



February 21, 2017

Via Electronic Filing

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

**Re:** Rulemaking to amended Chapter 59 of PUC PA 52  
Docket L-2016-2577413

**Comments of UGI Energy Services, LLC**

Dear Secretary Chiavetta:

Enclosed please find the comments of UGI Energy Services, LLC to the Pennsylvania Public Utility Commission's Tentative Implementation Order for the above-captioned proceeding, which was published in the Pennsylvania Bulletin Publication on January 7, 2017. Should you have any questions concerning this submission, please feel free to contact me at (610) 373-7999 x-1303

Respectfully yours,

*Cheryl Fuhs*

Cheryl Fuhs  
Director of Customer Operations  
For UGI Energy Services, LLC





UGIES supports the Commission's efforts to implement programs and enhancements that foster customer choice and provide safeguards to protect customers against unauthorized switching in Pennsylvania. It has actively participated in discussions and rulemakings regarding the advancement of such rules and welcomes the opportunity to present these comments. UGIES submits the following comments to certain of the specific regulatory revisions proposed in the NOPR:

#### **Section 59.91 - Definitions**

UGIES supports the Commission's initiative to include a description of the new term "Supplier of last resort."

#### **Section 59.92 - Customer Contact with the NGDC**

UGIES supports the revision of section 59.92 to provide clarification regarding the customer's rights and necessary action when providing notification of change pertaining to a SOLR.

#### **Section 59.93 - Customer Contact with NGSs**

UGIES supports the revision of this section to incorporate more specific definitions designed to clarify the customer's course of action when initiating a switch of supplier and the corresponding requirements for the selected NGS and the NGDC.

#### **Section 59.94 - Time Frame Requirement**

UGIES supports the desire to accelerate the customer's current switching timeframe in a manner that minimizes confusion and supports the growth of the customer choice market, as long as it can be accomplished without implementation of additional costs to the customer. In addition, UGIES would support moving the current timeframe to three (3) business days, to more closely align with the current electric guidelines. However, this is only in the event that the switch occurs at the customer's next available meter cycle rather than as a mid-cycle switch.

In the electric markets, where smart-meter technology is utilized by many utilities and capacity assignment does not exist, customer movement between suppliers and subsequent billing can be



managed to facilitate mid-cycle switching while meeting these specific parameters. As noted, the Commission indicates that their desire to implement similar protocol in the natural gas market would “*avoid customer confusion and frustration, (allow) consumers (to) respond more quickly to attractive offers...allow consumers to escape price increases...(and) make the bundling of electric and natural gas service more feasible.*” UGIES currently uses the customer notification products set forth by the proposed disclosure regulations and finds them to be effective in eliminating customer confusion regarding the term of contract. UGIES offers natural gas customers several product choices for both fixed and variable pricing with a range of available term options. In addition, UGIES currently offers bundled service of both natural gas and electric to certain consumers. UGIES would note that since inception of mid-cycle switching in electric markets, it has had only one (1) instance of what appeared to be a customer initiating a mid-cycle switch. Upon further investigation during the rescission period, UGIES determined that the customer did not initiate the switch. The mid-cycle switch was cancelled and service with UGIES restored. UGIES is demonstrating that all the Commission’s initiatives to provide attractive pricing options, clear communication and price flexibility are already being met in the current environment. In addition, based on the experience of UGIES, customers are not significantly utilizing the mid-cycle switching option. Therefore, the overlying concern of UGIES regarding mid-cycle switching in the natural gas market continues to center around increased costs of implementation being passed on to the customer and the subsequent degradation of the Pennsylvania choice marketplace.

The Commission also notes on page 27 of the NOPR: “*We still have not addressed all operational concerns related to accelerated switching...*,” which indicates that staff acknowledges that outstanding issues exist surrounding this significant industry change. Until a workable solution has been agreed upon by all parties surrounding the significant challenges presented in implementing any mid-cycle switching, as proposed by the Commission, UGIES is not in support of revising language in section 54.94 of the regulations to mandate that switching be accomplished within 3 business days of the receipt of notice by the NGDC when many NGDCs lack the system capability and real-time measurement data to support mid-cycle switching. To implement regulatory changes that will directly impact customers in their



participation in energy choice, prior to resolving significant known business issues will be confusing for the customer and potentially detrimental to the resolution process.

As it is included in this section as part of the Commission's proposal, UGIES also respectfully submits comments in reference to the presented "*option capable of serving the customer on a quick timescale*" surrounding aligning a "*customer's capacity and nomination*" in the event of a mid-cycle switch. As a result of a mid-cycle switch, this option outlines a plan to have NGSs working with the NGDC as a "*clearinghouse*" and participate in a "*right of first refusal*" program regarding the exchange of "*commodity or services*". As the Commission has stated, in the current environment, the capacity assignment associated with select commercial and residential customer groups follows the customer to their selected NGS (or the NGDC, if selected). This assignment results in NGSs potentially taking market positions based on the contracted term with the customer and the associated assigned capacity assets. The viability of the presented option is primarily based on the idea that the selected NGS would take ownership of the current NGS commodity hedge, thereby resulting in a net neutral position to the transaction. This assumes several things: First, that the NGDC has the capital to develop a platform upon which to clear the transaction for both parties; and second, that the budget exists to employ additional staff to manage such a platform. It also assumes that all NGS parties have a methodology of tracking the value of internal hedges, that there is a method of financially validating the rate prior to posting and that ultimately the presented price would be acceptable to the selected NGS. If all things were not in place, the end result would necessitate the current NGS to unwind their position, potentially resulting in a loss. In addition, UGIES is not clear on how this "clearinghouse" method would perform without bias should the customer select the NGDC as their provider. Ultimately, any costs associated with this transfer or liquidation of financial positions would find its way into the price to compare of both the NGS and the NGDC, resulting in higher rates for the consumer, and ultimately depressed shopping statistics.

In summary, UGIES supports the desire to accelerate the customer's current switching timeframe in a manner that minimizes confusion and supports the growth of the customer choice market, as long as it can be accomplished without implementation of additional costs to the customer.



**Section 59.95 - Persons Authorized to Act on Behalf of a Customer**

UGIES supports the Commissions initiative to eliminate this section entirely, as it is not relevant to the current NGS switching protocols.

**Section 59.97 - Customer Dispute Procedures**

UGIES supports the Commission's proposal to place the obligation for re-enrollment on the customer, in the event of slamming.

**Section 59.98 & 59.99 - Supplier/Provider of Last Resort & Record Maintenance**

UGIES supports the Commission's proposed wording change to stay consistent with the new definitions submitted in section 59.91

**Section 59.100**

UGIES supports the Commission's proposal in setting a firm deadline of 1 year for implementation of changes.

Wherefore, UGIES requests that the Commission consider its comments in developing a final rule on standards for changing a customer's NGS.

Respectfully Submitted

UGI Energy Services, LLC

*Cheryl Fuhs*

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