



August 5, 2016

Hon. Kathleen H. Burgess
Secretary
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

**Re: Case 14-M-0224 - National Fuel Gas Distribution Corporation
Proposed Tariff Amendment**

Dear Secretary Burgess:

National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) submits the following amendment to its tariff, P.S.C. No. 8 – GAS:

Leaf No. 270.1 Revision 5

Distribution respectfully requests that the above tariff revision be approved for an effective date of December 1, 2016.

Introduction

This filing is submitted to the New York Public Service Commission (“NYPSC” or “Commission”) by the Company in compliance with Ordering Clause 4 of *Order Authorizing Framework for Community Choice Aggregation Opt-Out Program*, issued and effective on April 21, 2016 (“CCA Order”) in the above referenced case. Each utility intending to charge fees for the provision of data described in Ordering Clause 3 of the CCA Order was directed to file proposed tariffs for consideration within 45 days of the date of the CCA Order; however, on June 6, 2016 the Commission Secretary issued a 60-day extension to August 5, 2016 to file tariffs.

Proposed Fee

The Company proposes a fee of \$15 per customer account enrolled in a municipality’s Community Choice Aggregation (“CCA”) Program. The Company believes this fee amount

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reasonably reflects both the value of the data and the costs of providing data associated with CCA Programs not currently available to ESCOs under the Company's existing retail choice program.

Justification

Distribution observes that the provision of additional customer data pursuant to the CCA Order, relative to customer data provided to ESCOs under non-CCA circumstances, is comparable to providing historic usage data or payment history data in addition to that required by the Uniform Business Practices. Distribution's tariff¹ provides for a \$15 fee for customer data (account usage and/or payment history) requested by ESCOs for periods in excess of 24 months so a fee in this amount is not unprecedented.

In part, development of a cost-based per-unit rate depends upon a forecast of demand for the service. Distribution provides gas-only service and CCAs in other states are predominantly electric-only, therefore, it is impossible to forecast demand with a sufficient degree of certainty. Further, since CCAs are envisioned to deliver Reforming the Energy Vision (REV) goals which in significant part are oriented towards electric service,² Distribution believes it is reasonable that the development of gas CCAs will lag development of electric CCAs. Under these circumstances as well as the latitude provided in the CCA Order to develop a rate that is responsive to market value, Distribution believes the proposed \$15 data fee is appropriate.

Distribution also believes that a \$15 data fee is a fraction of the typical customer acquisition cost for traditional non-CCA ESCOs. However, as outlined in the tariff amendment, Distribution is willing to negotiate a different fee taking into account the projected number of customers, the data to be provided, reporting frequency, the Company's cost to provide such data, the value placed on the information by the municipality and other considerations as may be applicable. Through these negotiations, the market value of the data will ultimately be derived.

Cost Recovery

Distribution estimates that the cost of modifying its business systems to provide and process data to municipalities pursuant to the CCA Order is \$108,000. Distribution plans to capitalize any system development costs and depreciate over at least 5 years.

¹ P.S.C No. 8 - Gas, Leaf No. 269.

² As noted in the Introduction section of the CCA Order, electric-oriented goals include facilitating wider market-based deployment of clean energy including energy efficiency, large scale renewables and distributed energy resources (DER).

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Conclusion

Distribution believes its proposed \$15 data fee is conceptually reasonable, has regulatory precedent and does not in any manner present a realistic barrier to the development of CCAs. A reduced data fee would serve no purpose other than capping the upper limit of the negotiations that would take place between the municipality and the Company. For all these reasons, Distribution respectfully requests that the Commission approve the data fee provided in the instant tariff amendment.

Newspaper Publication

The Company respectfully requests that the requirements for newspaper publication in accordance with Public Service Law §66(12) and applicable regulations be waived. The proposed changes are applicable to municipalities implementing CCA Programs and not applicable to the majority of Company's customers. Further, the Company will post notice of the proposed tariff revisions on its web site where it will be publicly available and serve email notice to the ESCOs that would prospectively serve CCA Programs. As such, the cost of newspaper publication would not serve the public interest.

Company Contacts

For questions relating to this filing, please contact the undersigned at (716) 857-7884 or Eric Meinel at (716) 857-7805.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael E. Novak", is written over a light blue rectangular background.

Michael E. Novak
Assistant General Manager,
Rates & Regulatory Affairs