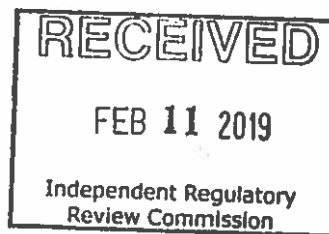




3141
National Fuel

Maureen Geary Krowicki
Deputy General Counsel

September 11, 2017



VIA ELECTRONIC FILING

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

RE: Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to
Comply with the Amended Provisions of 66 Pa. C.S. Chapter 14
Docket Number: I.-2015-2508421

Dear Secretary Chiavetta:

Enclosed please find National Fuel Gas Distribution Corporation's 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 Geary Krowicki

Enclosure

3161

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**



**Rulemaking to Amend the Provisions of
52 Pa. Code, Chapter 56 to Comply with
the Amended Provisions of 66 Pa. C.S.
Chapter 14** :
: **COMMENTS**
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Docket Number: L-2015-2508421

**COMMENTS OF
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
September 11, 2017**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. Introduction.

On July 21, 2016, the Pennsylvania Public Utility Commission (PUC) issued a Notice of Proposed Rulemaking (NOPR) to solicit comments regarding the updates needed for 52 Pa. Code, Chapter 56 to comply with the Amendments made to Chapter 14 of the Public Utility Code (66 Pa. C.S. §§ 1401-1419) by Act 155.

In this NOPR, the PUC gave interested parties the opportunity to comment on the proposed regulations outlined in the proceeding by April 19, 2017. National Fuel Gas Distribution Corporation ("National Fuel", "Distribution" or "the Company") refrained from commenting at that time. Following review of stakeholder comments to the NOPR, the Commission issued another Order on July 12, 2017 seeking additional comments on issues raised as well as introducing two new issues into the proceeding.

National Fuel now submits the following Comments to address issues raised in the NOPR. 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 impact the proposed changes could have on National Fuel.

II. Comments

Distribution, a gas-only company, serves approximately 735,000 customers in New York and Pennsylvania. In Pennsylvania alone, Distribution serves over 214,000 customers spanning fourteen counties in the Northwest and Central areas of the Commonwealth. The customers in Distributions territory are diverse in terms of geographic and economic circumstances.

National Fuel prides itself in being efficient. The Company strives to keep operating costs and expenses low. This leads to National Fuel’s chief concern with some of the provisions- namely that they are inefficient, overly costly, and not justified by a cost-benefit analysis.

A. Information Provided by Utilities on Accounts in Arrears in Excess of \$10,000

National Fuel has concerns with this requirement as it would be unduly burdensome and expensive to implement. As explained by the EAP, utilities like National Fuel cannot readily access this information in an easy way. Compliance with this requirement would require extensive effort without serving any real benefit.

The Company also believes that the annual snapshot is the fairest method and incentivizes payments. If a customer falls behind they have the ability to pay down their arrearage by the snapshot date and avoid termination. Conversely, if a customer fails to pay their

bill during the winter months, and goes over \$10,000 in arrearage, the Company has no ability to terminate their service. Allowing utilities the collection season to resolve the account is fair for both customers and utilities. Because the snapshot method provides many benefits, and would avoid a costly change, the Company proposes that this suggested change not be adopted.

B. Cost and Impact of Regulatory Changes

As a general note, the Company wants to emphasize that whenever there are regulatory changes there is always a cost associated with modifying our system to implement those changes. While NFG sees benefits in numerous items before the PUC, the Company suggest that the changes which are eventually implemented be reasonable and allow flexibility. NFG believes that the benefit of the changes must be weighed against the cost and burden of implementing them. Each utility has developed systems in different ways, and have varied technological programs and capabilities. Additionally, each utility has varied geographic areas and diverse customer bases. It is important to recognize that changes which would benefit certain utility providers and its customers may be detrimental to others. Accordingly, the PUC should weigh all the factors before coming to a final decision on any change.

For example, the cost burden of changes to the notification requirements outweighs its benefit. The PUC's Office of Competitive Market Oversight has suggested expanding the notice requirements of Section 56.131 (and the identical Section 56.361) to include energy supplier switching. While there may be some justification for this kind of program, the costs to implement this would far outweigh the benefits. Many utility systems are not formatted to make this kind of notification happen readily, and could require significant modifications to systems to meet the requirement. Furthermore, this would likely only positively impact a very small number

of customers. For example, in National Fuel's service territory only .6% of customers would benefit from this change. Requiring utilities to bear a high cost and burden for a change that benefits such a limited subset of its customers serves as an example of why a cost-benefit analysis is necessary and that this specific change be rejected.

III. Conclusion

National Fuel Gas Distribution Corporation again appreciates the opportunity to provide comment on the proposed changes to Chapter 56. National Fuel remains committed provided low cost, efficient service to its customers, and believes that any proposed changes that undermine this goal should be rejected.

Respectfully submitted,

Dated: September 11, 2017



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