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March 4, 2015

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-2014-2449397

Dear Secretary Chiavetta:

Enclosed for filing in accordance with Ordering Paragraph 3 of the Commission’s Order in the above-caption proceeding entered on December 4, 2014, please find UGI Utilities, Inc. – Electric Division’s proposal for a manual process to permit accelerated customer switching without significant modifications to its customer information system. Copies of this document have been served upon the persons indicated in the attached certificate of service.

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

Very truly yours,

Mark C. Morrow

Counsel for UGI Utilities, Inc. – Electric Division

cc: Service List

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 Rate Disputes : Docket No. P-2014-2449397
:

UGI Utilities, Inc. – Electric Division (“UGI-ED”), in accordance with Ordering Paragraph 3 of the Commission’s Oder in the above-captioned matter entered on December 4, 2014, hereby submits a proposal to implement a manual process to permit accelerated switching without significant modifications to its customer information systems, and in support thereof states the following:

Background

1. On October 23, 2014, UGI-ED filed the above-captioned petition to defer implementation of portions of the Commission’s revised standards for changing a Customer’s Electric Generation Supplier (“EGS”) at 52 Pa. Code §§ 57.174 and 57.180 and to implement an alternative method to address certain variable rate disputes.

2. UGI-ED served its Petition on the Bureau of Investigation & Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”).

3. On November 14, 2014, OCA filed an Answer to UGI-ED’s petition, and on November 24, 2014, UGI-ED filed a response to new matter raised by the OCA in the OCA’s Answer.

4. In its December 4 Order the Commission concluded:

1. *That the Petition of UGI Utilities, Inc. – Electric Division to Defer Implementation of Portions of the Revised Standards for Changing a Customer’s Electric Generation Supplier at 52 Pa. Code 57.174 and 57.180, is granted under the terms of this Order for the period of December 15, 2014 through June 15, 2015.*
2. *That the Petition of UGI Utilities, Inc. – Electric Division to Implement an Alternative Method to Address Certain Variable Rate Disputes is denied.*
3. *That UGI Utilities, Inc. – Electric Division is directed to file with the Commission at this Docket its analysis of a manual process that complies with our regulation 52 Pa. Code 57.174 and would not warrant significant changes to its existing customer information system within 90 days of the entry date of this Order.*
4. *That UGI Utilities, Inc. – Electric Division is directed to analyze how the new PJM Interconnection L.L.C revisions to Article 1 and Schedule 8 of the Reliability Assurance Agreement Among Load Serving Entities, accepted by the Federal Energy Regulatory Commission at Docket No. ER15-134, impacts its current switching deadlines and report to the Commission within 14 days of the entry date of this Order its analysis of how many days it can reduce its currently proposed six day switching deadline and when it can implement that process on or soon after January 1, 2015, when these changes become effective.*

5. In compliance with Ordering Paragraph 4, UGI-ED filed a letter on December 18, 2014 stating it believed the revision of Article 1 and Schedule 8 of the Reliability Assurance Agreement Among Load Serving Entities, accepted by the Federal Energy Regulatory Commission at Docket No. ER15-134, would permit UGI-ED to shorten its period for effectuating customer switches to 3 business days.

6. On January 26, 2015 UGI-ED implemented changes to its business rules for processing on-cycle Choice enrollments. Supplier enrollments are now effective on the next scheduled meter read when confirmed at least 3 business days before the UGI-ED customer’s next scheduled meter read. All active suppliers on the UGI-ED system have been notified of this significant improvement in the enrollment timeframe.

Manual Process Proposal

7. Consistent with the Commission's directive in Ordering Paragraph 3, UGI-ED has conducted a thorough analysis of its current business process and information systems and believes it has developed a manual process that substantially complies with the intent of the Commission's regulations, and requests Commission approval of this process including any waivers, to the extent required, from the Commission's regulations.

8. That process is described in detail in Appendix A hereto.

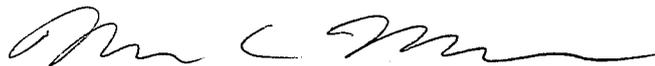
9. Since UGI-ED will need time to implement this manual process, including required system changes, testing, training and associated SOX control processes, and the Commission in its December 4 Order only granted an implementation waiver through June 15, 2015, UGI-ED also requests a further implementation waiver until the later of (a) ninety days after the Commission's approval of this manual process or (b) September 15, 2015.

9. Assuming Commission approval, UGI-ED proposes to implement and rely on this manual process until it is able to implement an automated three business-day switching rule in conjunction with its planned multi-year systems replacement program.

WHEREFORE, UGI Utilities, Inc. – Electric Division respectfully requests (a) that it be permitted to implement the manual accelerated switching process described in Appendix A hereto, (b) that any waivers deemed necessary to implement the substance of UGI-ED's

proposal, to the extent required, be granted and (c) that it be granted a further implementation waiver until the later of ninety days after a Commission Order approving this process or September 15, 2015.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark C. Morrow', with a long horizontal flourish extending to the right.

Mark C. Morrow

Counsel for UGI Utilities, Inc. – Electric Division

Dated: March 4, 2015

APPENDIX A

General Business Requirements and Assumptions Related to Implementing Accelerated Switching for Residential and Small Commercial Customers.

- UGI-ED's current customer information system permits billing only one rate plan per bill. Consequently, UGI-ED is proposing to bill the customer when the switch is effective. This is similar to the "Bill on Supplier Switch" or "BOSS" approach proposed by PECO and approved by the Commission. That is, customers who switch off-cycle will receive a bill for the partial period up to the date of the switch and then a subsequent bill for the period from the off-cycle switch to the next scheduled on-cycle meter read date. At this time, UGI-ED is requesting a waiver to billing regulations to allow for its proposal to issue off-cycle bills when processing off-cycle switches.
- UGI-ED is proposing to implement one off-cycle switch per account per billing period, similar to other "Phase 1" plans submitted by other EDC's in response to the Rule Making Order related to Accelerated Switching. This limitation will help to reduce any confusion related to multiple bills during a month while still providing for an opportunity for a customer to quickly switch from an uneconomical plan. In addition, limiting the off-cycle switches to one per monthly billing period will help to mitigate the significant manual effort associated with estimating bills, performing cancel/rebills to address estimate errors and the impact that multiple monthly bills would have on ancillary billing functions (as noted below under Additional System Considerations). If an account has already had one off-cycle switch in a given monthly billing period, any subsequent enrollment requested by a supplier will become effective on the next scheduled meter read, subject to the current three business day rule currently in effect for on-cycle switches.
- Since UGI-ED does not have smart meters capable of communicating actual meters reads between monthly meter read dates, the meter read index for all off-cycle bills will be manually calculated generally based on historical monthly usage information for that location, prorated for the number of days associated with the period between the last actual monthly meter read and the off-cycle switch date. If the actual meter read index taken on the next scheduled meter read date is less than the off-cycle, estimated meter

read, the customer will receive corrected bills utilizing a revised estimate that is based on a proration of the monthly usage indicated by the actual monthly on-cycle read.

- This manual process assumes UGI-ED shopping levels remain relatively low. If UGI-ED experiences a sudden, significant and sustained increase in requested three business-day switches, it will use best efforts to accomplish the manual switching but may need additional time beyond the three business-day period. (See section on Scalability below for additional detail.)

Overall Business Process for Implementing an off-cycle three business-day switch after an enrollment is confirmed.

- Choice Supplier submits an enrollment via EDI as a result of a request from a residential or small commercial customer for a change in electric supplier.
- UGI-ED confirms enrollment and sends confirmation transaction to Choice Supplier. If the enrollment is the first off-cycle switch in the billing period, the customer's account appears on a report, flagging the enrollment as a three business day switch. If an off-cycle switch has previously been processed during the monthly billing period, the new enrollment request will be processed as an on-cycle switch.
- Schedule containing the energy requirements of the customer associated with the enrollment request is created and submitted to PJM by Noon. (Day 1)
- Customer Accounting Department calculates usage for the previous supplier's portion of the bill. (Day 2).
- Customer considered active under the new supplier 3 days after enrollment processed (Day 3)
- Customer Accounting Department enters transaction in the Customer Information System recording the estimated usage and manually billing the customer for the usage up to the off-cycle switch.
 - Customer switches to new supplier in CIS on the three day effective date when the bill for the prior supply is processed successfully

See Attachment 1 for flowcharts of accelerated switching examples.

Overall Business Process for correcting inaccurate estimate (actual meter read index taken on the next scheduled meter read date is less than the off-cycle estimated meter read).

- Actual meter read index taken on the next scheduled meter read date is less than the off-cycle estimated meter read, indicating negative usage on the on-cycle bill.
- Variance report generated for accounts with negative usage.
- System cancels previous bill based on estimated off-cycle meter read.
- Customer Accounting Department manually enrolls customer back with previous supplier (2 day process).
- New estimate for usage for the period up to the off-cycle switch is calculated (based on the monthly usage indicated by the actual monthly scheduled read, prorated for the number of days between previous scheduled meter read and off-cycle switch).
- Customer Accounting Department issues a correcting estimated bill with previous supplier for the period up to the off-cycle switch.
- Customer Accounting Department manually re-enrolls customer with current supplier (1 day process).
- Customer Accounting Department manually bills customer for the partial period from the off-cycle switch to the actual scheduled meter read date and index.

Additional System Considerations

Although accelerated switching will be a predominantly manual process, there will be some required system enhancements necessary for allowing one off-cycle enrollment and related reporting.

- System enhancement to identify if enrollment is to be treated as off-cycle or on-cycle
- System reporting of pending three day switches
- System enhancements will be required for submitting corrections to previous scheduling of capacity and transmission amounts
- Potential system enhancement to support calculation of estimated usage

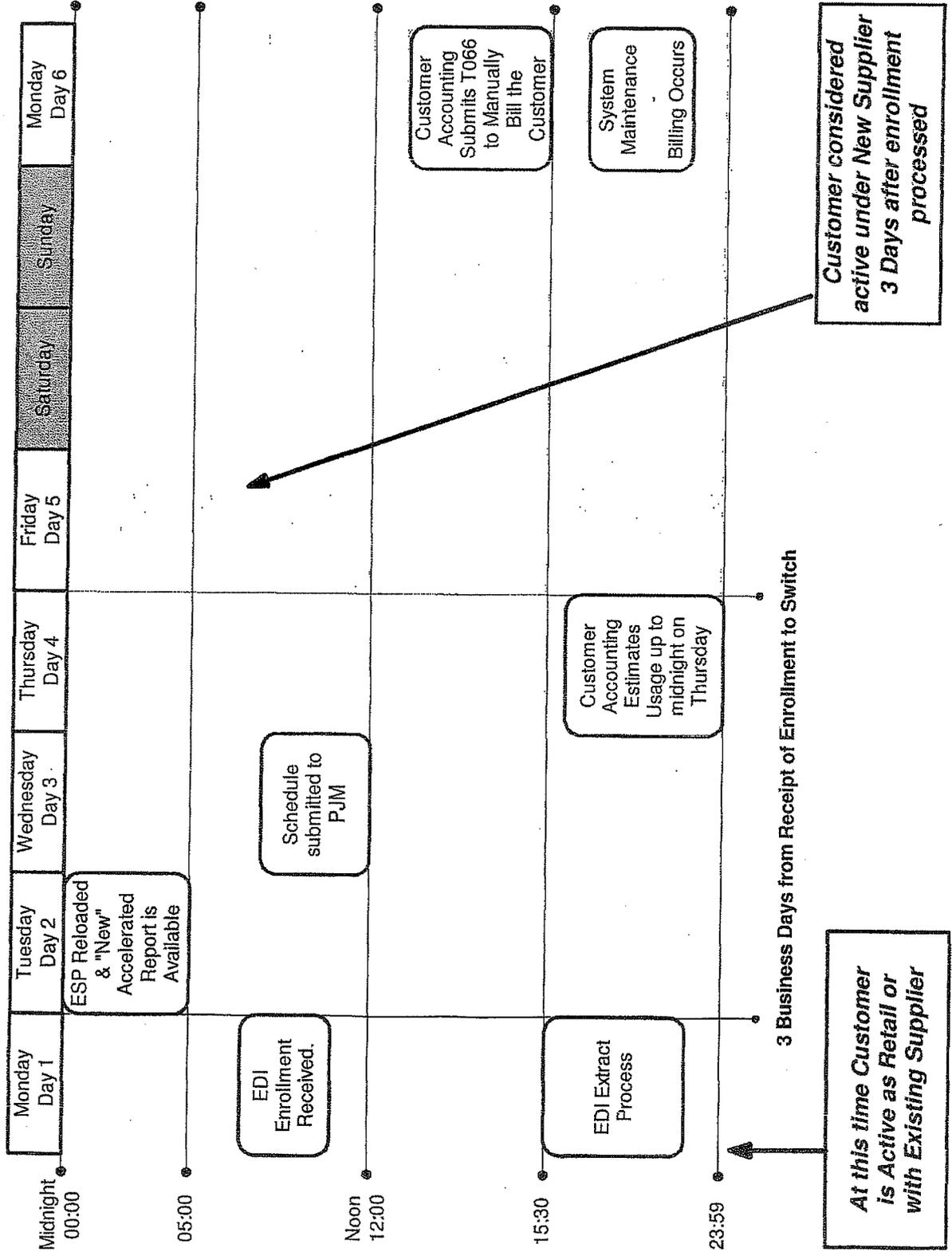
- Potential system enhancements will be evaluated to help mitigate the impact of partial month bills on ancillary system processes including:
 - Calculation of Equal Monthly Payments (Budget Billing)
 - System rules for triggering automatic payment withdrawal program
 - Impact of partial month bills on estimation routines for scheduling purposes
 - Calculation of Late Payment Charges
 - Fixed Income Due Dates

Scalability

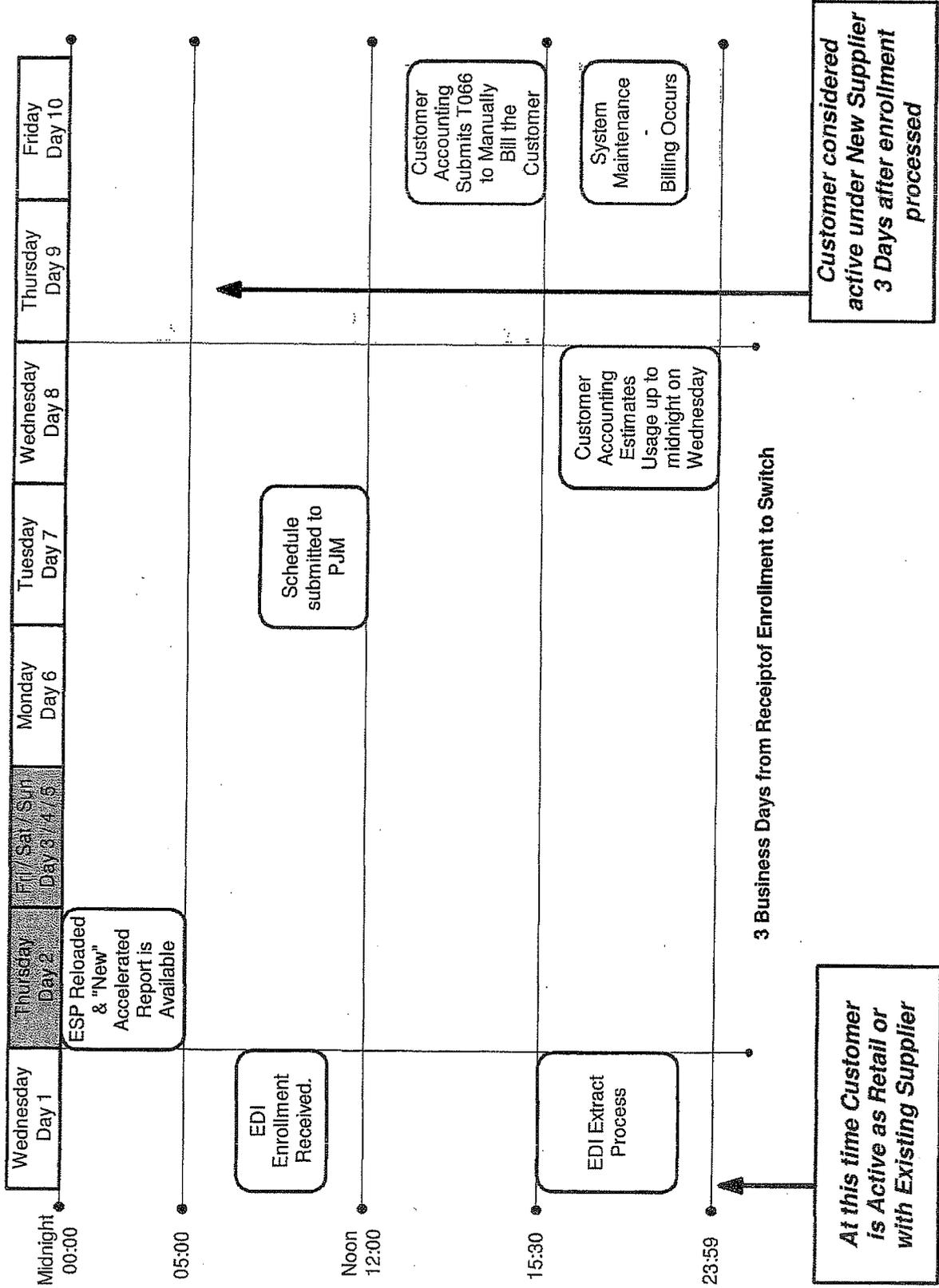
UGI believes this manual approach will be functional under current enrollment levels. However, if the Company experiences significant increases in the level of Choice Customer Shopping, there is a risk associated with being able to implement three day off-cycle switches on a consistent basis. Historically, the number of switches can vary considerably from day to day and from month to month and as a result, it would be difficult to staff accordingly for that varying workload for a manual switching process, especially if overall enrollment levels were significantly higher than they are currently. As an example, for the calendar year 2014, UGI received monthly enrollments that ranged from a low of three (in August) to a high of 194 (in June). Based on assumed average transaction times for; calculating usage estimates and manual billing and cancel/rebills of inaccurate estimates, UGI believes it can absorb the required manual work with current employee levels, even during months with maximum enrollments based on historical levels. However, for levels that unexpectedly spike beyond the historical maximum, due to a significant marketing effort by a supplier or suppliers, there could be a backlog in processing switches. For example, in a case where there is an enrollment spike equal to four times the maximum historical level, that is, 776 monthly enrollments versus 194, or 180 transactions per week instead of 45, it would require extra processing time to complete all of the switching requests, leading to a possible 4 or 5 business-day timeframe to complete some of the switches. Given the complexity of managing these requests with UGI's current customer information system, and the specialized training required, it is very difficult to maintain a scalable workforce which could assure 3 day timeframes irrespective of enrollment levels. To also assist in managing this manual workload, UGI does plan to notice EGS' operating on its system in order to have awareness of this manual process considered as they perform enrollments

and to avoid “batching” of any enrollment requests to ameliorate the possibility of switching times in excess of the planned 3 days. Although UGI will employ best efforts to meet the three day timeframe, there may be times when, due to unusual circumstances, that timeframe may be exceeded for some population of switching requests.

Shortest Accelerated Off-Cycle Switch Timeline
(This would match the Shortest On-Cycle Switch if the Normal Read Date was on Friday)



Longest Accelerated Off-Cycle Switch Timeline / Thanksgiving Weekend



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 Rate : Docket No. P-2014-2449397
Disputes :

CERTIFICATE OF SERVICE

I hereby certify that I have, on this 4th day of March, 2015, 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
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Harrisburg, PA 17101

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Pennsylvania Public Utility Commission
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Mark C. Morrow