determine if any of them match the customer who wishes to enroll.¹⁵ If one of them is a match, the NGS can complete the enrollment for the customer. Absent confirmation that any of the results match the customer who wishes to enroll, the NGS is not permitted under the Commission’s existing regulations to process the enrollment. As with any other Commission regulations, NGSs who fail to follow this requirement will do so at their peril.

Notably, NGSs already have access to hundreds of thousands customer account numbers through the ECL, which has not resulted in a slamming epidemic. To the contrary, RESA is not aware of any instances that have arisen where NGSs have been accused of slamming on a systemic level. Even to the extent such allegations have been lodged, RESA does not believe they have been attributed to the access that NGSs have to account numbers on the ECL. Since the possibility of the Mechanism producing incorrect or multiple account numbers was the only explanation offered by the NGDCs for not allowing the use of wildcards, the NGDCs should be required to offer them.

ii. Drop-Down Boxes

Especially if wildcards are not required or are not widely utilized, NGDCs should offer drop-down boxes, unless a technical or operational reason precludes their use. Although PECO explains that it would not be offering them because of the file-based nature of the NGS submissions, NFG again cites customer privacy issues and Columbia, Peoples and UGI either do not address this issue or do not explain why they would not be using drop-down boxes. As PGW

¹⁵ The NGS would need to compare all of the information supplied by the customer with the results generated by the Mechanism in order to eliminate any incorrect results or to confirm that the correct account number has been retrieved.

proposes to use either drop-down boxes or wildcards for street types and postal codes, other NGDCs should be required to likewise follow a similar approach. Further, any other fields that are suitable for the use of drop-down boxes should likewise be offered in that manner.

iii. Optional Fields

In addition, NGSs should have the opportunity to complete optional fields in the event of no hits or multiple hits. Columbia proposes to allow NGSs to complete optional fields in the event of multiple hits, and PECO offers this option in the event of either no hits or multiple hits. If the Mechanism produces no hits, the NGS should be able to submit a new attempt using completely different fields (without being required to use all of the original fields). If the Mechanism produces multiple hits (and lists the multiple accounts) and the NGS is unable to identify the correct account number, it should have the option to resubmit the same information along with additional information in other fields.

iv. Multiple Hits

For the reasons noted above in discussing wildcards, the Commission should require the NGDCs to furnish a list of account numbers when the query results in “multiple hits.” This would be consistent with the approach described by Peoples, who plans to return a list of potential accounts when the wildcard feature is used.¹⁶ As mentioned above, NGSs are obligated to safeguard the privacy of consumer information and are prohibited by the Commission’s regulations from switching accounts without authorization. Therefore, it would be incumbent upon NGSs receiving results containing multiple account numbers to carefully review them to determine whether one is a match and only process the enrollment if that is the case. The flexibility of being able to review multiple account numbers is particularly important if the

¹⁶ Peoples Compliance Plan at 3.

Commission decides to continue using inputs that may be difficult for NGSs to exactly match only one account number in the NGDC's database.

v. Multiple Attempts

NGSs should also be able to resubmit the information as frequently as necessary, as was proposed by PECO. While Columbia and PGW indicate that NGSs will be able to resubmit the information, and Peoples proposes to permit NGSs to resubmit "multiple times," it is not clear that these NGDCs will allow unlimited resubmissions. NFG and UGI do not address this requirement of the *Final Mechanism Order*.

vi. Error Codes

In addition, as Peoples proposes to identify the field causing the error, all NGDCs should be required to provide as much information as possible to assist an NGS in identifying the field causing the error. Although the *Final Mechanism Order* encouraged NGDCs to identify the cause of the error, Columbia, NFG and PECO do not address this feature. UGI indicates that it would not know the cause of the error and PGW states that it may not know the cause of the error, but would prompt for more information. RESA believes that all of the NGDCs should develop the Mechanism so that it is able identify the field causing the error, particularly if the margins for error are not reduced as part of this proceeding.

c. Conclusion

On the basis of the foregoing, RESA strongly urges the Commission to revisit the inputs or adopt a set of best practices that NGDCs are required to follow in order to optimize the usefulness of the Mechanism and its benefits to consumers. If the Commission does not accept either of these proposals, the Commission should, at a minimum, require each NGDC to develop the Mechanism in a way that affords maximum flexibility to make changes in the future.

B. Cost Recovery

In its *Final Mechanism Order*, the Commission expressed the view that NGDCs should be allowed to recover reasonably and prudently incurred costs associated with the design, implementation and ongoing operation and maintenance of the Mechanism. However, rather than determining a definitive, uniform cost recovery mechanism, the Commission directed the NGDCs to include in their Compliance Plans their proposed cost recovery mechanism and a reasonable explanation as to why it was chosen. In that discussion, the Commission encouraged the NGDCs to consider the possible sharing of the costs within the NGS community. *Final Mechanism Order* at 29.

1. NGDC Cost Recovery Proposals

The NGDCs' cost estimates and cost recovery proposals set forth in the Compliance Plans span a wide gamut of possibilities. With initial implementation costs ranging from less than \$5,000 to nearly \$500,000, the NGDCs also propose to recover these costs through various means, including: (i) use of an existing rider to impose on all choice-eligible customers (Columbia);¹⁷ (ii) 50% from NGSs as a one-time charge, with the remaining costs from residential and small business customers through a new rider (NFG);¹⁸ (iii) 50% through the purchase of receivables ("POR") discount and 50% through the purchased gas cost rate (PECO);¹⁹ (iv) new riders allocating costs to residential and small business customers (Peoples);²⁰ and (v) 70% through POR discount and 30% through an existing surcharge funded by all firm ratepayers (PGW).²¹ UGI does not seek cost recovery.²²

¹⁷ Columbia Compliance Plan at 6.

¹⁸ NFG Compliance Plan at 4.

¹⁹ PECO Compliance Plan at 6.

²⁰ Peoples Compliance Plan at 5.

²¹ PGW Compliance Plan at 6-7.

2. RESA Cost Recovery Proposal

RESA urges the Commission to simplify the cost recovery process by permitting NGDCs to recover costs by the NGDCs through a rider or surcharge that is assessed on all residential and small business customers.²³ This cost recovery method is appropriate since the Mechanism would be beneficial to the development of the retail natural gas supply market by easing the enrollment process, avoiding delays caused by a customer not having access to the NGDC account number and encouraging consumer participation in the retail market.

It appears from a review of the *Final Mechanism Order* that the Commission may have misunderstood RESA's position on cost recovery, which was expressed in comments filed on May 26, 2015 and mirrors the above sentiment. In the *Final Mechanism Order*, the Commission suggested that RESA did not comment on whether it is appropriate for NGSs to bear any of the costs. However, the reason for RESA's silence on that particular issue was that cost sharing with NGSs was not proposed in the *Tentative Mechanism Order* adopted on April 9, 2015. Rather, the *Tentative Mechanism Order* merely requested the parties to include in their comments proposed methods of recovery. *Id.* at 17. In response, RESA advocated for the recovery of costs by the NGDCs through a rider or surcharge that is assessed on customers and offered the rationale described above of benefiting the retail market and streamlining the enrollment process for consumers.

a. Benefits of Mechanism

Other parties commenting to the *Tentative Mechanism Order* suggested that NGSs pay or share the costs of implementation. For instance, the Office of Consumer Advocate ("OCA")

²² UGI Compliance Plan at 2.

²³ RESA believes that the NGDCs' references to "choice-eligible" customers, "all residential and small business customers," and "firm ratepayers" are describing the same classes of customers, *i.e.*, those customers who are eligible to choose an NGS as a result of Chapter 22 of the Public Utility Code, 66 Pa. C.S. Ch. 22.

submitted that the costs “appropriately rest with the NGSs doing business in each NGDC’s territory.” OCA Comments at 5. The OCA further opined that the “need for this sort of transaction arises from the NGS’s specific in-person marketing strategies and the implementation of this procedure will save NGSs from having to take further steps to locate the customer’s account number.” *Id.* Contrary to the OCA’s observations, however, the Mechanism would save consumers -- the very consumers whose interests the OCA represents -- from having to take further steps to locate their account numbers. Also, in contrast to the OCA’s contention that “these costs of doing business are appropriately borne by the NGSs themselves who seek to make use of this option when conducting marketing campaigns in public areas,” (*Id.*), the reality is that the NGSs seek to make use of this option for the convenience of customers who want to switch but do not have their account numbers readily available and desire to have the NGS to obtain it from the NGDC to process the enrollment.

Similarly, the Energy Association of Pennsylvania (“EAP”) urged the Commission to consider a cost-sharing mechanism whereby those NGSs utilizing the Mechanism would pay a portion of the costs to implement and maintain it. However, EAP’s comments also fail to recognize that the NGSs would be utilizing the Mechanism on behalf of a customer who wants to switch so that the enrollment can be processed without any further involvement or action by the customer. Without the Mechanism, it is likely that the customer will end up staying with the NGDC rather than taking the extra steps of following up at a later time to provide the NGS the account number.

It is noteworthy that regardless of whether the NGDC recovers all of the costs from the customers or recovers some of the costs from the customers and the remaining costs from NGSs through one-time fees or POR discounts, the consumers will pay. As a general business

proposition, if NGSs are required to pay for the Mechanism that allows consumers to switch to NGSs without their multi-digit utility account number -- to save money, pay stabilized prices and/or receive innovative product offerings or value-added services, NGSs will need to recover those costs as well. Businesses cannot remain viable by paying costs that they do not recover, which the Commission implicitly recognized in noting that NGDCs should fully recover reasonably and prudently incurred costs. *Final Mechanism Order* at 29. Since NGDCs can fully recover their costs from all residential and small business customers through riders or surcharges, as Peoples and Columbia have proposed, no reason exists for requiring NGSs to also recover their costs from this same customer base.

b. Inconsistent Recovery Methods

Even aside from these compelling policy reasons to recover costs through a surcharge that is imposed on all residential and small business customers, adoption of the NGDC's proposals would result in five different cost recovery methods for five different NGDCs. This outcome would make it administratively burdensome for the NGSs operating in several territories throughout Pennsylvania, as well as staff and public advocates who must monitor such cost recovery mechanisms.

Also, it is unclear how NFG would recover 50% of the costs from NGSs as a one-time charge -- would it recover only from currently active NGSs or NGS presently using the Mechanism, or would it recover once from each NGS who ever uses the Mechanism? Additionally, the proposals to recover a portion of the costs through a POR discount would result in all NGSs paying for the Mechanism, while only a small portion of NGSs may use it, especially if its use continues to be limited to sales in public venues. In addition, PECO's proposes to recover a portion of the costs through the purchased gas cost ("PGC") rate. While

that approach might be appealing initially since it would increase the PGC rate, making it easier for NGS to compete, it is proposed as a one-year increase, which would mean consumers who switch to NGSs while the PGC rate is higher may be surprised a year later if their savings is no longer being realized.

C. All Types of Sales

The Mechanism should be available for all types of sales, including enrollments at public events, enrollments through telephone and online means, and enrollments at homes or businesses. NGSs have found that modern consumers expect the enrollment process to be simple and seamless, similar to other transactions they make in their daily lives -- so many of which are electronic and instantaneous. For example, consumers who are accustomed to being able to transfer funds from one banking account to another through a few clicks on their mobile device, arrange transportation by opening an application on their smartphone, and watch movies on demand are frustrated when they are asked to produce an account number from their utility bill before they can switch to an NGS. Most consumers have not memorized their multi-digit utility account number or carry it in their wallet.

Regardless of where a consumer is -- whether it is a public event, at work, at home, or on the train -- gaining access to their account numbers is often cumbersome and time-consuming, if not impossible. For instance, a customer may receive direct mail at home and then opt to follow up with the NGS while commuting to work or watching his daughter's sporting event. The customer may take the brochure along but not have the utility bill with the account number. Alternatively, a customer may hear an advertisement while running weekend errands and elect to contact the NGS from a coffee shop while the utility bill is at home. Or a customer may shop online for natural gas supply at an airport while his flight is delayed, but will then not be able to

consummate the sales transaction without the utility account number. Countless other similar scenarios exist or will evolve as the natural gas supply market grows and thrives.

A customer in any of these scenarios would be in the same situation as a person attending a public event. The customer wants to switch to the NGS and desires to have the NGS to do the heavy lifting of obtaining the account number in order to complete the transaction. In the same way as has occurred with customers trying to enroll with competitive suppliers in public venues, a two-step process that requires the customer to follow up at a later time with the NGS is likely to be viewed as an overly burdensome hurdle. Indeed, merely the need to interrupt the sales transaction for the consumer to retrieve the account number often abruptly ends the possible enrollment. Even when the sale is occurring at home, customers may not know where their utility bill is or may simply not want to be bothered to leave the door or the telephone to go in search of it. Inconveniencing the customer or delaying the transaction, or worse, ending the transaction without a sale, creates a customer who is frustrated with a market that does not allow him to immediately enroll with his chosen EGS. As a result, the consumer loses out on the benefits of shopping and is deprived of lower prices, more stable prices and/or access to innovative product offerings and other value-added services.

In the *Final Mechanism Order*, the Commission rejected RESA's proposal to permit the use of the Mechanism regardless of the setting because, relying in part on comments from the OCA, the "Commission strongly encourages suppliers utilizing marketing avenues that make customers comfortable with the competitive marketplace." *Id.* at 19. While the Commission may believe that customers feel more comfortable shopping for energy in malls, fairs and trade shows, it should not encourage one form of marketing over another in a deregulated retail energy environment. Further, it should be the consumers who decide how and where they want to shop

for energy. It is not up to the Commission or the OCA to make narrow assumptions regarding how and where consumers feel most comfortable shopping for competitive supply.

Many consumers, including senior citizens, may not frequent public places due to difficulties with getting around. Also, consumers are increasingly shopping for products online, thereby reducing their trips to the malls. Other consumers may have no interest in interrupting their rushed visit to a mall or their entertaining visit to a fair to shop for energy. In short, the natural gas choice program in Pennsylvania is about giving consumers a choice, and that choice should include not only who supplies their natural gas, but also how they enroll, where they enroll and whether they may choose to authorize the NGS to obtain their account number rather than hunting it down themselves.

The Commission has described the account number access mechanism as a “fairly simple and reasonable way to encourage customers to shop for their gas supply.” *Tentative Mechanism Order* at 10-11. This characterization of the Mechanism is applicable regardless of the sales venue in which it is used. Moreover, with the robust consumer protections that the Commission has proposed to ensure that customers are authorizing the NGS to obtain the account number from the NGDC, the venue for the sale should not be a limitation on whether the mechanism may be used. The consumer protections proposed by the Commission include the use of a password-protected secure portal, a letter of authorization, customer photo identification, and a process to ensure accuracy of matches. By proposing the implementation of all these steps, the Commission has gone to great lengths to adequately protect consumers to ensure that the mechanism is used only if consumers authorize its use by their selected NGS and that the mechanism works as it is intended. Having all of these measures in place provides a framework for effectively and efficiently using the mechanism in *any* sales venue.

Also, the use of the tool by NGSs once it has been developed by NGDCs would be more robust if it could be used for any type of sale. Expanded use of the mechanism would allow the benefits of simpler and streamlined enrollments to flow to all customers, thereby promoting greater participation in the natural gas retail market, and would more easily justify the costs incurred in its development. In addition, as the Commission has observed, given the lagging nature of natural gas competition in Pennsylvania, a tool that eases the process for consumers to enroll with an NGS is critical in the natural gas market. *Final Mechanism Order* at 6.

D. On ECL

In the *Final Mechanism Order*, the Commission indicated that NGSs should first utilize the ECL to obtain account numbers, explaining that the Mechanism is intended to be used only in those situations where a customer has opted out of including any or all of their information on the ECL. *Id.* at 20. However, the Commission also noted that if NGDCs provide “On ECL” as a response to a query, the NGDCs should also provide the account number “to make the process quicker and easier for the customer involved.” *Id.* at 24.

Rather than limiting its use to those situations when the customer is not on the ECL, RESA strongly encourages the Commission to allow NGSs to freely utilize the Mechanism in any scenario where the customer desires to enroll and authorizes the NGS to obtain his account number from the NGDC. The discussion above regarding its availability during all types of sales transactions is equally applicable here. No valid reason exists for requiring the consumer to await enrollment until the NGS has reviewed the ECL, which was originally established for completely different reasons. Specifically, the ECL’s original purpose was to place energy suppliers on a level playing field with distribution companies in terms of access to consumer information. Such access eases the marketing efforts of NGSs and allows them to develop offers

specifically tailored to address individual customers' circumstances regarding energy usage. *See Interim Guidelines for Natural Gas Distribution Company Eligible Customer Lists*, Docket No. M-2012-2324075 (Order adopted September 23, 2013).

It is simply inefficient for an NGS to halt the sales transaction to review the ECL, when the account number is readily available through the Mechanism by inputting information that the customer can easily provide to the NGS. Particularly with the costs of implementing the Mechanism, it makes practical sense to have it used as frequently as possible to assist customers with switching suppliers. At no time has the Commission or any interested party identified a drawback to having the Mechanism more broadly available, irrespective of whether the customer is on the ECL. Rather, that limitation appears to simply be a remnant of the original concept that led to the development of an account number look-up tool in the electric industry. *See EDC Customer Account Number Access Mechanism for EGSs*, Docket No. M-2013-2355751 (Order entered July 17, 2013).

Limiting use of the Mechanism for customers who are not on the ECL, especially when the Commission has said that the account number should be provided even if the customer is on the ECL, also presents unnecessary monitoring and potential enforcement issues. For instance, in the *Final Mechanism Order*, the Commission observed that EGSs “may not be reviewing the utilities’ ECLs before using the mechanism.” *Id.* at 25. Therefore, the Commission reminded all suppliers to review a utility’s ECL before querying the tool, and stated that it would “continue to monitor this issue to ensure that the mechanisms are being used in the manner intended.” *Id.* Given the vast array of consumer protection regulations that the Commission is charged with enforcing, including rules governing unauthorized switching, providing disclosure statements, and marketing activities of NGSs, devoting limited resources to monitoring NGSs’ use of the

Mechanism to ensure that it is only used for customers who are not on the ECL may interfere with enforcement of consumer protection regulations or with implementing retail market enhancements.

E. Individual NGDC Compliance Plans

If the Commission declines to accept RESA's proposals to select a different set of inputs that reduces the margin of error or adopt a set of best practices governing the outputs produced by the Mechanism, the Commission should direct each NGDC to, at a minimum, modify their Compliance Plans to comply with all aspects of the *Final Mechanism Order*.²⁴ In this portion of the Comments, RESA identifies instances in which individual NGDCs' Compliance Plans depart from the Commission's directives. These departures generally fall into the categories of the *Final Mechanism Order*'s instructions which: (i) encourage the use of wildcards or drop-down boxes, or provide an explanation if these features are not offered;²⁵ (ii) urge the identification of an error or field causing an error;²⁶ (iii) require NGDCs to permit NGSs to resubmit information when an account number is not returned;²⁷ (iv) address the drop-down box for the type of photo identification;²⁸ and (v) provide for producing the account number even if the customer is on the ECL.²⁹

Columbia - With respect to Columbia's Compliance Plan, it does not address the use of drop-down boxes, which may not carry the same risks identified by Columbia concerning wildcards. Columbia's Compliance Plan is also silent on whether it will identify an error code or

²⁴ RESA recognizes that the Commission is free to informally address some or all of these issues with the NGDCs. Also, RESA suggests that if a stakeholder meeting is held to discuss the use of different inputs or the development of best practices to produce more reliable outputs, topics such as the use of drop-down boxes and the inclusion of error codes could be included on the agenda for purposes of gathering additional information.

²⁵ *Final Mechanism Order* at 12.

²⁶ *Final Mechanism Order* at 24.

²⁷ *Final Mechanism Order* at 24.

²⁸ *Final Mechanism Order* at 17.

²⁹ *Final Mechanism Order* at 24.

the field causing the error. RESA believes that these omissions are largely offset by Columbia's proposal to include optional fields for an NGS who receives multiple hits. However, since Columbia does not propose to include optional fields for an NGS who receives no hits, it should be required to address the use of error codes in those situations; also, the use of drop-down boxes may reduce the instances of no hits. Additionally, Columbia's Compliance Plan does not address the Commission's directive to provide the account number even if the customer is on the ECL. If the Commission approves Columbia's Compliance Plan, without further discussion with the stakeholders, it should require modifications to address the use of drop-down boxes and the identification of error codes or the field causing the error, and to provide the account number even if the customer is on the ECL.

NFG - As to NFG's Compliance Plan, it indicates that it will only provide an indication of whether the account number is on the ECL. Additionally, NFG fails to note that it will produce outputs referred to in the *Final Mechanism Order* as "No Hits" or "Multiple Hits." Rather, it simply states that it will provide either the account number or an "On ECL" response. NFG's Compliance Plan also does not address whether error codes will be provided to the NGS or whether an NGS will be able to make multiple attempts to retrieve the account number through the Mechanism. In the event that the Commission approves NFG's Compliance Plan, it should require NFG to make modifications to address the use of drop-down boxes and the identification of error codes or the field causing the error; produce all of the outputs mandated by the *Final Mechanism Order*; provide the account number even if the customer is on the ECL; and permit the NGS to resubmit information.

PECO - Regarding PECO's Compliance Plan, it does not address the use of error codes. However, PECO's proposal to include optional fields in the event of multiple or no hits largely

offsets this omission. While the Commission's *Final Mechanism Order* did not require the use of optional fields, PECO should be required to offer specific fields for this purpose since it does not plan to use wildcards or drop-down boxes. In particular, RESA recommends that the Commission direct PECO to modify its Compliance Plan to specify certain fields, such as the optional fields proposed by Columbia -- the telephone number, city and last four digits of the social security number.

Peoples - Although Peoples' Compliance Plan does not address the use of drop-down boxes, Peoples would not require the street type to be included in the service street address and would also allow the use of a wildcard for the first name. In addition, Peoples plans to identify the field causing the error and will permit NGSs to submit the request multiple times. Therefore, RESA believes that Peoples' Compliance Plan sufficiently addresses the requirements of the *Final Mechanism Order*, except that it is silent on whether Peoples will provide the account number even if the customer is on the ECL and should be modified to address that omission.

PGW - PGW's Compliance Plan provides that it will use either drop-down boxes or wildcards for street type and/or postal code. While RESA appreciates PGW's willingness to offer these tools, the Commission should direct PGW to more fully explore the use of wildcards or drop-down boxes for other fields.

UGI - Regarding UGI's Compliance Plan, it is silent on the use of wildcards and drop-down boxes, multiple attempts by the NGS, and provision of the account number for a customer on the ECL. Also, UGI inappropriately proposes a requirement for the NGS to include the name on the photo identification provided by the customer as part of the query. The Commission only required the NGS to provide the type of photo identification. If the Commission approves this

plan, it should require modifications necessary to address these shortcomings and mandates required by the *Final Mechanism Order*.

III. CONCLUSION

Based on the foregoing, the Retail Energy Supply Association respectfully requests that the Commission: (i) convene a stakeholder meeting for the purpose of exploring the possibility of changing the inputs that are required for the account number access mechanism or define a set of best practices governing output so as to reduce the margin for error and produce the most reliable and robust results; (ii) allow the natural gas distribution companies to recover the costs of implementation from all residential and small business customers with a uniform industry-wide cost recovery mechanism; (iii) declare that the account number access mechanism may be used for all types of sales; (iv) eliminate the requirement for natural gas suppliers to review the eligible customer list prior to using the account number access mechanism; and (v) at a minimum, require each natural gas distribution company's Compliance Plan to contain all of the components required by the Commission.

Respectfully submitted,

Dated: February 8, 2016



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APPENDIX A

Account Number Access Mechanism – PUC Requirements and NGDC Compliance Plans

	PUC	Columbia	NFG	PECO	Peoples	PGW	UGI
Portal	Passcode-protected website portal	Will develop secure portal on existing NGS website	Will develop secure website portal	Will enhance existing NGS secure website - SUCCESS	Will extend Supplier Portal Platform to include secure website portal	Will develop secure mechanism as part of existing Choice Portal	Will use secure section on existing website - Choice
Inputs	Full name; Service street add; Postal code	Full name; Service street address; Postal code	Full name; Service street address Postal code	Full name; Service street address Postal code	Full name; Service street add (street type not required); Postal code	Full name; Service street address; Postal code	Full name; Service street address; Postal code
Wildcards	Encouraged, with reasons given if not included	No, due to risk of incorrect Acct # (see Optional Fields below)	No, due to risk of incorrect Acct #	No, due to risk of incorrect Acct # (see Optional Fields below)	Wildcard for first name or small business name (in event of no hits)	Drop-down boxes or wildcards for street type &/or postal cd	Plan does not address
Drop-down boxes	Encouraged, with reasons given if not included	Plan does not address	No, due to risk of incorrect Acct #	No, because of file-based nature of submissions	Plan does not address	Drop-down boxes or wildcards for street type &/or postal cd	Plan does not address
Outputs	At a minimum: Acct # No Hit Multiple Hits	Acct # No Hit Multiple Hits Ineligible Acct	Acct # On ECL	Acct # No Hit Multiple Hits Invalid Req. Missing Data On ECL	Acct # No Hit Multiple Hits Restricted Acct Invalid Request Missing Data	Acct # No Hit Multiple Hits On ECL	Acct # No Hit Multiple Hits Restr. Acct

	PUC	Columbia	NFG	PECO	Peoples	PGW	UGI
Error Codes	Encouraged to identify error/field	Plan does not address	Plan does not address	Plan does not address	Will identify field causing error	May not know field causing error, but will prompt for more info	Will not know cause of error
Optional Fields	N/A	Will include optional fields in event of multiple hits (i.e. phone #, city, state, last four of SSN)	N/A	Will include optional fields in event of multiple or no hits	N/A	N/A	N/A
Multiple Attempts	NGS must be able to resubmit	NGS will be able to resubmit	Plan does not address	NGS may resubmit as often as necessary	NGS may resubmit multiple times	NGS may resubmit	Plan does not address
LOA/Photo ID/Public Venue	NGS attest to obtaining LOA, photo ID (and type) and public venue sale	Check boxes included	Check boxes included (and drop down for type of photo ID)	Check boxes included (and drop down for type of photo ID)	Check boxes included (and drop down for type of photo ID)	Check boxes included (and drop down for type of photo ID)	Check boxes included (and drop down for type of photo ID) + name on photo ID
ECL	NGS must check ECL; however, NGDC should still provide Acct #	Plan does not address	Will provide indication of whether Acct # is on ECL	Will provide Acct # along with "On ECL"	Plan does not address	Will provide Acct # along with "On ECL"	Plan does not address

	PUC	Columbia	NFG	PECO	Peoples	PGW	UGI
Costs	Noted estimates ranging from \$10,000 to \$400,000	\$375,000-487,000 + ongoing costs of \$1,840-2,760	\$50,000; No estimate of ongoing, but not substantial	\$400,000 + ongoing costs of \$10,000	\$85,000 + ongoing costs of \$10,000	\$60,000 + ongoing costs of \$12,500	\$4,800
Cost Recovery	Did not establish uniform cost recovery mechanism; encouraged sharing with NGSs	Rider Customer Choice (all Choice eligible customers)	50% from NGSs as one-time charge; remaining costs from residential and small business through new rider	50% through POR discount and 50% through PGC	New rider allocating costs to residential and small business customers	70% through POR discount and 30% through Consumer Ed Surcharge (all firm customers)	No cost recovery requested
Timeline	August 31, 2016	August 31, 2016	January 2, 2017 (due to new billing system)	August 31, 2016	August 31, 2016	August 31, 2016 (needs 5½ months after Final Order)	August 31, 2016