

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

November 14, 2014

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

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-2014-2449397

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer, in the above-referenced proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Respectfully Submitted,

Kristine E. Robinson

Kristine E. Robinson
Assistant Consumer Advocate
PA Attorney I.D. # 316479

Enclosures

cc: Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of UGI-ED Utilities, Inc.- Electric	:	
Division to Defer Implementation of Portions	:	Docket No. P-2014-2449397
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	:	

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 5.61 of the Regulations of the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA) hereby files this Answer to the Petition of UGI-ED 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 (Petition). The OCA submits the following in support of its Answer:

I. Introduction

On October 23, 2014, UGI-ED Utilities, Inc. – Electric Division (UGI-ED or Company) filed a Petition with the Commission requesting permission to defer implementation of portions of the provisions of 52 Pa. Code Sections 57.174 and 57.180 for five years as applied to the Company; to implement a proposed alternative method to address certain variable rate issues; and to grant any waivers of existing regulations, to the extent required, to implement the proposed alternative plan.

Section 57.174 provides:

Time frame requirement.

(a) When a customer has provided the selected EGS or current EGS with oral confirmation or written authorization to select the new EGS or default service provider, consistent with electric data transfer and exchange standards, the EDC shall make the change within 3 business days of the receipt by the EDC of the electronic enrollment transaction.

(b) The EDC shall obtain a meter read to effectuate the switch of service within the time period provided for in subsection (a). In instances when the EDC does not have advanced or automated metering capability, the EDC shall obtain an actual meter read, use an estimated meter read or use a customer-provided meter read. When an estimated meter read is used, the estimated meter read shall be updated when an actual meter read is obtained.

52 Pa. Code § 57.174. EDCs are required to implement the switching regulations by December 15, 2014. 52 Pa. Code § 57.180. Any EDC unable to comply within this timeframe must file a petition with the Commission explaining its inability to comply and proposing alternatives, including estimated timeframe for implementation. Chapter 57 Regulations Regarding Standards for Changing a Customer's Electricity Generation Supplier, Final-Omitted Rulemaking Order, Docket No. L-2014-2409383, 27-28 (entered April 3, 2014).

The Petition provides that a waiver from the requirements of 52 Pa. Code Sections 57.174 and 57.180 is justified because of the high costs that the Company would have to incur to implement the switching regulations on an expedited basis and the limited benefits that would accrue to the Company's customers. Petition at ¶ 15. UGI-ED states that it currently shares a legacy customer information system (CIS) with its sister natural gas distribution utilities that is costly to modify given its vintage. Petition at ¶ 16. The UGI distribution utilities are in the early stages of a planned systems replacement project that is expected to take approximately five years to implement and cost over \$50 million. Id.

UGI-ED also states that the implementation of a three-business day switching period by December 15, 2014 would not provide significant public benefits, in part, because the cost of implementing the necessary system changes would have to be recovered over UGI-ED's relatively limited customer base. Petition at ¶ 18. UGI-ED, thus, concludes that it would not be in the public interest to require the expenditure of significant funds to modify its CIS. Petition at ¶¶ 17-18.

Instead, UGI-ED proposes an alternative solution to address certain disputes over a customer's ability to "quickly switch from a variable rate plan to a more economic energy plan, or temporarily back to default service." Petition at ¶ 18. UGI-ED proposes 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. Petition at ¶ 19. Such arrangements, however, would not be permitted later than one month past the issuance of any impacted bill. *Id.* UGI-ED anticipates that it will be able to manage such retroactive rate changes or re-billings on a manual basis and would not need to adjust its existing systems. Petition at ¶ 20.

The OCA submits the following in response to the Company's Petition.

II. Answer

In general, the OCA supports the Company's efforts to reduce customer costs. While the OCA acknowledges that lengthy switching delays can result in some customer frustration and a reduction in attained savings, the OCA submits that consumers should not be burdened with a significant level of costs without thorough analysis. As the Company indicated in its Petition,

only 13 residential customers are receiving service from a retail supplier. Petition at ¶ 18. The Company has stated that it would not be in the public interest to require the expenditure of significant funds to modify its CIS in order to comply with the Commission's switching regulations at this time. The OCA supports the Company's position that requiring costly modifications to its legacy CIS would not be reasonable at this time. This is particularly true in this instance when the Company will be replacing its CIS and has the opportunity to incorporate the functionality needed for 3-day switching in the new system.

Until the Company can achieve full compliance, the Company has proposed to retroactively apply the applicable billing rate plan to a customer's account when a customer chooses to move off of EGS service. The Company further indicates that this alternative would be available only when a customer's EGS agrees to comply. Petition at ¶ 19. The OCA is concerned with this proposal, particularly if it allows an EGS to thwart a more accelerated switch to the customer's detriment. In addition, as the Company has not outlined the details, more development of this plan is needed. For example, the Company has not provided any information regarding when the alternative rate plan will become effective or when the consumers will receive the benefits of the rate change or re-billing.

Given the length of the proposed waiver request (5 years), the OCA submits that it is incumbent on the Company to develop a temporary procedure that allows customers to, at a minimum, return to default service within a shortened time frame whether or not the EGS agrees to this procedure. A similar "back up" plan of this type has been proposed, on a temporary basis, by several other utilities in recent waiver requests. See, e.g., Petition of Duquesne Light Company for a Waiver of the Three Business Day Switching Requirements Under 52 Pa. Code Section 57.174, Docket No. P-2014-2448863. Additionally, the Company has provided no cost

information for this proposal. The Company should be required to demonstrate that the costs are reasonable and justified if it seeks recovery of such costs. The OCA supports approval of this plan, however, insofar as it provides customers with a similar advantage to that of moving off of potentially expensive EGS service within three business days.

WHEREFORE, the Office of Consumer Advocate respectfully submits that the Company's request for a waiver of the Commission's regulations should be granted at this time, subject to the above-stated conditions.

Respectfully Submitted,



Kristine E. Robinson
PA Attorney I.D. # 316479
E-Mail: KRobinson@paoca.org
Assistant Consumer Advocate
Aron J. Beatty
PA Attorney I.D. # 86625
E-Mail: ABeatty@paoca.org
Senior Assistant Consumer Advocate

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

Dated: November 14, 2014

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CERTIFICATE OF SERVICE

Petition of UGI-ED Utilities, Inc.- Electric :
Division to Defer Implementation of Portions : Docket No. P-2014-2449397
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 :

I hereby certify that I have this day served a true copy of the foregoing, the Office of Consumer Advocate's Answer, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 14th day of November 2014.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Johnnie E. Simms, Esq.
Bureau of Investigation & Enforcement
Pa. Public Utility Commission
Commonwealth Keystone Building
400 North Street, P.O. Box 3265
Harrisburg, PA 17105-3265

SERVICE BY E-MAIL and FIRST CLASS MAIL

Mark C. Morrow, Esq.
Danielle Jouenne, Esq.
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406

John R. Evans
Office of Small Business Advocate
Suite 202, Commerce Bldg.
300 North Second Street
Harrisburg, PA 17101



Kristine E. Robinson
Assistant Consumer Advocate
PA Attorney I.D. # 316479
E-Mail: krobinson@paoca.org

Aron J. Beatty
Senior Assistant Consumer Advocate
PA Attorney I.D. # 86625
E-Mail: Abeatty@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
196926