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June 5, 2017

VIA ELECTRONIC FILING

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

RE: Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 59 Regulations Regarding Standards For Changing a Customer's Natural Gas Supplier; Docket No. L-2016-2577413; **SUPPLEMENTAL COMMENTS OF THE RETAIL ENERGY SUPPLY ASSOCIATION**

Dear Secretary Chiavetta:

Enclosed is the Supplemental Comments of the Retail Energy Supply Association to the above-captioned Rulemaking of the Pennsylvania Public Utility Commission.

If you have any questions concerning the enclosed Comments, please do not hesitate to contact the undersigned.

Very truly yours,

Todd S. Stewart
Counsel for
The Retail Energy Supply Association

TSS/jld
Enclosure

cc: Daniel Mumford, OCMO (via email – dmumford@pa.gov)
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Rulemaking to Amend the Provisions of 52 :
Pa. Code, Chapter 59 Regulations Regarding : Docket No. L-2016-2577413
Standards For Changing a Customer’s Natural :
Gas Supplier

**SUPPLEMENTAL COMMENTS OF
THE RETAIL ENERGY SUPPLY ASSOCIATION
IN RESPONSE TO COMMISSION’S ORDER
PUBLISHED MAY 6, 2016**

At its Public Meeting of April 22, 2017, the Pennsylvania Public Utility Commission (“Commission”) issued a Request for additional comments from interested parties at the above-captioned docket. The request was directed at a limited number of specific issues. The Order permitted the Commenters to address other issues, but specifically, requested feedback on the following: 1) Backdating NGS switches; 2) Limitations on off-cycle switching; 3) The NGDC acting as a capacity “clearinghouse”; 4) Diversity of NGDC Systems; and 5) Data elements required by § 59.93. The Retail Energy Supply Association (“RESA”)¹ takes this opportunity to thank the Commission for its continued thoughtful consideration of the issue of accelerated switching timeframes for natural gas and responds to the questions below.

¹ The viewpoints expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of more than twenty retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

I. INTRODUCTION AND GENERAL COMMENTS

In December of 2016, the Commission issued its initial ANOPR Order in this proceeding requesting comments on its proposal to accelerate the switching timeframes for natural gas customers. RESA submitted Comments supporting the Commission's proposal and offering a few suggested modifications to the proposals suggested therein. Among these modifications was the need to permit customers the opportunity to contact their current NGS before switching to another supplier so that the customer could understand the contract requirements that may apply to an early termination of their existing contract. RESA also suggested that the Commission consider allowing NGSs to set an exact future switch date, which would be particularly useful for customers who may face ETFs under their current contract or for whom additional capacity or other arrangements are required prior to a switch being completed. RESA offered a few other suggestions, and directs the Commission to its earlier comments for those. RESA continues to support the Commission's proposal to shorten the switching timeframe to as little as six (6) days.

RESA has had an opportunity to review the Comments filed by the other Parties in the first round of Comments. The general reaction from the members of the NGDC community appears to be "we don't see a problem with the *status quo*" or, "why would you make us spend so much money to fix something that isn't really a problem?" It may be true that the NGDCs do not consider customer frustration with being unable to switch between the NGS of their choice, or from default service to the NGS of their choice as being a problem. Because NGSs initiate switching, it is most often the NGS that frustrated customers blame for the inability to switch suppliers sooner, and many simply choose not to participate in the Choice program. As to the contention that an accelerated process will cause NGDCs to incur significant costs without any real benefit for customers, RESA believes that nothing could be further from the truth. The

suggestion that executing a customer's desire, in a timely fashion, is not a necessary component of providing natural gas distribution service, is simply not acceptable and is contrary to accelerated switching rules that the Commission has adopted for the electricity markets. While RESA agrees that in the short-term it may not be practical from a financial or logistical perspective to require NGDCs to implement the advanced metering infrastructure ("AMI") improvements that would be needed to allow customers to switch whenever they choose, RESA, nonetheless suggests that there are solutions for accelerated switching that should not require the substantial investments in AMI and which are practical and executable in the near term. RESA does agree with EAP, however, that Act 47 of 2016 conclusively addresses the ability of NGDCs to recover the costs of any such programs from customers without the need for a rate case filing. RESA addresses the specific Commission requests below:

A. BACKDATING OF NGS SWITCHES

RESA read with interest the proposal by NFG that as an alternative to estimated meter reads for mid-cycle switches, that it simply be permitted to back date switches to the beginning of the month. Under NFG's suggestion, the NGS that lost the customer would be considered supply-long for the month, while the supplier gaining the customer would be considered supply-short for the month. While this may seem like a practical solution upon first glance, it is clear that if a supplier is in the middle of a campaign in a particular service territory where it is accumulating substantial numbers of customers, such a process can create a substantial risk for the gaining supplier for being short for the month, particularly if penalties apply to the cash out mechanism suggested by NFG. This hidden risk of being considered to be out of balance for purposes of supply when signing up a customer, and the chance that the supplier obtaining the customers would not know that the level of the risk could cause substantial difficulties for

supplier. This potential solution proposed by NFG accordingly, must be rejected. RESA is far more comfortable using less risky methods that are fair to all. For example, the customer-gaining and customer-losing NGS' could be cashed out at daily-index without penalty. Such an approach would provide more certainty for all concerned.

B. LIMITATIONS ON OFF-CYCLE SWITCHING

Several Commenters, particularly Peoples and Natural Fuel Gas Distribution, suggested that if off-cycle switching is to be permitted, that it be limited to one off-cycle switch per billing. RESA understands the desire of the NGDCs to limit the ability of customers to switch more than once per billing period, based upon their suggestions as to the potentially extravagant costs of allowing customers to do so. However, RESA believes that it would be more consistent with the "phase 1" implementation of accelerated switching by Pennsylvania's Electric Distribution Companies, that residential customers be permitted at least two off-cycle switches per billing period. RESA concedes that such a temporary limitation is reasonable, but believes that it is best to permit residential customers two switches. Knowing that they could make two switches per month will also enhance customer satisfaction. RESA supports this restriction until utilities are able process switches as a matter of course. While RESA believes that in the clear majority of circumstances, residential customers are unlikely to make more than one off-cycle switch per month, there are some residential customers who, for whatever reason, may feel the need to switch more than once and two switch limit would permit them to do so while maintaining consistency with rules elsewhere. Due to the more complex nature of Large C&I customers' accounts, demand and switching protocol, RESA would support a limit of one switch per billing cycle for those customers.

C. THE NGDC ACTING AS A CAPACITY “CLEARINGHOUSE”

In their Comments to ANOPR, many NGDCs suggested that, any modification to the current monthly process for assigning capacity would be costly, and that no change should be allowed for implementing mid-cycle switching. RESA comments also noted that NGSs could be responsible for acquiring the necessary capacity for customers switched mid-cycle, so long as they had the ability to determine the exact switch date, as discussed above, particularly for larger customers. If the current capacity assignment process is left mostly intact, RESA does not believe that mid-cycle switching should impose the dire cost concerns raised by the NGDCs. RESA continues to believe that there is no need to modify the NGDCs current monthly assignment of capacity; NGSs can manage the risk of acquiring additional capacity necessary to serve the low volume customers, and for larger customers, giving NGSs the ability to schedule the precise switch date should address any other capacity concerns. This would be a substantial saving for the NGDCs as far as not requiring them to not modify their current practices for capacity assignment and would continue to comply with the pipeline requirements and other capacity needs.

D. DIVERSITY OF NGDC SYSTEMS

Several NGDCs protest that this Commission seeks a “one-size fits all solution” for all NGDCs by requiring the same switching timeframes for each, irrespective of their individual pipeline needs and requirements. RESA does not believe that the Commission should implement any switching regulations that allow different NGDC service territories to have different switching requirements. The current system provides little in the way of uniform requirements for NGSs trying to switch customers particularly when it comes to being able to accurately inform a customer when the switch will occur. Creating a new system that continues this

uncertainty is no solution to the current problem. Customers need to know the specific timeframe during which they will be switched so that they can make informed choices about whether to switch in the first instance. Moreover, there is simply no reason for customers in one service territory to have a better switching timeline/experience than customers in another service territory – all customers in each customer class should be treated equally. Accordingly, RESA opposes any change that would provide different timeframes for individual NGDC service territories. The Commission is more than capable of determining an appropriate switching timeframe with which all NGDCs can comply.

E. DATA ELEMENTS REQUIRED BY § 59.93

RESA believes that the current requirement, in 52 Pa. Code §59.93, of matching two data elements, as noted by PECO, is unnecessarily cumbersome and increases the possibility of switches being rejected. This is particularly true if the customer name is used, because of the potential issue of misspelling names, or variants on names (e.g., Tom instead of Thomas, etc.), initials and punctuation that can create multiple opportunities for failure to match. Each failure requires additional human intervention and creates an opportunity for a less than positive experience for the customer. The NGS Parties believe that matching a single data element is sufficient to ensure that customers are switched according to their will. However, RESA suggests that in the long-term the Commission consider changing the data point to be verified to something other than the account number, in favor of some data point more universally recallable by customers from memory. This is in contrast to the use of the utility account number which almost always requires the customer to dig up a utility bill, or for suppliers to turn to the ECL and look up tools, which, while useful, present their own challenges. It is not unnoticed that many businesses, such as health care providers, or telephone carriers use more universally

recallable information, such as birthdate, or even cell phone number/email address as a means of verifying identity. Some piece of information, such as these, could be used that would be more readily known by the customer or authorized person, and would still be as private and conclusive as an account number. RESA does not suggest that the Commission undertake this change in this proceeding, but should consider this for the long-term.

II. CONCLUSION

RESA thanks the Commission and OCMO for this opportunity to provide Supplemental Comments and stands ready to assist the PUC at every turn in further development of switching regulations which are intended to make the customer experience more engaging and satisfactory.

Respectfully submitted,



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DATED: June 5, 2017