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October 23, 2014

**VIA E-FILING**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of UGI Utilities, Inc. – Electric Division to Defer Implementation of Portions of Revised Standards For Changing a Customer’s Electric Generation Supplier at 52 Pa. Code §§57.174 and 57.180 and to Implement an Alternative Method to Address Certain Variable Rate Disputes,  
Docket No. P-\_\_\_\_\_

Dear Secretary Chiavetta:

Enclosed for filing, please find the above-captioned petition of UGI Utilities, Inc. – Electric Division (“UGI-ED”). UGI-ED respectfully requests action on this petition on or before the December 15, 2014 deadline for implementing certain accelerated switching rules established under the Commission’s regulation at 52 Pa. Code §57.180.

Should you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark C. Morrow". The signature is fluid and cursive.

Mark C. Morrow

Counsel for UGI Utilities, Inc. –  
Electric Division

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI Utilities, Inc. – Electric Division :  
to Defer Implementation of Portions of :  
Revised Standards For Changing a Customer’s :  
Electric Generation Supplier at 52 Pa. Code :  
§§57.174 and 57.180 and to Implement an :  
Alternative Method to Address Certain Variable : Docket No. P- \_\_\_\_\_  
Rate Disputes :

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**PETITION OF UGI UTILITIES, INC. –  
ELECTRIC DIVISION**

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UGI Utilities, Inc. – Electric Division (“UGI-ED”), in accordance with the provisions of 52 Pa. Code §5.41, hereby petitions the Commission for permission to defer implementation of portions of the provisions of 52 Pa. Code §§57.174 and 57.180, establishing certain revised standards for changing a customer’s electric generation supplier and to implement a proposed alternative method to address certain variable rate issues, and in support thereof states the following:

1. UGI-ED is a certificated electric distribution company (“EDC”) providing electric distribution service to approximately 62,000 customers in portions of two counties in northeastern Pennsylvania.
2. UGI-ED’s counsel for this petition are:

Mark C. Morrow (Attorney I.D. # 33590)  
Danielle Jouenne (Attorney I.D. # 306839)  
UGI Corporation  
460 North Gulph Road  
King of Prussia, PA 19406  
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### CURRENT UGI-ED SWITCHING PROCEDURES

3. When a customer agrees to receive electric generation service from an Electric Generation Supplier (“EGS”) on UGI-ED’s system, the EGS initiates the change by sending an electronic message (“EDI”) to UGI-ED.

4. When UGI-ED receives the EDI message, its systems automatically (a) send a letter to the customer informing the customer of the change in supplier, (b) schedules the change in supplier for the first monthly customer meter-read date falling ten days after the receipt of the EDI notice and (c) notifies UGI-ED’s supply department to permit changes to PJM capacity and energy nominations.

5. The customer letter triggered by this process provides the customer with a five-day period to rescind the scheduled switch consistent with the provisions of the Commission’s directive in *Interim Guidelines Regarding Standards For Changing a Customer’s Electric Generation Supplier* (Docket No. M-2011-2270442, Final Order entered October 25, 2012), and is one reason why a ten-day period is provided before a customer switch will be scheduled for the next meter read date.

6. The supplier switch is scheduled for the next meter read date after the ten-day period because UGI-ED currently has no systems in place for calculating and correcting estimated bills, does not have smart meters capable on communicating actual meter reads between monthly meter read dates<sup>1</sup> and only has a small number of meters which record and store usage interval data, which might be used to correct estimated bill amounts if UGI-ED had systems in place for calculating estimated bills.

7. The automatic notice provided to UGI-ED’s supply department is necessary because UGI-ED is required under PJM rules to submit capacity and energy nominations that are affected by changes in customer suppliers, and while energy nominations can be corrected after-the-fact, capacity nominations cannot and hence must be accurately submitted to avoid potential cost shifts.

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<sup>1</sup> Consistent with the provisions of 66 Pa.C.S. §2807(f)(6), UGI-ED has not been required to install smart meters on its system.

8. Recently, the Commission revised its regulations to provide an accelerated timeline for customer switches in *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 57 Regulations Regarding Standards For Changing a Customer's Electric Generation Supplier* (Docket No. L-2014-2409383) ("Accelerated Switching Order), and these revised regulations became effective upon publication in the June 14, 2014 edition of the Pennsylvania Bulletin.<sup>2</sup>

9. In pertinent part, the Commission's revised regulations provide:

**§57.172. Customer contacts the EDC**

*(a) When a customer or a person authorized to act on the customer's behalf contacts the EDC to request a change from the current EGS or default service provider to a selected EGS, the EDC shall notify the customer that the selected EGS shall be contacted directly by the customer to initiate the change. This notification requirement does not apply when a Commission-approved program requires the EDC to initiate a change in EGS service.*

\* \* \* \*

**§57.172. Implementation**

*Each EDC and EGS shall implement §§ 57.172—57.174 and 57.179 by December 15, 2014.*

10. In part, the Commission apparently revised its regulations because of the "mounting number of complaints and recent wave of media attention responding to the increase in wholesale electric prices in January 2014" and "a record number of inquiries and informal complaints related to EGS high bills over the last several weeks." Accelerated Switching Order, pp. 12-13.

11. As a result of the special burdens that can be placed on smaller EDCs by mandated system changes, the Accelerated Switching Order also stated:

*EDCs and EGSs shall implement the revised regulations within 6 months of the date these revised regulations become effective. Any EGS or EDC unable to comply within this timeframe must file a petition with the Commission to explain their inability to comply and to propose alternatives, including estimated timeframe for implementation. We understand the concerns of the smaller electric utilities.*

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<sup>2</sup> See 44 Pa. B. 3539

### Waiver Request

12. UGI-ED, on or before December 15, 2014, shall revise its customer letter to delete the five-day rescission period consistent with the provisions of the Accelerated Switching Order and the recently effective revisions to 52 Pa. Code §§57.173-57.174.

13. UGI-ED shall also reprogram its systems to schedule customer switches for the first meter read cycle falling six days, as opposed to the current ten days, following its receipt of an EDI notice from an EGS, to reflect the elimination of the five-day rescission period, and is not proposing to further shorten this period because of its continuing need to leave sufficient time to manually revise its capacity reservations on PJM to avoid potential cost shifts.

14. A waiver is requested, however, from the requirements of 52 Pa. Code §§57.174 and 57.180 directing UGI-ED to implement a three-business day switching rule by December 15, 2014 for customers changing their electric generation supplier, and permission is sought, including to the extent required any waivers of conflicting regulations, to implement the alternative method of resolving certain variable rate disputes discussed below.

15. A waiver from the requirements of 52 Pa. Code §§57.174 and 57.180 is justified and in the public interest because of the high costs UGI-ED would have to incur to implement this change on an expedited basis, and the limited benefits which would accrue to customers on UGI-ED's system given UGI-ED's unique circumstances.

16. First, with respect to costs, UGI-ED currently shares a legacy customer information system ("CIS") with its sister natural gas distribution utilities that is costly to modify given its vintage, and the UGI distribution utilities are in the early stages of a planned systems replacement project that is expected to take approximately five years and in excess of \$50 million dollars to implement.

17. Given this replacement project, it would not be in the public interest to require the expenditure of significant funds to modify a legacy system in the absence of a strong and significant benefit to UGI-ED customers.

18. The implementation of a three-business day switching period by December 15, 2014 on UGI-ED's system would not provide significant public benefits because: (a) as of October 1, 2014, UGI-ED only has thirteen (13) residential customers who are shopping; (b) UGI-ED is unaware of any customer complaints on its system resulting from the use of variable rate product offerings from EGSs during the past winter; (c) UGI-ED customers will benefit from other Commission policy initiatives which have been taken to address variable rate product issues; (d) the costs of implementing systems changes<sup>3</sup> would have to be recovered over UGI-ED's relatively limited customer base and (e) UGI-ED is willing to implement, as discussed below, an alternative solution to address certain disputes over a customer's inability to quickly switch from a variable rate plan to a more economical energy plan, or temporarily back to default service.

19. Specifically, UGI-ED requests permission and the granting of any waivers of existing regulations, to the extent required, to permit it to retroactively apply an applicable billing rate plan for the customer's account to either (a) place the customer on an alternative rate plan of the Choice Supplier or (b) place the customer on default service rates and retroactively consider the customer a default service customer, where both the customer and the affected Choice Supplier are willing to agree to this arrangement. Such arrangements, however, would only be permitted no later than one month past the issuance of any impacted bill. Effectively, this approach would be similar in result to the actions of numerous EGSs who, in the wake of last year's polar vortex event, either issued bill credits or agreed to re-billing of accounts under non-variable rate plans.

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<sup>3</sup> Since the UGI distribution companies are in the early stages of a multi-year systems replacement process, UGI-ED is currently not able to accurately estimate when it will be in a position to determine the costs of implementing a three-business day switching rule on its new systems.

20. Given the anticipated number of such retroactive rate change requests given the unique circumstances of its service territory, UGI-ED expects to be able to manage such retroactive rate changes or re-billings on a manual basis, and thus would not need to adjust its existing systems.

WHEREFORE, UGI Utilities, Inc. – Electric Division respectfully requests, for the reasons set forth above, (a) a five-year extension of the December 15, 2014 implementation deadline established under the provisions of 52 Pa. Code §57.180 for implementation of the three-business day switching rule established by the provisions of 52 Pa. Code §57.174 and (b) permission and the granting of any waivers of existing regulations, to the extent required, to implement the alternative method to address certain variable rate disputes discussed in paragraph 19 above.

Respectfully submitted,



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Mark C. Morrow

Counsel for UGI Utilities, Inc. – Electric Division

Dated: October 23, 2014

VERIFICATION

I, Paul J. Szykman, hereby state that I am Vice President – Rates for UGI Utilities, Inc., and that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

A handwritten signature in black ink, appearing to read "Paul J. Szykman", written over a horizontal line.

Paul J. Szykman

Dated: October 23, 2014

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

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**CERTIFICATE OF SERVICE**

I hereby certify that I have, on this 23rd day of October, 2014 served a true and correct copy of the foregoing document in the manner and upon the persons listed below in accordance with requirements of 52 Pa. Code §1.54 (relating to service by a participant):

**VIA FIRST CLASS MAIL:**

Office of Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101

Bureau of Investigations and Enforcement  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 19105-3265

Office Of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1921



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Mark C. Morrow