

BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of
National Fuel Gas Distribution Corp.

Case 16-G-0257

October 2016

Prepared Exhibits of:

Staff Consumer Services Panel

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DPS-217 (MMF)
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Witness: Low Income &
Customer Service Panels

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
NEW YORK DIVISION
RESPONSE TO DEPARTMENT OF PUBLIC SERVICE
REQUEST FOR INFORMATION
CASE 16-G-0257

Question

Re: Low Income Budget

1. Provide the following specific budget information regarding the Company’s Low Income Programs.

<i>Program</i>	<i>Expenses</i>		
	Historic Test year	Rate Year – Initial filing	Rate Year - Supplemental Testimony
HRAS Discounts			
LICAAP Discounts Arrearage Forgiveness (write-off) Total:			
Administration			
EBD PTRA			
EBD HERR			
Reconnection fees			
Statewide Low Income Program			
Total			

2. Does Historic Test Year information reflect the actual costs incurred for the TME 12/31/15, or is it forecasted data, based on prior actual data?
3. What is the current amount in the low income deferral fund?

Response

1. Please refer to “DPS-217 - Low Income Budget.xlsx” for the requested information.
2. The Historic test year reflects the actual costs incurred for the TME 12/31/15.
3. The low income deferral fund balance was \$4,642,346 as of 6/30/16.

New York Public Service Commission Department of Public Service Staff Informal Request - Low Income Program Expenses

Program	Historic Test Year	Rate Year - Initial Filing	Rate Year - Supplemental Testimony *			
			Order 14-M-0565	3% Energy Burden	2% Revenue Cap	
HRAS Discounts	\$4,317,662	\$6,294,114	\$0	\$0	\$0	
LICAP Discounts	2,018,937	1,919,154	0	0	0	
Arrearage Forgiveness (write-off)	2,127,630	2,480,846	0	0	0	
Total:	4,146,567	4,400,000	0	0	0	
Administration	162,584		0	0	0	
EBD PTRR	20,000	Rolled into HRAS	0	0	0	
EBD HERR	410,000	420,000	420,000	420,000	420,000	
Reconnection Fees	0	471,500	0	0	0	
Statewide Low Income Program (SLIP)	0	0	17,381,886	14,829,328	13,473,326	
Total	\$9,056,813	\$11,585,614	\$17,801,886	\$15,249,328	\$13,893,326	

* Figures in "Rate Year - Supplemental Testimony" columns would apply if the Commission decides to have the Company implement the Statewide Low Income Program (SLIP) and discount the Company's existing low income discount programs.

Order 14-M-0565 - SLIP expenditures based on discount rates provided in 14-M-0565 - "Total" line in Section 2 of Exhibit (LIOP-1), Page 1

3% Energy Burden - SLIP expenditures needed to achieve a 3% Energy Burden after discounts - "Total" line in Section 3 of Exhibit (LIOP-1), Page 1

2% Revenue Cap - SLIP expenditures limited to 2% of Revenue Budget - "Total" line in Section 4 of Exhibit (LIOP-1), Page 1

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Question**Re: Payment Processing/Credit Card and Debit Card Fees**

1. Provide a breakout of the cost of each method of customer payment such as: walk-in offices, postal mail, Western Union/NYCE, direct payment plan, phone payment (including electronic check, credit card and debit card payments), online payment, and any other type of payment options made available to customers.
 - a) Include the cost to the consumer of each method of customer payment.
 - b) Include the cost of each method of customer payment to the Company.
2. Provide a detailed explanation of how the Company arrived at its per-transaction fee for credit/debit cards. Provide specifics of what is included (e.g. processing costs, staff) in this estimate.
3. Are any of the following public assistance benefit cards processed for payment without vendor transaction fees: Direct Express Debit MasterCard, Electronic Benefit Transfer (EBT), or Key2Benefits Debit Card (New York State Unemployment Insurance Benefits)?
 - a) Are any additional public assistance benefit cards processed by third party vendors? Provide the fees charged by third party vendors to process payments from any and all of these cards.
 - b) Are the fees charged to customers who currently use public assistance benefit cards to pay their utility bill the same amount per transaction as other residential customers paying by debit or credit card? If not, identify the fee charged and explain the difference.
4. Provide the number of plastic payments per year (for calendar years 2011 – 2015) to the total number of payments per year. Provide the separate subset of payments processed from the public assistance benefit cards listed in question 3 for the same time period.

Response

1. Please refer to the following table.

Payment Type	Bank/Transaction Fee	Paid By	Comment
Walk-in Office	\$x.xx	Company	
Postal Mail	\$x.xxx (if converted to ACH) or \$x.xx (check)	Company	

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Payment Type	Bank/Transaction Fee	Paid By	Comment
Direct Pay	\$x.xx (HSBC account) or \$x.xx (non-HSBC)	Company	
Online Banking	\$x.xx	Company	Customer's bank
ACH	\$x.xx (auto pay)	Company	Online Services
ACH	\$x.xx (non-auto pay)	Company	Online Services
ACH	\$1.00	Customer	Phone
Credit/Debit Card	\$2.95	Customer	Online Services or phone
Western Union NYCE Money Gram	\$1.50	Customer	

2. The Company does not charge a transaction fee for credit or debit card processing. The transaction fee is charged by the vendor processing the credit or debit card payment. The Company does not receive any portion of this fee.
3. There are no credit or debit card payments processed without a transaction fee charged by the vendor processing this type of payment.
 - a. The Company does not know if Direct Express Debit MasterCard, Electronic Benefit Transfer (EBT), Key2Benefits Debit Card, or other public assistance benefit cards are able to be processed using the credit or debit card payment option available to our customers as the agencies governing those benefit cards may have processing restrictions in place limiting the types of authorized transactions (e.g. groceries). The Company does not have a way to identify which, if any, transactions were made using a public assistance benefit card.
 - b. Transaction fees are based on the type of transaction and transaction channel as indicated in the response to question 1 above.

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4. Please refer to the following table for number of payment transactions. The Company maintains most of this information in total, rather than by state. Credit and debit card payments were added as a payment option in April 2011.

Calendar Year	Total	Credit/Debit Card	Public Assistance Benefit Card
2011	6,945,618	55,138	Not Available
2012	6,937,035	118,537	Not Available
2013	7,031,147	160,482	Not Available
2014	7,119,584	203,195	Not Available
2015	7,107,121	222,439	Not Available

National Fuel Gas Distribution Corporation				
Current and Proposed Low Income Program Budgets				
<i>Program</i>	<i>Expenses</i>			
	Historic Test year	Rate Year - Initial filing	Rate Year - Supplemental Testimony (2% Revenue Cap)	Staff Recommendation
HRAS Discounts	\$4,317,662	\$6,294,114	\$13,473,326	Tiered discounts \$16,165,185 (Compliance with Order 14-M-0565 Appendix C, Page 1)
LICAAP Discounts	\$2,018,937	\$1,919,154	LICAAP	Allow currently enrolled customers to complete arrearage forgiveness program; no new enrollments.
Arrearage Forgiveness (write-off)	\$2,127,630	\$2,480,846	Customers transfer to Tiered discounts	
Total:	\$4,146,567	\$4,400,000	Arrearage forgiveness eliminated	
Administration	\$162,584		0	0
EBD PTRR	\$20,000	Rolled into HRAS	0	0
EBD HERR	\$410,000	\$420,000	\$420,000	\$420,000
Reconnection fees	None	\$471,500 (operations expense)	None	None
Total	\$9,036,813	\$11,585,614	\$13,893,326	\$16,585,185

Low Income Deferral fund balance as of 6/30/16: \$4,642,346

National Fuel Gas Distribution Corporation – Current Customer Service Performance Incentive Program Target Levels		
Performance Measures	Performance Thresholds	Units at Risk
Appointments	≥ 98%	0
	97.0% - 97.9 %	25
	96.0% - 96.9%	50
	95.9% - 88.0%	100
	<88%	126
New Service Installations	≥ 98%	0
	97.0% -97.9%	25
	96.0 - 96.9%	50
	95.9% - 88.0%	100
	<88%	126
Residential Satisfaction	≥ 85.1%	0
	84.1% - 85.0%	25
	83.1% - 84.0%	50
	83.0% - 79.0%	100
	<79.0%	126
Non-Residential Satisfaction	≥ 86.0%	0
	83.3% - 85.9%	25
	80.6%- 83.2%	50
	80.5% - 76.0%	100
	<76.0%	126
Customer PSC Complaints	≤ 2.1	0
	2.1 - 2.3	25
	2.4 - 2.6	50
	2.6 - 3.5	100
	>3.5	126
Telephone Response	≥ 74%	0
	72.0% - 73.9%	25
	70.0% - 71.9%	50
	69.9% - 66.0%	100
	<66.0%	126
Adjusted Bills	≤ 1.9%	0
	2.0% - 2.4%	50
	2.5% - 3.5%	100
	>3.5	126

Estimated Meter Readings	$\leq 15.9\%$	0
	16.0% - 18.4%	25
	18.5% - 20.9%	50
	21.0% - 24.0%	100
	$>24.0\%$	126

National Fuel Gas Distribution Corporation Staff's Proposed Customer Service Performance Incentive Program Target Levels		
Performance Measures	Performance Thresholds	Maximum Revenue Amount at Risk
Residential Satisfaction	≥85.1%	\$0
	84.1% - 85.0%	\$75,000
	83.1% - 84.0%	\$150,000
	83.0% - 79.0%	\$225,000
	<79.0%	\$300,000
Non-Residential Satisfaction	≥86.0%	\$0
	83.3% - 85.9%	\$75,000
	80.6% - 83.2%	\$150,000
	80.5% - 76.0%	\$225,000
	<76.0%	\$300,000
Customer PSC Complaints	< 1.0	\$0
	1.0 - 1.1	\$150,000
	1.1 - 1.2	\$300,000
	1.2 - 1.3	\$450,000
	>1.4	\$600,000
Telephone Response	≥85.95%	\$0
	85.94% - 83.83%	\$75,000
	83.82% - 81.71%	\$150,000
	81.70% - 79.59%	\$225,000
	<79.59%	\$300,000
Adjusted Bills	≤1.9%	\$0
	2.0% - 2.4%	\$75,000
	2.5% - 3.5%	\$112,500
	>3.5%	\$150,000
Estimated Meter Readings	≤15.9%	\$0
	16.0% - 18.4%	\$37,500
	18.5% - 20.9%	\$75,000
	21.0% - 24.0%	\$112,500
	>24.0%	\$150,000
Maximum Revenue Amount At Risk		\$1,800,000

National Fuel Gas Distribution Corporation – Staff Incentive Proposal for Residential Service Termination/Uncollectibles - Recent Data				
Seven Year Average, 2009-2015		Seven Year Average, 2009-2015, Normalized		
Terminations		Terminations		
Year	Data	Year	Data	
2015	13,553	2015		(lowest value)
2014	20,846	2014	20,846	
2013	20,015	2013	20,015	
2012	17,671	2012	17,671	
2011	26,182	2011		(highest value)
2010	21,289	2010	21,289	
2009	23,940	2009	23,940	
Average	20,499	Average	20,752	
St. Dev.	3,806	St. Dev.	2,025	
Uncollectibles		Uncollectibles		
Year	Data	Year	Data	
2015	\$ 9,479,088	2015	\$ 9,479,088	
2014	\$ 6,781,458	2014	\$ 6,781,458	
2013	\$ 6,302,147	2013		(lowest value)
2012	\$ 7,808,636	2012	\$ 7,808,636	
2011	\$ 10,144,871	2011	\$ 10,144,871	
2010	\$ 14,206,697	2010	\$ 14,206,697	
2009	\$ 20,852,293	2009		(highest value)
Average	\$ 10,796,456	Average	\$ 9,684,150	
St. Dev.	\$ 4,783,240	St. Dev.	\$ 2,555,422	

National Fuel Gas Distribution Corporation – Staff Incentive Proposal for Residential Service Termination/Uncollectibles - Targets	
Goal (lower target):	
Terminations:	12,700 (4 SD below yearly average)
Uncollectibles:	\$4,580,000 (2 SD below yearly average)
Upper Threshold:	
Terminations:	25,000 (2 SD above yearly average)
Uncollectibles:	\$14,800,000 (2 SD above yearly average)

National Fuel Gas Distribution Corporation - Staff Incentive Proposal for Residential Service Terminations/Uncollectibles – Incentive Structure		
7-Year Average, Normalized	Customer Terminations 20,752	Uncollectibles \$9,684,150
Lower Target	12,700	\$4,580,000
Upper Threshold	25,000	\$14,800,000
	Positive Incentive \$590,000 if both measures are equal to or below lower targets \$295,000 if one measure is equal to or below lower target and other is equal to or below four-year average	Negative Incentive \$590,000 if both measures are equal to or exceed upper thresholds \$295,000 if one measure is equal to or exceeds upper threshold and other is equal to or below four-year average