



March 29, 2018

Honorable Kathleen H. Burgess
Secretary
New York State Department of Public Service
Three Empire State Plaza, 19th Floor
Albany, NY 12223

Re: Case 15-M-0252 – In the Matter of Utility Energy Efficiency Programs

Case 07-G-0141 – Proceeding on Motion of the Commission as to the Rates, Charges,
Rules, and Regulations of National Fuel Gas Distribution Corporation for Gas
Service – Conservation Incentive Program

Dear Secretary Burgess,

On January 30, 2018, National Fuel Gas Distribution Corporation (“Distribution” or the “Company”) received a letter from Department of Public Service Staff (“Staff”), requesting that Distribution file a letter providing explanations for changes made to the Company’s quarterly scorecard reports to the New York State Public Service Commission (“Commission”). In response to Staff’s letter, Distribution hereby submits this letter filing, which accompanies the Energy Efficiency Transition Implementation Plan (“ETIP”) program and portfolio reporting template filing for the fourth quarter of calendar year 2017.

The first scorecard reporting change pertains to scheduling of a wire transfer payment associated with the Low Income Usage Reduction Program (“LIURP”). In the report for the third quarter of calendar year 2016, Distribution updated its Implementation Expenditures for the second quarter of calendar year 2016, from \$254,140 to \$0. By way of background, Distribution and the New York State Energy Research and Development Authority (“NYSERDA”) jointly develop a payment schedule, which generally outlines the timing of payments from the Company to NYSERDA, in order to support LIURP programmatic activities. While a payment was initially scheduled for the second quarter of calendar 2016, it was actually recorded on Distribution’s general ledger during the third quarter of calendar 2016, when the wire was successfully processed. The Company’s scorecard revision was made accordingly, to properly reflect the correct timing of this wire transfer payment. With respect to improving the quality of reported data going forward, the Company modified its scorecard reporting processes. Specifically, Distribution now completes a general ledger query for LIURP wire transfer payments each quarter, as part of preparing the scorecard report for the Commission. This query provides the ability to verify all wire transfer payments on the payment schedule, ensuring they are reported in the correct time period.

The second scorecard reporting change pertains to a new low income furnace replacement initiative that Distribution began in January 2016, as part of LIURP. In the report for the fourth quarter of calendar year 2016, Distribution updated the number Customers Served this Quarter for the second quarter of calendar year 2016, from 7 to 12. This change also automatically updated the Number of Customers Served to Date in both the second and third quarters of calendar year 2016 (to 125 and 383 respectively), since this data field is calculated via a formula in the Staff-provided scorecard template. As noted on page 9 of the Company’s December 20, 2017 ETIP filing in Cases 15-M-0252 and 07-G-0141, the new initiative was designed to: (1) augment existing health and safety protocols, (2) help prevent emergency situations for customers, and (3) eliminate barriers to program participation. By way of background, the new low income initiative was designed for both furnace replacements and repairs, many of which occur during emergency situations. Savings is only claimed for this initiative when equipment is removed and replaced with high efficiency equipment. Savings is not claimed for repairs that help existing equipment become operational again. As such, the program tracking database for this initiative was initially designed around the equipment replacement work occurring in the program. The Company took action to further improve its reporting to the Commission, by augmenting its program tracking database to also include repair work. The work associated with redesigning the program tracking database was completed during the fourth quarter of calendar 2016. In reviewing information previously reported to the Commission for the first three quarters of calendar 2016, it was determined that 5 repair jobs were missing from the Customers Served this Quarter data field, in the report for the second quarter of calendar 2016. A scorecard revision was processed during the fourth quarter of calendar 2016, to make the update when the data first became available. With respect to improving the quality of reported data going forward, the Company intends to continue the process of updating its redesigned program tracking database, which will continue to include both replacement and repair work.

The third scorecard reporting change pertains to Distribution’s Non-Residential Rebate Program (“NRCIP”). In the report for the third quarter of calendar year 2016, eight changes were made to data reported in the first and second quarters of calendar 2016. A summary of these changes is outlined as follows:

Revised Period	Metric	Changed From	Changed To
Q1 - CY 2016	Customers Served this Quarter	0	1
Q1 - CY 2016	Implementation Expenditures	\$18,480	\$0
Q1 - CY 2016	Incentives & Services Expenditures	\$0	\$490
Q1 - CY 2016	Dth Acquired this Quarter	0	8
Q2 - CY 2016	Customers Served this Quarter	29	38
Q2 - CY 2016	Implementation Expenditures	\$4,780	\$23,260
Q2 - CY 2016	Incentives & Services Expenditures	\$37,068	\$46,578
Q2 - CY 2016	Dth Acquired this Quarter	2,226	2,457

As noted on page 32 of Distribution's December 20, 2017 ETIP filing in Cases 15-M-0252 and 07-G-0141, "based upon the Company's expectations for the new Implementation Contractor, as well as the new Implementation Contractor's performance, Distribution took immediate action by re-initiating the competitive procurement process to solicit a second Implementation Contractor." Distribution completed its scorecard reports for the first and second quarters of calendar 2016, based on the latest information available. The Company identified data tracking discrepancies during the review of invoices, as well as during the review of overall program performance. These discrepancies were corrected, from a reporting perspective, in the revisions summarized above. With respect to improving the quality of reported data going forward, the Company mandated that the second Implementation Contractor (that began work on March 1, 2017) adhere to a rigidly designed program tracking database. In addition, as part of the invoice review and approval process, the Company reviews each and every job for accuracy both in invoicing and the accuracy of the program tracking database. This approach has served the Company well, and no scorecard revisions have been made under the tenure of the second Implementation Contractor.

The Company remains committed to timely and accurate reporting to the Commission, as respects scorecard reporting and the progress achievements of Distribution's energy efficiency portfolio. To that end, Distribution voluntarily publishes full descriptions of program delivery methods (including application intake, review and approval) and quality assurance/quality control measures in its ETIP filing. For LIURP, please refer to pages 44 through 49 and 51 through 53 of Distribution's December 20, 2017 ETIP filing in Cases 15-M-0252 and 07-G-0141. For NRCIP, please refer to pages 33 through 35, 40 and 41 of Distribution's December 20, 2017 ETIP filing in Cases 15-M-0252 and 07-G-0141. Going forward, to the extent the Company makes additional scorecard revisions, an explanation letter will be filed with the Commission in accordance with the request outlined in Staff's January 30, 2018 letter.

Any questions you may have regarding the attached can be directed to the undersigned at (716)-857-7440 or at crahene@natfuel.com.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'E. Crahen', with a long horizontal flourish extending to the right.

Evan M. Crahen
Director