



PEOPLES NATURAL GAS



PEOPLES TWP

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June 5, 2017

**By Overnight Delivery**

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

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

Dear Secretary Chiavetta:

Please accept the enclosed Joint Comments of Peoples Natural Gas Company LLC and Peoples TWP LLC in the above-referenced proceeding. I have also served a copy of these comments via email to Daniel Mumford, [dmumford@pa.gov](mailto:dmumford@pa.gov), in the Office of Competitive Market Oversight, Matthew Hrivnak, [mhrivnak@pa.gov](mailto:mhrivnak@pa.gov), in the Bureau of Consumer Services, and Kriss Brown, [kribrown@pa.gov](mailto:kribrown@pa.gov), in the Commission's Law Bureau.

Please direct any questions regarding this filing to me.

Very truly yours,

*William H. Roberts II*

cc: Daniel Mumford, OCMO (via email)  
Matthew Hrivnak, BCS (via email)  
Kriss Brown, Law Bureau (via email)  
(w/ enclosures)

**RECEIVED**

JUN - 5 2017

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

JUN - 5 2017

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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 )

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**JOINT COMMENTS OF PEOPLES NATURAL GAS COMPANY LLC  
AND PEOPLES TWP LLC**

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**I. INTRODUCTION**

Peoples Natural Gas Company LLC ("Peoples") and Peoples TWP LLC ("Peoples TWP") (the "Peoples Companies") submit these Joint Comments pursuant to the Pennsylvania Public Utility Commission's ("Commission") Order in this docket on April 20, 2017 ("Order"). The Order invited parties to submit additional comments on the matters discussed in the Order and on any other issue raised in the comments filed at this Docket. This Docket was opened for proposing regulations intended to accelerate the process for transferring a customer's account from a service of last resort ("SOLR") provider to a competitive natural gas supplier ("NGS"), from one supplier to another supplier, and from a supplier to SOLR service, while preserving safeguards to prevent the unauthorized switching of a customer's account. (Order, pg. 1.)

The Order was issued after comments were received in response to the Advance Notice of Proposed Rulemaking Order ("ANOPR") issued in this matter on December 22, 2016. The Peoples Companies filed comments in response to the ANOPR that focused on the proposed changes to time frame requirement in § 59.94 for switching the NGS service. The Peoples Companies did not support the proposed changes, stating that they have seen

no evidence that its customers desire faster switching of NGSs than what is currently available; however, acknowledging the Commission's interest in conforming procedures for switching natural gas suppliers to the procedures for switching electric generation suppliers ("EGSs"), where possible, the Peoples Companies would not oppose implementation of a three-business day time limit for a switch of NGS, provided there is a one-time limit on the number of off-cycle switches within a single billing period. This remains the Peoples Companies' position.

## **II. COMMENTS**

The Order seeks additional comments on the proposals in the ANOPR and the issues raised by parties in their February 21, 2017 comments, and it specifically highlighted and invited additional comments on a few specific matters raised in the initial comments. These Joint Comments address the specific matters identified in the Order. The Peoples Companies are also members of the Energy Association of Pennsylvania ("EAP") and support the Comments of the Energy Association of Pennsylvania to Order Dated April 20, 2017 ("EAP Comments") filed in this matter.

### **BACKDATING NGS SWITCHES:**

As an alternative to off-cycle switching of an NGS, National Fuel Gas Distribution Corporation (NFG) proposed in comments to the ANOPR that natural gas distribution companies (NGDCs) have the option to affect the switch retroactively to the last meter read used for billing. The Order invited comments on the proposal, including any technical or customer-related issues, and the costs and possible cost-savings that a

“retroactive” switch procedure may provide in comparison to the possible costs of off-cycle switching.

The Peoples Companies consider backdating switches to be a cost-effective option for speeding up the NGS switching process. The process would require that the cost of gas volumes related to switching customers be resolved through the monthly balancing process, described in more detail below, which could result in in-kind reconciliations in later periods or, in the case of large swings of customers from one NGS to another, could result in cash payments between the Peoples company and the NGSs at index prices. The process should be invisible to customers, so there would likely be no customer-related issues.

#### **THE NGDC ACTING AS A CAPACITY “CLEARINGHOUSE”:**

The Commission noted that parties expressed a diversity of opinion on the NGDC acting as a “clearinghouse” to address capacity assignment in an off-cycle switching environment – with some voicing caution while others believing that the concept is workable. (NFG at 7-8; NGS Parties at 6 and PECO at 7-8) - and invited parties to comment further on this concept and any possible alternatives.

PECO stated the each month, it forecasts gas usage and capacity for its Low-Volume Transportation (“LVT”) customers. If an LVT customer is forecasted to receive gas supply and capacity from one NGS and switches to a different one, PECO performs a true-up of the pipeline capacity and gas commodity at the end of that month. The resulting payable or receivable is considered a Cash-Out Transaction. The same process occurs if a customer moves between PECO and an NGS. PECO believes that this methodology achieves the Commission’s intended result to ensure that gas commodity and capacity follow customers as they shop.

The Peoples Companies' cash out process for customer choice transportation service works similarly to the process described by PECO. The Peoples P-1 tariff provides that the difference between the aggregate quantity of gas actually consumed by all customers of Pool Operator's pool over their respective Billing Cycles for the month, as determined by the Company through actual or estimated meter readings, (aggregate monthly consumption volume) and the sum of the aggregate quantity of gas estimated by the Company to be consumed by all customers served by the NGS on any day (aggregate daily consumption volume), as adjusted for any prior month billing corrections, shall be reconciled monthly. The difference shall be reconciled in the next calendar month following its determination (Adjustment Month) by adjusting the NGS's aggregate daily consumption volume on each day in the Adjustment Month by an amount equal to the difference divided by the number of days in the Adjustment Month or by other methods as made available by the Company, including, but not limited to, selling or purchasing additional supplies, transferring gas in storage, or pool-to-pool transfer.

**DIVERSITY OF NGDC SYSTEMS:**

In the Order, the Commission asked, should the regulations and switching timeframes vary depending upon the NGDCs capabilities? Would such diversity be too confusing and problematic for suppliers and consumers? Should all NGDCs be held to the same standards – but with varying implementation timeframes dependent upon changes or updates in their technical capabilities?

Summarizing from comments of individual NGDCs, the EAP Comments emphasize the diversity of the Pennsylvania NGDCs' upstream natural gas supply assets and physical assets, which include, in addition to the design and operation of the distribution systems

themselves, their information, metering, and billing systems. The EAP comments also summarize the varying NGDC cost estimates for modifying their systems to be capable of uniform, multiple off-cycle NGS switching, which are uniformly in the millions of dollars. On the other hand, there are no comments showing the value of uniformity in regulations and switching timeframes. In inquiring whether diversity would be too confusing and problematic for suppliers and consumers, it should be acknowledged that diversity is the current status quo.

**DATA ELEMENTS IN § 59.93:**

The Order noted that the current rule at 52 Pa. Code § 59.93(1) requires that when an NGS transmits an enrollment to the NGDC, the NGDC shall verify the accuracy of the information by matching at least two data elements with NGDC records. In comments to the ANOPR, PECO suggested that one data point is adequate, and the Order invited comments on this, especially concerning any issues with the exchange of account data between suppliers and NGDCs that may be impacted by any change.

The Peoples Companies agree that use of one data point is adequate and do not see this change as impacting the exchange of account data between suppliers and NGDCs.

WHEREFORE, the Peoples Companies respectfully request that the Commission accept these Joint Comments and give them due consideration in this proceeding.

Respectfully submitted,

PEOPLES NATURAL GAS COMPANY  
LLC

PEOPLES TWP LLC

By: William H. Roberts II

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Dated: June 5, 2017

