UGI Energy Services, Inc.

GASMARK POWERMARK

November 3, 2011

VIA ELECTRONIC FILING AND FEDERAL EXPRESS

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Investigation of Pennsylvania's Retail Electricity Market: Recommended Directives on Upcoming Default Service Plans; Docket No. I-2011-2237952

Dear Secretary Chiavetta:

Enclosed please find the original plus five (5) copies of the comments of UGI Energy Services, Inc. to the Commission's Tentative Order issued October 14, 2011 in the above-captioned proceeding. Should you have any questions concerning this submission, please feel free to contact me at (610)-992-3750.

2011 NOV -3 PM 1:28
PA P.U.C.
SECRETARY'S BUREAU

Very truly yours,

Melanie J. Elatieh
Counsel for UGI Energy Services, Inc.

Cc: Office of Competitive Market Oversight Retail Markets Investigation (via e-mail at ra-RMI@state.pa.us)

Enclosure

2011 NOV -3 PM 1:28
11/7/11

SECRETARY'S BUREAU

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Investigation of Pennsylvania's	:	
Retail Electricity Market:	:	**Docket No. I-2011-2237952**
Recommended Directives on Upcoming	:	
Default Service Plans	:	

COMMENTS OF UGI ENERGY SERVICES, INC.

I. Introduction

UGI Energy Services, Inc. d/b/a UGI EnergyLink ("UGIES") submits these comments in response to the Pennsylvania Public Utility Commission's ("Commission's" or "PUC's") Tentative Order issued October 14, 2011 ("October 14th Tentative Order") in the above-referenced proceeding.[1]

As background, UGIES is a Pennsylvania-based company[2] and licensed natural gas and electric generation supplier that has provided electric generation and natural gas supply service to small, medium and large commercial and industrial customers across the Commonwealth since the inception of retail competition in Pennsylvania. More recently, UGIES has begun providing natural gas supply service to residential customers in Pennsylvania in certain natural gas distribution company service territories and is contemplating expansion of its residential marketing efforts. UGIES' retail commodity marketing activities extend beyond Pennsylvania's borders into the Mid-Atlantic region and New York. As an electric supplier, UGIES sells to customers behind 19 electric distribution companies in Pennsylvania, New Jersey, Delaware, Maryland, the District of Columbia and New York. On the gas side, UGIES serves customer

[1]This is the first set of comments submitted by UGIES in this Investigation proceeding.

[2] UGIES currently has over 150 employees and maintains a central office in Wyomissing, Pennsylvania, with regional offices in the following: Wilkes-Barre Pennsylvania, York, Pennsylvania, Port Allegany, Pennsylvania, Pittsburgh, Pennsylvania, Baltimore, Maryland, Moorestown, New Jersey, Albany, New York, Rochester, New York and Hudson, Ohio.

accounts behind 33 local distribution companies in Pennsylvania, New Jersey, Delaware, Maryland, the District of Columbia, New York, Virginia, West Virginia and North Carolina.

UGIES commends the Commission for undertaking the initiative through this Investigation proceeding to examine the structure of Pennsylvania's retail electricity market and to explore ways to enhance competition and customer choice so that consumers in this Commonwealth may continue to realize the benefits of competitive retail markets. Since the passage of the Electricity Generation Customer Choice and Competition Act, Pennsylvania has served as a leader in electricity policy and the Commission should be applauded for successfully transitioning the Commonwealth from the generation rate cap period to the well functioning, and in some cases highly competitive, marketplace that exists today. Generation rate caps have only recently expired in the major EDC service territories in 2009 and 2010, and yet Pennsylvania's retail electricity market is steadily maturing as measured by a growing number of customers shopping, the increased number of EGSs actively marketing to consumers and the expanding variety of innovative and value-added product offerings being made available to consumers.

Nevertheless, we agree with the Commission that improvements can and should be made to the existing retail market structures to complete the transition to a truly competitive market. Through this proceeding, the Commission is taking a crucial next step in leading Pennsylvania's retail electricity marketplace into achieving its full potential. As this proceeding goes forward, however, UGIES recommends that the Commission preserve best practices and avoid creating new market barriers through administrative design that could negatively impact the future of Pennsylvania's electric retail market.

II. Comments on the Recommendations in the October 14th Tentative Order

A. *Hourly-Priced Default Service for Medium C&I*

In the October 14th Tentative Order, the Commission recommended that EDCs contemplate in their next default service plans expanding the hourly-priced default service currently available to large commercial and industrial customers ("C&I customers") to medium-sized C&I customers, generally those customers with demand greater than 100 kW. UGIES fully supports the Commission's recommendation to expand hourly-priced default service to medium-sized C&I customers. As the Commission recognized in the October 14th Tentative Order, shopping among medium C&I customers is already significant. UGIES believes the robust shopping levels are largely attributable to the sophisticated nature of these customers as well as the significant number of EGSs competing for their business. Not only do EGSs compete to obtain these customers on price, but EGSs compete by offering a wide variety of innovative and value-added products.

Although competition and choice are active among C&I customers above 100 kW, the current structure of default service for these customers, which is based on a mixture of spot market and short-term fixed prices, impedes the ability of these customers to realize the full benefits of the market because it allows default service to directly compete with EGS product offerings on an uneven playing field. EDCs have an inherent advantage over EGSs in providing the fixed-price default service because they can recover such costs from ratepayers while EGSs bear the risk of procuring the fixed-price product for customers. Moreover, linking medium C&I customers to real-time price signals will enhance their incentive and ability to shop for and affirmatively choose an EGS product offering. UGIES believes that structuring default service for this customer segment as an hourly-priced default service will appropriately change the role of default service for these customers from an administrative barrier to competition to an appropriate backstop for choice and undoubtedly serve to bolster customer shopping and supplier competition among medium-sized C&I customers.

B. Opt-In Retail Auctions

In the Commission's October 14th Tentative Order, the Commission recommended that EDCs incorporate an opt-in auction program in their next default service plans. The Commission expressed the view that opt-in auctions represent "a creative marketing program that can help increase customer awareness for shopping opportunities, provide customers with direct benefits via savings and enrollment cash receipts, and instill peace of mind for customers through potential standard offer requirements." The Commission did not propose a specific format for opt-in auctions in the Tentative Order but recommended that the EDCs use as a starting point the format being discussed by a stakeholder sub-group in this Investigation proceeding.[3]

UGIES appreciates the Commission's willingness to examine creative solutions to break through the customer inertia currently plaguing residential and small business customers in some EDC service territories. UGIES questions, however, whether the implementation of a retail opt-in auction is premature at this time. The governing principle of Pennsylvania's retail electricity market is full and self-determining customer choice. Because Pennsylvania has held fast to this fundamental feature, Pennsylvania consumers are able to proactively shop for and affirmatively choose a supplier. Empowering consumers to choose their supplier, in turn, pushes EGSs to vie for market share by competing with one another on price, non-pricing terms and product

---

[3] Any representation to the Commission that the high-level principles being discussed in the stakeholder sub-group have reached consensus approval by sub-group members or have been developed on a consensus basis among sub-group members is inaccurate. The high level principles were initially drafted to help guide the design of any opt-in auction proposal, if one is to be implemented. Significant concerns have been expressed by sub-group members regarding the concepts and details proposed, which are being robustly discussed in the sub-group meetings. It is not clear whether consensus can or will ever be achieved.

offerings. Although a retail opt-in auction may appear to respect choice by giving customers the ability to "opt-in" to the auction, customers that opt to participate in this program will be responding to an administratively-designed and marketed product offering and will be randomly assigned to the winning EGS bidder without playing an active role in selecting the specific EGS that provides their commodity service. Rate caps have only recently expired in the major EDC service territories, and residential and small business customers are still adjusting from a long-term period marked by stagnant rates and limited product offerings to the complex marketplace where an array of choices are available to them. As we move away from the rate cap period, introducing administrative solutions to bolster customer choice may interfere with the natural progression of customer shopping over the long-term as customers are becoming increasingly more aware of and comfortable with the market.

Although a retail opt-in auction may potentially serve to boost customer shopping in the near term, it also has the potential to create the same or additional barriers to market-entry as the EDC-provided default service. It has not been discussed whether this proposal would unintentionally result in a return to the same "status quo bias" currently plaguing residential and small business customers on default service. In fact, it is highly plausible that customers blindly assigned to an EGS through the opt-in auction process will simply "stick" to the EGS to which they were blindly assigned -- much like they stick to the EDC default service product now. Would these customers expect to be transferred back to default service after the auction period expires? Would customers be informed that upon the expiration of the auction period the customer would have to affirmatively switch back to the utility's regulated default service product or to another supplier if the customer is no longer satisfied with the EGSs service? Given that these programs do not regulate the price or non-pricing terms of an EGS in the years beyond the auction period, customers who stick may feel they did not fully realize the benefit of the bargain they thought they were getting when they opted in.

In addition, standardizing product offerings runs the risk of making consumers believe that choice is based on price competition alone, which is hardly the case in today's marketplace. Today, in addition to competing on price, suppliers compete on non-pricing terms (and anyone with a cell phone plan understands the significance of non-pricing terms) – such as, for example, structuring offerings to small commercial customers as full requirements, swing or variable products to help these customers' energy bills meet their budgeting needs, or waiving early termination fees for residential customers who switch back to default service prior to the expiration of the fixed price offering so that customers may feel safe to leave at any point if they are not satisfied with their choice. Suppliers also compete by offering a variety of value-added services that a customer may find more beneficial than simply obtaining a certain level of price discount – for example, a customer may select a green product or an HVAC service offering. Customers may believe that making a selection based on non-pricing terms or other value-added products may add more value to their business' or residence's needs over a standard price discount off the price to compare. Standardizing the product offering runs the risk of creating unrealistic consumer expectations or even customer confusion as customers may begin to expect all EGSs to offer a "standardized" product that resembles that which is offered in the retail auction.

Furthermore, having the EDC in the role of conducting the auction may serve to complicate what should be a simple message of choice, as customers who participate in the auction may come to the wrong understanding that their decision to switch from their local utility is only safe or beneficial when it is made as part of a utility-sponsored and administered auction program. In addition, having the EDC advertise and run the auctions will likely disadvantage the marketers that have already invested in marketing resources and programs (to distinguish themselves from the EDC default service product offering as well as the product offerings of competing EGSs) by attracting new entrants that can short-cut the customer acquisition process with a new set of rules.

For the reasons described above, the retail opt-in auction may potentially serve as an administrative method for picking winners and losers in this market segment (as opposed to the market doing the picking), which could have the consequence of narrowing the pool of competing suppliers and product offerings over time and thus reducing the benefits of competition to consumers over the long-term. With that said, UGIES recognizes that it is one of the EGSs that could possibly stand to gain from the implementation of a retail opt-in auction. From an EGS' perspective, this proposal presents a potentially cost-effective and relatively easy way to gain customers and market share through a price competitive initial offering. As a fifteen-year participant in Pennsylvania's retail marketplace, however, UGIES takes great interest in the stable and sustaining development of Pennsylvania's electric retail market and is wary of good-sounding ideas that may bring short-term benefits to a few but have unintended lasting consequences for the market.

UGIES believes that the optimal next steps for overcoming customer inertia in the residential and small business customer segment is to work toward improving the information flow to consumers and addressing the EDC operational frictions that currently serve as market impediments today.[4] As stated above, rate caps have only recently expired in the major EDC service territories, and residential and small business customers are still adjusting from a long-term period marked by stagnant rates and limited product offerings to the complex marketplace where an array of choices are available to them. One way to enhance the ability of these customers to shop for and affirmatively choose an EGS product that best suits their power usage needs is to improve the information made available to consumers. The development of the Commission's PA Power Switch website is a very positive step toward empowering choice as are the other customer education initiatives being discussed in this Investigation proceeding (e.g., the Commission and EDC post cards, the EDC letter and the FAQs). Furthermore, the Commission's support of purchase of receivables programs and its willingness to examine and address the operational barriers identified in the stakeholder subgroup of this Investigation will undoubtedly serve to enhance competition and customer choice. Over time, UGIES believes that improving customer education and removing EDC operational barriers may go a long way to support retail competition.

Moreover, the argument that default service also is a creature of administrative design that has impacted the development of the retail electricity market is not persuasive for concluding that the next best step for Pennsylvania's retail electricity market is to adopt a new administrative method for picking winners and losers. Default service is a product of the legislature intended to protect consumers, while the bulk assignment of customers to suppliers has received no legislative blessing.

---

[4] *See* PA Retail Market Investigation's *Supplier of First Resort EDC Marketing Policies & Information September 30 2011 Status Report* being discussed in the stakeholder subgroup of this proceeding. This document identifies various operational barriers, including, for example, (1) the automatic assignment of customers to default service for new applicants or upon a customer move; (2) the automatic reassignment of customers to default service when there is a change to customer's service (moves, name change, tax ID change, etc.); (3) rejection of accounts submitted for dual billing for ambiguous or no reason; and (4) lack of notification to EGSs that an EDC's rate is changing.

Notwithstanding the above, if the Commission nonetheless determines that a retail opt-in auction is an appropriate next step for improving competition and customer choice, UGIES recommends that the Commission support a design of this proposal that (1) restricts customer eligibility for participation to residential and small business customers (< 25 kW) to avoid minimizing the pool of eligible EGSs that compete to serve C&I customers above 25 kW, and (2) structures the level of the financial incentive provided to participating customers so as to properly attract customer participation without creating unrealistic consumer expectations or interfering with existing contracts.

1. **The Commission should restrict customer eligibility for participation in the opt-in retail auction to residential customers and small business customers with a registered maximum peak load of 25 kW and below in order to avoid minimizing the pool of eligible EGSs that compete to serve C&I customers above 25 kW.**

Currently, the stakeholder sub-group in this Investigation proceeding is proposing to include residential and small commercial customers as eligible to participate in the retail auctions and is excluding large commercial and industrial customers, and all stakeholders seem to generally agree with this principle. The stakeholder sub-group is currently debating, however, the appropriate level of inclusion of small commercial customers. The initial proposal (which was drafted by a smaller sub-subgroup of participants before various other stakeholders were invited to participate) recommends that the commonly-recognized definition of small commercial customers be expanded to include medium- and large-sized C&I customers based on utility-specific rate classes, which on some EDCs, such as PPL, could include customers up to 500 kW. The apparent reason for structuring customer eligibility this way was to facilitate administrative ease for EDCs in implementing the retail opt-in auctions since some of the EDCs' rate classes span various levels of C&I maximum registered peak loads.

The Commission's regulations in various places identify small commercial customers as including those customers with a registered maximum peak load of 25 kW and below. The Commission's regulations governing customer information at 52 Pa. Code § 54.2 define a small business customer as having a "maximum registered peak load…less than 25 kW within the last 12 months."[5] In addition, the Commission's default service regulations at 52 Pa. Code § 54.187 create the following three classes of customers for purposes of determining the appropriate frequency of adjusting default service rates: those with a maximum registered peak load up to 25 kW, those with a maximum registered peak load of 25 kW to 500 kW, and those customer classes with a registered peak load of equal to or greater than 500 kW.[6] Although the Commission's regulations do not define medium- and large-sized C&I customers, a logical reading of the Commission's regulations would mean that a medium-sized C&I customer would include customers with maximum registered peak load starting at 25 kW and above.

Nothing presented to date in the record of this proceeding demonstrates a substantive policy reason for reclassifying the small business customer for the purpose of implementing the retail opt-in auction. Indeed, the initial comments submitted by many of the participants in this Investigation proceeding[7] were careful to define small business customers as 25 kW and below when discussing the low shopping levels among this customer class and in identifying issues related to this customer class. Furthermore, it has been widely recognized by commenters in this proceeding to date that shopping is already robust among large- *and* medium-sized C&I customers. Even the Commission itself recognized in the October 14th Order that customer

---

[5] 52 Pa. Code §54.2.

[6] *See* 52 Pa. Code § 54.187.

[7] *See e.g.* Comments of Direct Energy Services LLC, filed June 3, 2011. Direct Energy defines the small business customer as "Small Business (i.e., 25 kW and below) customers…" *Id.* at p. 5. It also explains that such customers "…exhibit switching characteristics and familiarity and comfort with the competitive market that are similar to the residential class…" *Id.* at p. 5, n. 4.

shopping is robust among the medium C&I customers above 100 kW. For customers between 25 kW and 100 kW, UGIES serves a large number of these customers, and our experience is that these customers likewise demonstrate a level of sophistication in shopping for their electric supplier.

Unless there is some other reason for including medium- and large-sized customers that has not been articulated up until this point, it seems that the only justification for including C&I customers above 25 kW is to simplify the implementation of this program for the EDCs. Including customers above 25 kW, however, has the potential to discriminate against EGSs who are serving or plan to serve this customer class in Pennsylvania and could have the potential to minimize the pool of eligible EGSs that compete for these customers business.

At this juncture, considering the amount of time and energy that the Commission, its staff and all of the parties are expending to minimize administrative barriers to competition and choice, it hardly makes sense to permit administrative convenience to determine customer eligibility, especially when it can produce the unintended consequence of narrowing the pool of EGSs that compete for these customers' business. At a recent subgroup meeting, Duquesne Light Company ("Duquesne Light") explained that it employs a simple process to identify small commercial customers (< 25 kW or below) by annually reviewing the maximum registered peak load for these customers in the prior 12 months. UGIES urges the Commission to recommend that EDCs consider and adopt the method employed by Duquesne Light as a "best practice" to ensure that, for the reasons stated above, the retail opt-in auction is applied only to residential customers and small business customers up to 25 kW.

2. If the Commission approves the offering of financial incentives as a design element of the retail auction, the Commission should set the financial incentive at an appropriate level that will properly attract customer participation without creating unrealistic consumer expectations or interfering with existing contracts.

The stakeholder sub-group in this Investigation proceeding is proposing to attract customers by offering discount from the price to compare (which will vary by EDC territory) and a financial bonus that is to be administratively-determined and applied statewide. The levels of the financial incentive being discussed range between $100 and $300.

The use of an administratively-determined bonus in this program, especially one that is set too high, runs the risk of creating unrealistic consumer expectations as to the benefits to be produced by competition. Furthermore, a financial incentive, especially one that is set too high, may have unintended consequence of interfering with existing contracts. Under most EGS contracts, customers are expected to pay an early cancellation fee for canceling the contract before the term expires. In many cases this fee will be less than the financial incentive being proposed. Although one of the design principles agreed upon by the stakeholder group is that this program would only be offered to default service customers and not shopping customers, depending on the modes of communication used to market this program to customers (i.e., will this program be offered on the web or through email), it is possible that shopping customers will learn of the program and possibly be enticed to break their existing contracts with suppliers to participate in this program. This, in turn, could result in financial losses to established EGSs, all of which destabilizes the competitive marketplace.

Moreover, requiring EGSs to offer a financial bonus, especially one that is set too high, will limit the amount of EGSs able to successfully bid in to the retail auction and win tranches. There is a cost to the supplier to offer this financial incentive, which for most suppliers must be reflected in the price offered to customers. As a result, the larger the incentive, the smaller the discount the supplier can bid. This creates distortive price signals to the market. Even though load caps of 25% are being proposed, requiring participating EGSs to offer a financial incentive, especially one that is too high, could produce the opposite of what this opt-in auction is intended to create. Instead of having many suppliers win small tranches, there is a possibility that the largest EGSs will win tranches up to the load cap. Thus, the retail opt-in auction would serve as an administrative method for picking winners and losers in this market segment, which in time will narrow the pool of suppliers that are able to compete for these customers' business and have a negative impact on competition.

C. Customer Referral Programs

In the Commission's October 14th Tentative Order, the Commission recommended that EDCs incorporate customer referral program in their next default service plans. The Commission stated these programs can be offered on a sliding scale ranging from simple advisory to customers of the benefits they can achieve from shopping to a program in which EDC customer representatives offer to assist a customer in the enrollment with an EGS that is offering some form of a standard offer product. The Commission explained that EDC customer representatives would act in these roles during predetermined customer contact scenarios, such as when a customer initiates new service or makes an inquiry regarding rates. Like the opt-in auction, the Commission did not propose a specific format for the referral programs but recommended the EDCs use, as a starting point, the proposal being discussed by stakeholders in the Investigation.

The proposal being discussed by stakeholders in this Investigation proceeding seems to match the description of a program on one end of the sliding scale where the EDC customer representatives offer to assist a customer in the enrollment with an EGS that is offering some form of a standard offer product. Under the proposal, customers participating shall be permitted to affirmatively choose a specific EGS and customers that do not express a preference will be assigned at random, on a rotating basis, to an EGS drawn from the list of participants in the program. Participating EGSs must offer all eligible customers (residential and small commercial customers) referred to them a standardized product for the introductory period. After the introductory period, the EGS will serve the customer on a month-to-month basis. Customers may withdraw from the program during the introductory period upon notice and shall be eligible for one introductory offer every three years.

The proposal provides that utilities shall offer customers the option to learn about the referral program when a customer contacts the utility to: (1) initiate new service, (2) reinstate service following a change of location, (3) make an inquiry regarding rates, (4) make an inquiry regarding a billing issue, (5) seek information on energy efficiency, or (6) create an online account with the utility. The proposal provides that utilities shall enroll customers into a referral program on behalf of EGSs and may accomplish the enrollment through a telephonic process implemented by their call centers, or via a dedicated webpage to the referral program (which EDCs must create in accordance with certain criteria) and/or through hard copy mailing providing the options available under the programs.

In addition, the proposal provides that both utilities and EGSs shall promote the referral programs by providing customers with accurate information through the internet, a dedicated toll-free telephone list, media advertising, direct mailings and other appropriate means. EDCs can recover the costs of administering the program through a Retail Markets Surcharge which shall be non-bypassable and applicable to all residential and small commercial customers.

UGIES fully supports changing the way EDC customer representatives interact with customers regarding electric choice. EDCs can and should play an important role in educating customers about competition and choice, and the way this role is implemented should be enhanced. UGIES fully supports having EDC customer representatives explain the benefits a consumer can achieve from shopping during predetermined customer contact scenarios. The EDC representatives should direct consumers to the PA Power Switch website so that the consumer can self-select which EGS product offering is right for them -- a determination which can be, and is often, made on factors other than price alone. During the predetermined customer contact scenarios, the EDC representative should explain to the customer that the customer can, *at any time without penalty or detriment to the service it receives from the utility*, switch to the one of the EGSs that is listed on the PA Power Switch website as making offers in the utility's service territory. Using EDC representatives in this way would be a vast improvement to the way in which and how often the message of competition is communicated to consumers.

UGIES is concerned, however, that the current proposal being formulated in the stakeholder subgroup goes above and beyond an appropriately-designed customer referral program to potentially creating new market barriers through administrative design that could negatively impact the future of Pennsylvania's electric retail market. Under this proposal, the EDCs will effectively be stepping into the shoes of EGSs to market choice and products on their behalf and will fully recover the costs of doing so from all customers. This hardly seems like an appropriate role for an EDC. An EDC should not encourage one type of product offering over another or one EGS over another, but should be in the neutral role of providing information regarding choice so the customer can make the best decision according to the customer's needs or desires. It seems that placing the EDC in a referring role could serve to complicate what should be a simple message of choice, as customers who participate in the referral program may come to the wrong belief that their decision to switch from their local utility is a safe or beneficial one only when the EDC refers the supplier. No matter how much input is welcomed or received into scripting the EDCs' representatives' communications with customers, it is not clear how one can simply "script around" this perception. It is also not clear whether there will be proper oversight to ensure that EDCs referrals are done in truly fair manner.

In addition, it raises the question of how this will impact existing and future investments made by EGSs to advertise, promote and market their products and services to these customer classes. Marketers that have already invested in marketing resources and programs will be disadvantaged by this proposal as it will attract new entrants that can short cut the customer acquisition process with this new set of rules.

With respect to the standard introductory offer, UGIES incorporates its comments above with respect to issues identified regarding standard offers and financial incentives. Moreover, UGIES finds concerning the idea that the introductory offers will be administratively-determined and standardized with no adjustment to reflect current market conditions. If the standard offer is set at x% off the price to compare, for example, it is very possible that many EGSs could drop out of the program since if they are not be able to match the standard offer under existing market conditions. The only EGSs left competing for these customers in the referral program will likely be the already dominating players. The resulting effect is that the retail opt-in auction would serve as an administrative method for picking winners and losers in this market segment, which over time could have the consequence of narrowing the pool of competing suppliers and thus reducing the benefits of competition to consumers.

Finally, if the Commission were to adopt the proposal being discussed in the stakeholder subgroup current, UGIES incorporates its comments above regarding the limitation of customer eligibility to residential and small commercial customers, defined as 25 kW and below, and recommends that the Commission encourage the EDCs to adopt as a "best practice" the method employed by Duquesne Light to identify these customers. However, if the Commission were to adopt a more scaled back version of a customer referral program as UGIES proposes in these comments (in which case, the name "customer referral program" seems like a misnomer and something like the "customer choice promotion program" would seem more appropriate), then UGIES believes that it may be beneficial to apply it to all customers regardless of customer class or size since it would be a truly neutral program to promote choice on a general basis.

D. Other Recommendations in the October 14th Tentative Order

UGIES fully supports the remaining recommendations in the Commission's October 14th Tentative Order.

III. Conclusion

UGIES appreciates the opportunity to submit these comments and looks forward to further participating in this Investigation proceeding. Through this proceeding, the Commission is taking a crucial next step in leading Pennsylvania's retail electricity marketplace into achieving its full potential. For the reasons set forth above, UGIES fully supports the Commission's recommendation to expand hourly-priced default service to medium-sized C&I customers and to improve the EDCs' customer representatives' role in educating customers about competition and choice. While UGIES appreciates the Commission's willingness to examine creative solutions to break through the customer inertia currently plaguing residential and small business customers in some EDC service territories, UGIES recommends that the

Commission preserve best practices and avoid creating new market barriers through administrative design that could negatively impact the future of Pennsylvania's electric retail market.

Dated: November 3, 2011

From: (610) 992-3209
Melanie Elatieh
UGI Corporation
460 N. Gulph Road

King of Prussia, PA 19406

Origin ID: KPDA

J11201108050225

Ship Date: 03NOV11
ActWgt: 2.0 LB
CAD: 100325250/INET3210

Delivery Address Bar Code

SHIP TO: (717) 783-1740 BILL SENDER

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Comm.
400 NORTH ST
COMMONWEALTH KEYSTONE BUILDING
HARRISBURG, PA 17120

Ref #
Invoice #
PO #
Dept #

FRI - 04 NOV A1
STANDARD OVERNIGHT

TRK# 0201 **7953 6674 0677**

ZN MDTA

17120
PA-US
MDT

50FG1/A013/F5F4

After printing this label:
1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com.FedEx will not be responsible for any claim in excess of $100 per package, whether the result of loss, damage, delay, non-delivery,misdelivery,or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim.Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic valueof the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental,consequential, or special is limited to the greater of $100 or the authorized declared value. Recovery cannot exceed actual documented loss.Maximum for items of extraordinary value is $500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our ServiceGuide. Written claims must be filed within strict time limits, see current FedEx Service Guide.