



National Fuel

October 16, 2017

VIA ELECTRONIC FILING

Ms. Rosemary Chiavetta
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Review of Universal Service and Energy Conservation Programs
Docket No. M-2017-2596907

Dear Secretary Chiavetta:

Enclosed please find a copy of National Fuel Gas Distribution Corporation's Reply Comments in the above-reference matter.

If you should have any questions or concerns, please contact me at (814) 871-8035.

Very truly yours,

Maureen G. Krowicki

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Review of Universal Service and Energy Conservation Programs :
: **COMMENTS**
:
:
:
: **Docket Number: M-2017-2596907**
:

**REPLY COMMENTS OF
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
OCTOBER 16, 2017**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. Introduction.

On May 10, 2017 the Pennsylvania Public Utility Commission (the “Commission”) issued an Opinion and Order initiating a comprehensive review of the entire Universal Service and Energy Conservation model. In its Opinion and Order, the Commission invited interested parties to submit comments at this docket within ninety (90) days of the entry date of this Opinion and Order, on August 8, 2017. National Fuel Gas Distribution Corporation (“National Fuel”, “Distribution” or “the Company”) submitted its initial comments on August 8, 2017, and National Fuel hereby incorporates that filing by reference.

Following the submission of Comments on this docket, National Fuel participated in the Commission-convened stakeholder meeting conducted by BCS on September 13 and 14, 2017. National Fuel appreciated the opportunity to discuss the issues with other stakeholders and

remains committed to providing services to special needs customers, including low income and the elderly.

National Fuel now submits the following Reply Comments to address issues raised in the comments of other stakeholders as well as at the stakeholder meetings. National Fuel is an active member of the Energy Association of Pennsylvania (“EAP”) and supports the reply comments filed by the EAP. National Fuel’s Reply Comments will refrain from repeating the comments reflected in the EAP reply, however, it will provide some specific insights regarding the National Fuel service territory in northwest Pennsylvania.

II. Comments

As an overarching theme, National Fuel wants to reiterate its commitment to providing support to all of the low-income customers who struggle to make payments and need support. National Fuel believes it has developed a variety of programs that effectively and efficiently provide various recourses for its customers in need. National Fuel has developed programs and strategies that are tailored to assist its low-income customer base without being unduly burdensome on the remainder of its ratepayers.

While National Fuel strongly believes in these programs, the company would like to emphasize that flexibility for each utility is crucial. No single policy or program design would be as efficient as the current programs each utility has developed. There are numerous factors that impact universal service programs and utilities have worked diligently with stakeholders throughout the triennial Universal Service and Energy Conservation Plan (USECP) approval process, and throughout various meetings, to develop programs that fit the needs of their

customers in their service territories. Flexibility is essential to ensure that universal services programs remain an effective recourse for customers in need.

While National Fuel remains committed to providing support for its customers in need, it is important to realize that National Fuel, as a utility, is not tasked with the same responsibility as the state government. Utilities should be focused on providing safe and reliable service, and not running entitlement programs or acting as the agency of last resort. That being said, the Company recognizes that its practical knowledge in designing rates and services for natural gas customers on its system can be used in a constructive manner to meet the Commission's policy goals. As expressed in the comments and discussion presented in the proceeding to date, the practical application of proposed program expansions would have a far reaching impact on other rate payers. National Fuel believes this additional cost is inappropriate to place on other rate payers.¹

A. CAP

National Fuel's CAP program is its Low Income Residential Assistance Services (LIRA). LIRA is an alternative discounted rate program (under 52 Pa. Code § 69.267) for payment-troubled, low-income customers. While certain commenters have called for a uniform program design, namely for percentage of income payment plans (PIPPs), National Fuel believe this large,

¹ The Company believes that any additional costs could hurt the competitiveness of utility supplied natural gas and may lead to more business and industrial entities bypassing regulated utility systems.

sweeping change is unnecessary and would actually negatively impact National Fuel's customers.

National Fuel explained its LIRA program in its initial comments, but wants to reiterate the value of this program. LIRA contains all the benefits of a CAP program, namely discounted rates and arrearage forgiveness, but also provides low-income customers with education and support to manage their usage. Managing their usage is an added benefit to customers because they have the opportunity to reduce their monthly bills by reducing their consumption through customer conservation efforts.

Unlike PIPPs, LIRA encourages customers to conserve resources and rewards better consumption management. LIRA also helps to achieve a level of fairness by factoring consumption into the total amount paid by the customer. This feature allows low-income customers the opportunity to change usage habits to lower their payments even further. Moreover, as explained above, National Fuel believes flexibility is necessary and key to program success.

B. CARES

National Fuel developed its CARES program to assist low income, fixed income, special needs, and payment troubled customers who are experiencing short-term financial hardships to ensure that these customers have the tools they need to maintain all their heating needs while not falling behind on payments. National Fuel is committed to this program and will continue to try to extend its program to help with program outreach.

National Fuel has trained professionals who expertly assess situations and connect customers to the resources they require in their time of need. National Fuel provides its representatives with the necessary training on these issues, and the Company does not believe it is necessary to have licensed social workers do this work. This would lead to higher costs without imparting any additional benefit on customers. Further, National Fuel does not believe it would be appropriate to require outcome tracking, as this is outside the scope of utilities' duties and would be functionally very difficult to do accurately and efficiently.

C. Hardship Funds

The Neighbor for Neighbor Heat Fund (Neighbor Fund), National Fuel's Hardship Fund, is a voluntary program designed to provide assistance to qualifying individuals who require financial aid to meet basic energy needs. National Fuel strives to continuously expand voluntary contributions to hardship funds.

While some utilities may have struggled with maintaining contributions, National Fuel has had success with its Neighbor Fund. The Company further supports Neighbor Fund through a \$67,000 match from National Fuel stockholders. The Company also holds internal (employee) fundraising events to support the Neighbor Fund. In an attempt to solicit even more donations, the Company is considering methods to make it easier to donate to the Neighbor Fund online.

D. Program Review

National Fuel disagrees with stakeholders who allege that a formal discovery process is necessary to allow stakeholders the time and information needed to reply to each utilities' USECP. The Company believes this is unduly burdensome and unnecessary. Stakeholders currently have ample opportunity to participate in the USECP review process through various

opportunities to comment on the docket. Additionally, the Company is always willing to discuss issues with Stakeholders. Stakeholders also have a vast amount of information available to them as utilities provide a magnitude of information in their plan documents currently, and the Commission often seeks additional information from the utility. In addition to the data contained in the plan, each year every utility files a yearly Universal Service Report which has further data available for review. The current procedures and reporting requirements provide stakeholders all the time and information they need to be involved and impact the approval of the USECP plan.

While the Company does not think a more formal discovery process is necessary, it believes there can be improvements to the current Universal Services review. One issue the Company has noted is the short timeframe between plan approval and its next required submission date. While Utilities' plans are required every three years, it can take a long period for the plans to be approved. In some instances, the Commission's approval is received just prior to the Company's timeframe to start working on the next plan. National Fuel believes that either the timeframe between plans be extended or that the timeframe for the next plan to be submitted does not begin until the previously submitted plan receives final approval. This will also benefit customers as it will give utilities more time to assess the success of its universal services programs and review the impact of any changes made during the last review.

III. Conclusion

National Fuel Gas Distribution Corporation again appreciates the opportunity to provide reply comments on Universal Services. National Fuel is also looking forward to continued dialogues with all stakeholders.

Respectfully submitted,

Dated: October 16, 2017



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