

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Natural Gas Distribution Company Customer
Account Number Access Mechanism for
Natural Gas Suppliers

Docket No. M-2015-2468991

**REVISED COMPLIANCE PLAN OF
PHILADELPHIA GAS WORKS
REGARDING THE DEVELOPMENT OF
AN ACCOUNT NUMBER ACCESS MECHANISM**

I. INTRODUCTION

On July 8, 2015, the Pennsylvania Public Utility Commission (“Commission”) issued its Final Order (“July 8, 2015 Order”) in the above-captioned proceeding setting forth procedures to facilitate natural gas suppliers’ (“NGS”) access to natural gas distribution company (“NGDC”) customer account numbers when the account number is not available from either the customer or an existing Eligible Customer List (“ECL”). In its July 8, 2015 Order, the Commission directed all NGDCs to submit, within six (6) months of the entry date of the July 8, 2015 Order, compliance plans outlining the NGDC’s account number access mechanism. Philadelphia Gas Works (“PGW”) submitted its Compliance Plan on January 8, 2016 pursuant to the Commission’s July 8, 2015 Order.

On August 8, 2016, the Commission issued an Order (“August 8, 2016 Order”) rejecting PGW’s account number access mechanism compliance plan and directing PGW to submit a revised compliance plan. In its August 8, 2016 Order, the Commission concluded that PGW’s initial compliance plan did not include a reasonable and effective cost recovery mechanism. August 8, 2016 Order at 25. More specifically, the Commission found that PGW’s proposal to recover 70% of the plan’s costs from NGSs through a Purchase of Receivables (“POR”) discount

and 30% from a surcharge funded by all firm ratepayers was not acceptable. The Commission reasoned that PGW would not be able to recover its anticipated costs without raising POR discount rates to levels that could threaten the viability of the POR program. *Id.* at 24. The Commission directed PGW to propose a cost recovery mechanism that is “less reliant on POR” or “an entirely different method of cost recovery.” *Id.* It appears that this is the only aspect of PGW’s proposed Compliance Plan which was not accepted by the Commission. Pursuant to the Commission’s August 8, 2016 Order, PGW respectfully submits this Revised Compliance Plan to address the Commission’s concerns regarding cost recovery. PGW is proposing to recover all its costs to implement its account number access mechanism through the existing Restructuring and Consumer Education Surcharge funded by all PGW firm ratepayers.¹ All other components of the initial Compliance Plan were acceptable to the Commission, and they remain the same.

II. REVISED COMPLIANCE PLAN

A. Website Portal

In its July 8, 2015 Order, the Commission directed NGDCs to develop an account number access mechanism within their existing web portals which require the input of a username and password to be accessed by an NGS. July 8, 2015 Order at 9.

In compliance, PGW is developing a secure account number and service point ID² (collectively “account number”) access mechanism (“mechanism”) as a part of its existing Choice Portal for account numbers of firm residential and small business customers.³ Access to

¹ PGW Gas Service Tariff, Pa. PUC No. 2, Page No. 79.

² A customer’s service point ID is required for enrollment in PGW’s choice program.

³ As used herein, small business customers will include Rate GS commercial and industrial customers eligible for PGW’s purchase of receivable and consolidated billing program (i.e. as currently approved, this includes such customers using no more than 5,000 Mcf per year). POR Settlement (“POR Settlement”) at 15, fn. 20 (approved by Commission Order dated Feb. 20, 2014 at Docket Nos. R-2008-2073938 and R-2009-2139884).

the Choice Portal requires NGSs and their representatives to undergo a username and password verification process.

In its August 8, 2016 Order, the Commission found that “the enhancement of PGW’s existing Choice Portal for the account number access mechanism is appropriate and will provide adequate customer information safeguards. This will allow for easier implementation while maintaining necessary customer protections.” August 8, 2016 Order at 22. Based on the August 8, 2016 Order, it appears the Commission approves of PGW’s Choice Portal enhancements.

B. Customer Information Inputs

The Commission ordered that NGDCs, in developing their account number access mechanisms, include fields for the input of a customer’s full name, service street address and postal code. July 8, 2015 Order at 11. The Commission did not require wildcard and/or drop-down boxes, but encouraged NGDCs to review these options while maintaining consumer privacy protections. *Id.* at 11-12.

PGW’s mechanism will contain the required input fields: the customer’s full name, the service street address, and the five-digit postal code. PGW expects to be able to add additional input field functionality, such as drop-down boxes or wildcards, strictly for street type and/or postal codes. However, no other drop-downs or wildcards are being considered at this time due to concerns about the possible effects on customer privacy and protections. Including this drop-down or wildcard functionality for a customer’s name or street address may increase the risk of false returns, or increase the likelihood that the mechanism would provide an account number for a different customer. Additionally, this functionality could lead to additional “multiple hits” errors by widening the field of potential customers that could meet the input data criteria.

In its August 8, 2016 Order, the Commission agreed with PGW's proposal to allow for the addition of wildcards and drop-down boxes for street type and/or postal codes only. August 8, 2016 Order at 23.

Some input fields that may be utilized by other EDCs or NGDCs are not needed for PGW because of the design of PGW's Choice Portal. A field for the NGS salesperson to enter initials is not needed because the PGW Choice Portal, within which the Account Number Access Mechanism will be housed, has established log-in security and access documentation protocols. In addition, PGW believes it is unnecessary to include a verification screen to summarize and display all customer data entered prior to launching the actual search since suppliers can re-enter information if a search does not produce a result. Based on the August 8, 2016 Order, it appears the Commission approves of PGW's customer information input proposal.

C. Consumer Protections

In its July 8, 2015 Order, the Commission directed NGDCs to include an area in the mechanism in which an NGS can attest to the receipt of a signed Letter of Authorization ("LOA"). July 8, 2015 Order at 14. The Commission also required that the NGDC web portal provide for a field where NGSs can document that a valid form of identification was provided by the customer. *Id.* at 17. A drop-down box, check box or input field can be used to allow the NGS to specify the type of identification presented by the customer. *Id.* The July 8, 2015 Order requires NGDCs to include in their mechanisms an area where the NGS can attest that the enrollment occurred in a public venue. *Id.* at 20.

PGW's proposed mechanism complies with the consumer protection provisions set forth in the July 8, 2015 Order. The mechanism will require that a box be checked to confirm the

receipt of an LOA signed by the customer and that the customer has provided a government-issued photo identification or an alternative form of ID. A drop-down box will be used by the NGS to select the type of identification presented by the customer. The options under the drop-down box will be “driver’s license or Commonwealth issued identification card,” “passport” and “other.” If “other” is selected, the NGS will be required to manually enter the alternate identification used by the customer. Finally, a checkbox will be used to allow the NGS to attest that the enrollment occurred in a public venue. These attestations will need to be made before the NGS representative has access to the account number. Once the information has been entered into the web portal, the NGS representative will click on a “submit” button to continue the account number access process.

It appears in its August 8, 2016 Order that the Commission agreed with PGW’s proposal.

D. Mechanism Outputs

The Commission’s July 8, 2015 Order requires a minimum of three (3) outputs from the account number access mechanism: the customer’s account number, “NO HIT” or “MULTIPLE HITS.” NGDCs have the option of including additional outputs in the mechanism. July 8, 2015 Order at 24.

The mechanism proposed by PGW will produce one of the three (3) required outputs: account number, “NO HIT” or “MULTIPLE HITS” depending upon the inputted data and matches with PGW records. If an NGS receives either “NO HITS” or “MULTIPLE HITS,” the NGS representative will be able to resubmit the request for the same customer with corrected information.

Input fields must be an exact one-to-one match with PGW data in order for the mechanism to provide a successful response. A “NO HIT” output will be returned in the event there are no accounts matching the inputs submitted by the NGS. A “MULTIPLE HITS” output will be returned in the event of multiple matching accounts for the submitted inputs. The customer account number will be returned where all the required inputs are provided and a single matching account matches PGW data.

PGW expects to be able to include additional outputs to its account number access mechanism. In the event of a “NO HIT” or “MULTIPLE HITS” output, PGW expects to return a message asking the NGS to consider the inclusion of an apartment number, or to review data inputs for spelling errors. PGW does not intend to identify the fields that may be causing the failures because the Company may not be able to identify who might be the correct customer without correct and complete customer information. In addition, PGW expects to be able to include additional outputs such as, “MISSING DATA” in the event of missing input fields, and “INVALID REQUEST” in the event of incorrect formatting or a request associated with an ineligible customer (not a residential or small commercial customer). Finally, PGW expects to be able to include the output “ON ECL” to alert NGSs that the customer information requested is on the Eligible Customer List maintained by PGW for use by NGSs. For the “ON ECL” customers, the supplier will still be provided with the account number even though the customer is included in the ECL.

In its August 8, 2016 Order, the Commission agreed with PGW’s proposed additional outputs and expressed confidence that the information provided would help NGSs clarify the data entered, resulting in an affirmative match. August 8, 2016 Order at 23-24. The

Commission also agreed with PGW's messaging regarding the inclusion of an apartment number or checking for spelling errors. *Id.* at 23.

E. Record Retention

In its July 8, 2015 Order, the Commission requires NGDCs to retain, for a period of at least three (3) years, the following information: (1) when the mechanism was accessed, (2) the entity accessing the system; (3) the output of the access attempt, and (4) the data provided. July 8, 2015 Order at 21.

PGW's account number access mechanism will have a record-keeping component that is fully compliant with the Commission's July 8, 2015 Order. The mechanism will be designed to maintain information such as when the mechanism was accessed, the entity accessing the system and the output of any access attempt, including the data provided. This information will be retained by PGW for a minimum period of three (3) years from date of entry, as required by the Commission's July 8, 2015 Order. It appears in its August 8, 2016 Order that the Commission has agreed with PGW's proposal.

F. Cost Recovery

The Commission's July 8, 2015 Order directs NGDCs to provide updated cost estimates for the implementation of the account number access mechanism, as well as an estimate of ongoing operation and maintenance ("O&M") costs. July 8, 2015 Order at 28-29. In addition, the Commission required that NGDCs include in their compliance plans a proposed cost recovery mechanism along with an explanation for the chosen recovery mechanism. July 8, 2015 Order at 29.

PGW's updated cost estimate for the design and implementation of its account number access mechanism is approximately \$60,000. The costs associated with ongoing operation and maintenance, including the updating and storage of ongoing data, are estimated to be \$12,500 per year.

In its initial Compliance Plan, PGW proposed to implement a cost-sharing methodology that would divide the costs between PGW ratepayers and NGSs. PGW proposed that 70% of costs be recovered through an administrative discount on the POR.⁴ The remaining 30% of costs would have been recovered through the existing Restructuring and Consumer Education Surcharge funded by all PGW firm ratepayers.

In its August 8, 2016 Order, the Commission rejected PGW's cost recovery mechanism and directed PGW to submit a revised compliance plan that includes a cost recovery mechanism that is "less reliant on POR" or to propose "an entirely different method of cost recovery." August 8, 2016 Order at 24.⁵

In response to the August 8, 2016 Order and the concerns expressed therein, PGW proposes to recover all costs associated with implementation and ongoing use of its account number access mechanism through PGW's existing Restructuring and Consumer Education Surcharge charged to all firm ratepayers. The proposal to recover 100% of costs through this surcharge is consistent with the Commission's directive to PGW to offer a cost recovery mechanism that is less reliant on PGW's POR, given the Commission's expressed concerns regarding PGW's "nascent POR program and the current low levels of residential and

⁴ Pursuant to the POR Settlement, the incremental costs associated with PGW's implementation of its POR and consolidated billing program are recoverable through an administrative discount on the accounts receivables purchased by PGW. POR Settlement at 8-9.

⁵ Again, this appears to be the only component of PGW's Plan with which the Commission took issue.

commercial shopping.”⁶ PGW intends to rely fully on the surcharge and to eliminate any reliance on the POR administrative discount as a methodology for recovering applicable costs. This proposal is also consistent with the Commission’s alternative directive that PGW employ an entirely different method of cost recovery because PGW is no longer proposing a cost-sharing mechanism between NGSs and firm customers.⁷ Furthermore, the Commission has approved similar cost recovery mechanisms for other gas utilities as reasonable.⁸ For these reasons, PGW respectfully requests that the Commission approve all implementation and ongoing operation and maintenance cost recovery for PGW’s account access number mechanism through the Restructuring and Consumer Education Surcharge.⁹

G. Timeline

Pursuant to the Commission’s July 8, 2015 Order, NGDCs are required to design and implement the account number access mechanism to be in place and operational no later than August 31, 2016. July 8, 2015 Order at 30.

In its initial Compliance Plan, PGW proposed an implementation date of August 31, 2016, and requested additional time if the timing of the plan implementation was affected by significant modifications.

⁶ August 8, 2016 Order, page 24.

⁷ PGW continues to believe that a sharing of costs between NGSs and firm customers would not have had a significant negative impact on the Company’s POR program given the administrative discount’s flat two percent design, and the size of the implementation and operation and maintenance costs. However, PGW appreciates the Commission’s concerns regarding its originally proposed cost recovery mechanism and therefore has proposed a mechanism that addresses those concerns and supports PGW’s new POR program.

⁸ See Order entered June 30, 2016 for Peoples Natural Gas Company, LLC; Peoples Natural Gas Company LLC-Equitable Division; and Peoples TWP LLC, page 24 (“Peoples proposes the recovery of its costs . . . through the use of new riders applicable to all residential and small business customers. The Commission approves Peoples’ proposed cost recovery methodology as being reasonable.”); Order entered June 30, 2016 for Columbia Gas of Pennsylvania, Inc., page 25 (“Columbia proposes the recovery of its costs . . . through the use of its existing Rider CC, billed to all Choice eligible customers. The Commission approves Columbia’s proposed cost recovery methodology as being reasonable.”)

⁹ PGW has included proposed Tariff language as Attachment A to this Revised Compliance Plan.

In its August 8, 2016 Order, the Commission acknowledged that a deadline of August 31, 2016 would be impossible to meet and directed PGW to propose a new timeframe that would have the account number access mechanism in place and operational by December 31, 2016. August 8, 2016 Order at 24. The August 8, 2016 Order also granted interested parties the opportunity to submit comments to the Commission on PGW's Revised Compliance Plan twenty (20) days from its filing.

PGW will have its account number access mechanism in place and operational by, at the latest, December 31, 2016, assuming that the Revised Compliance Plan is accepted as proposed herein without significant systematic modifications that would require labor-intensive adjustments; it is not expected that any modification to the cost recovery mechanism as proposed herein would impact the implementation deadline of December 31, 2016. PGW will provide informal notice to the Office of Competitive Market Oversight ("OCMO") when the Revised Compliance Plan is implemented.

III. CONCLUSION

PGW respectfully submits the Revised Compliance Plan outlined above pursuant to the Commission's Orders of July 8, 2015 and August 8, 2016. PGW request that the Commission review and approve the Company's Revised Compliance Plan with regard to the development of an account number access mechanism as it is reasonable and fully consistent with the terms and directives of the Commission's Orders.

Respectfully submitted,

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ATTACHMENT A

RESTRUCTURING AND CONSUMER EDUCATION SURCHARGE

Non-Gas restructuring and consumer education costs, including the costs arising from implementation and administration of the Account Number Access Mechanism as specified in the Commission's Final Order entered on [Date], 2016, in Docket No. M-2015-2468991, will be recovered by a Restructuring and Consumer Education Surcharge applicable to all volumes of Gas delivered. (C)

1. Computation of the Restructuring and Consumer Education Surcharge factors will be in accordance with the automatic adjustment procedures utilized under Section 1307 of the Public Utility Code and will be filed and approved in conjunction with the Company's annual Section 1307(f)-GCR filing.
2. Restructuring and Consumer Education costs recovered through the Surcharge mechanism are the Commission approved costs which the Company has or will incur to meet the requirements of the Natural Choice and Competition Act and applicable Commission regulations, orders and other regulatory requirements, other than those costs pertaining to universal service and energy conservation programs.
3. Once the surcharge is in place, PGW shall file reconciliation statements quarterly and shall submit a claim for over/under recovery on an annual basis, at the same time it submits its projected Restructuring costs and Restructuring Surcharge claim for the next year; provided however, that if a project for which costs were included in the Restructuring Surcharge is cancelled or delayed beyond the year in which the cost was originally scheduled to be incurred, the Company will withdraw the projected costs of that project from the Restructuring Surcharge in its next quarterly update. No interest will be included in such surcharge computations. The basic component of the surcharge will be determined by dividing the restructuring and consumer education costs approved for annual recovery by the estimated applicable throughput in Mcf.
4. The Restructuring and Consumer Education Surcharge shall remain in effect until restructuring and consumer education costs have been collected or as otherwise directed by the Commission.
5. The Restructuring and Consumer Education Surcharge is effective on and after September 1, 2008.

Current Restructuring and Consumer Education Surcharge = \$0.00100/Ccf

(C) - Change