

# Philadelphia Gas Works

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December 14, 2011

## VIA ELECTRONIC FILING

Rosemary Chiavetta - Secretary  
PA Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

Re: **Interim Guidelines Regarding Standards For Changing a Customer's Electricity Generation Supplier – Docket No. M-2011-2270442; Comments of PGW in Response to the November 10, 2011 Tentative Order**

Dear Secretary Chiavetta:

Enclosed for filing is an original of Philadelphia Gas Works' Comments in Response to the November 10, 2011 Tentative Order.

If you have any questions, please contact me.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Gregory J. Stunder", is written over a printed name. The signature is fluid and cursive, with the first and last names being most prominent.

Gregory J. Stunder

Enclosure

cc: Office of Competitive Market Oversight at [ra-OCMO@state.pa.us](mailto:ra-OCMO@state.pa.us)

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA. 17105-3265**

**Interim Guidelines Regarding Standards  
For Changing a Customer's Electricity  
Generation Supplier**

**Docket No. M-2011-2270442**

**COMMENTS OF PHILADELPHIA GAS WORKS IN RESPONSE  
TO THE NOVEMBER 10, 2011 TENTATIVE ORDER**

**I. INTRODUCTION**

The Pennsylvania Public Utility Commission (“Commission” or “PUC”) adopted a Tentative Order on November 10, 2011 which proposes interim guidelines that are intended to facilitate the timely transfer of a customer’s account from an electric distribution company (“EDC”) to a competitive electric generation supplier (“EGS”) or from one EGS to another while preserving safeguards to prevent the unauthorized switching of a customer’s account, also known as “slamming.” The proposed interim guidelines and other proposals set forth were developed by the Pennsylvania Public Utility Commission’s Office of Competitive Market Oversight (“OCMO”) as a result of meetings held with the working groups, CHARGE<sup>1</sup> (Committee Handling Activities for Retail Growth in Electricity) and the Commission’s *Investigation into Pennsylvania’s Retail Electricity Market* (Retail Marketing Investigation or RMI).<sup>2</sup> The Commission also requests comments on the feasibility of applying these proposed Interim Guidelines to natural gas distribution companies (“NGDC”) and natural gas suppliers (“NGS”).

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<sup>1</sup> CHARGE members included EDCs, EGSs, industry trade organizations, consumers, the Office of Consumer Advocate (OCA), and the Office of Small Business Advocate.

<sup>2</sup> *Investigation of Pennsylvania’s Retail Electricity Market*, order entered April 29, 2011 at Docket No. I-2011-2237952.

Philadelphia Gas Works (“PGW”), which provides natural gas distribution services and natural gas supply to approximately 500,000 customers in the City and County of Philadelphia, opposes the application of these proposed Interim Guidelines to natural gas distribution companies (“NGDC”) and natural gas suppliers (“NGS”). PGW submits the following comments in response to the November 10, 2011 Tentative Order.

## **II. COMMENTS**

### Switching Deadline

PGW supports the Commission’s interest in facilitating the timely transfer of a customer’s account from an NGDC to a competitive NGS or from one NGS to another while preserving safeguards to prevent the unauthorized switching of a customer’s account. In order to accomplish this goal, PGW requests that OCMO facilitate working group meetings similar to those that have been held for EDC’s and EGS’s. One of the primary reasons that NGDC/NGS working group meetings will be beneficial is that electricity transmission is substantially different than natural gas transmission. In electric markets, most of the electricity that is purchased for default service is a full requirement load following supply product. This means that when an EDC purchases electricity for periods in the future, the transmission and the electricity are considered one product. Furthermore, in virtually all instances, the responsibility for changes in demand due to customer switching is assigned to the wholesale supplier, not the EDC. Finally, the PJM power pool is responsible for physically scheduling generation and assuring it is delivered to the EDC’S distribution system. As a result, transferring responsibility for serving an end user customer from default to EGS service can be easily accomplished within a matter of days by providing the required notice to PJM. In turn, the ability to transfer the responsibility to serve a customer so quickly permits a shorter timeframe between notice to an

EDC that a customer wants to switch suppliers (i.e. switching deadline) and the customer's meter read date.

On the other hand, the wholesale natural gas market cannot possibly provide a full requirement load following supply product. The physical characteristics of natural gas & natural gas transmission pipelines, the location of natural gas supply and the lack of a PJM power pool equivalent for the wholesale natural gas market, among other factors, prevent the same/similar flexibility in natural gas transmission. This is not to say that current NGDC switching timeframes and deadlines must remain exactly the same, but the narrowness of the EDC timeframes and the frequency of the EDC switching deadlines simply cannot be achieved. It is also important to note that if NGDC's and NGS's pursue more narrow timeframes and more frequent switching deadlines, both the complexity and frequency of capacity allocations and daily nominations will increase, thereby requiring an increase in NGS and NGDC staffing levels coupled with the implementation of significant systems changes by both NGS's and NGDC's. Given the differences in wholesale electric and gas markets and the increase in NGS administrative costs, PGW would like to meet with NGS's in order to determine the right balance of changes and explore the viable alternatives to changing current switching timeframes and deadlines.<sup>3</sup>

#### Energy Association of Pennsylvania Comments

PGW concurs with and joins in the comments submitted by the Energy Association of Pennsylvania in this matter.

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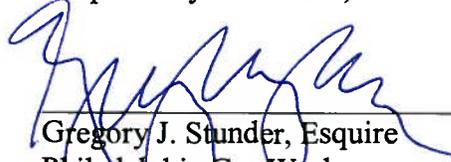
<sup>3</sup> For example, some NGDC's have only one monthly switching deadline but yet have shortened the switching timeframe by supplying natural gas to the NGS customer for the first billing cycle after the switching deadline. The NGS then pays for the natural gas provided to its customer during the first billing cycle by the NGDC via a year end cash-out payment.

#### IV. CONCLUSION

While significant discussion regarding a reduction in the time line for switching for the electric industry has occurred, that has not been the case for the natural gas industry. Because of the differences between the industries, any interim guidelines, related orders, or regulations should not be imposed upon the natural gas industry until a need to change the status quo is evaluated, and until a rulemaking process is undertaken.

PGW appreciates the opportunity to provide comments and the Company looks forward to continue working with the Commission and other stakeholders on these critical issues.

Respectfully Submitted,



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Date: December 14, 2011