



PHILADELPHIA GAS WORKS

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VIA E-FILE

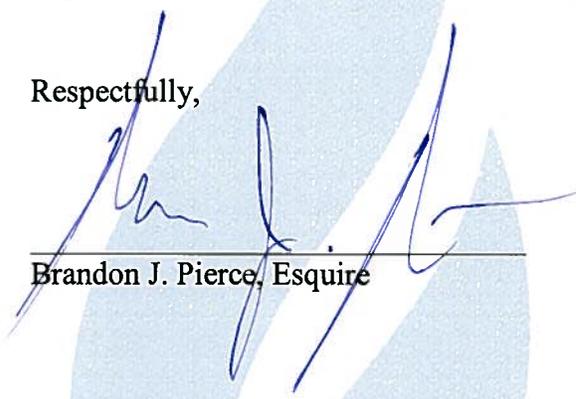
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, 1 North
400 North Street
Harrisburg, PA 17120

**Re: Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 59 Regulations
Regarding Standards for Changing a Customer's Natural Gas Supplier
Docket Number L-2016-2577413**

Dear Secretary Chiavetta:

Please find attached the Supplemental Comments of Philadelphia Gas Works ("PGW") on Accelerated Switching. Please contact me if you have questions.

Respectfully,



Brandon J. Pierce, Esquire

Enclosures

cc: Daniel Mumford (dmumford@pa.gov), OCMO
Matthew Hrivnak (mhrivnak@pa.gov), BCS
Kriss Brown (kribrown@pa.gov), Law Bureau

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**SUPPLEMENTAL COMMENTS OF PHILADELPHIA GAS WORKS
ON ACCELERATED SWITCHING**

I. INTRODUCTION

Philadelphia Gas Works (“PGW” or the “Company”) submits these Supplemental Comments in response to the Pennsylvania Public Utility Commission’s (“PUC” or “Commission”) April 20, 2017 Order (“April 2017 Order”) inviting interested parties to submit additional written comments that address the proposals and issues raised by the parties in their February 21, 2017 comments on the topic of revising the Commission’s regulations to facilitate accelerated switching without endangering safeguards to protect customers to against unauthorized switching.¹

PGW appreciates the opportunity to submit additional comments. As stated in its February 21, 2017 Comments, PGW has significant concerns regarding ratepayer costs (which could be expected to include Advanced Metering Infrastructure transition and installation) and the “benefits” that may be realized in light of the realities of PGW’s distribution and billing operations, as well as intricacies of pricing in the wholesale natural gas markets.²

¹ PGW submitted Comments on February 21, 2017.

² For comparison, the Commission recently required NGDCs to implement an account number access mechanism (“ANAM”) for suppliers. PGW launched its ANAM in December 2016. The new tool has been used regularly by just one of the ten suppliers active in PGW’s service territory since that time; all suppliers’ use of the ANAM resulted in a total of 120 ANAM matches.

If accelerated switching with off-cycle switching is required, the Commission should approve PGW's implementation of billing and other upgrades and approve full cost recovery. PGW also suggests that, rather than requiring accelerated switching at this time, the Commission considers creating optional regulations that utilities may apply if they elect to offer accelerated switching. Such regulations would necessarily also include a full cost recovery mechanism. PGW's Supplemental Comments address these, and other, issues below.

II. COMMENTS

a. Backdating NGS Switches

PGW submits that the Commission's alternative proposal to off-cycle switching—backdating NGS switches so that NGDCs have the option to affect the switch retroactively to the last meter read used for billing—is potentially a better option than the bill estimation and pro-ration method. Customers, suppliers, and PGW can have greater confidence in the billed amount because it will be based on an actual meter read. Merely backdating a bill would cost less than implementing new metering technology or implementing a bill estimation and pro-ration protocol. This assumes that the same rule for backdating the switch would apply whether the switch is between NGS', from PGW to an NGS, or from an NGS to PGW.

PGW would recommend that if a meter read occurs during a customer's rescission period, the back-dated bill would be on the next meter read after that customer's rescission period ends and be retroactive to the meter read that occurred during the rescission period.

In order to avoid customer confusion related to a back-date, customers should be told at the time of signing up for new supplier service that their contract may begin retroactively. PGW notes that the backdating approach would reduce some customer confusion caused by an

estimated bill approach, which would require PGW to issue two bills at the same time, one for each entity included in the pro-rated bill period.³

Additionally, if backdating switches is implemented, customers must be limited to one switch per billing cycle. Any additional switches would create significant complications in making the necessary billing system changes, and would diminish the benefits of this approach.⁴

Finally, as it relates to backdating, the Commission should consider and address the issues of what entity is the supplier of record at what points in the backdating process.

b. Limitations on Off-Cycle Switching

While PGW does not support accelerated switching for the reasons addressed in its February 21, 2017 Comments and these Supplemental Comments, if it is required, switching should be limited to one off-cycle switch per billing cycle. With estimated bills for multiple switches per billing cycle, customers will be confused and frustrated with their bills. If a one-switch-per-billing-cycle limitation is not imposed, exceedingly complicated estimation and billing protocols would be necessary, and the costs associated with such changes can be expected to rise. The additional switches could also erode the reliability of any bill estimation methodology.⁵

c. The NGDC Acting as a Capacity “Clearinghouse”

PGW shares the concerns raised by NFG in its February 21, 2017 Comments that using an NGDC as a capacity clearinghouse may run afoul of FERC’s regulations regarding capacity releases. Specifically, acting as a capacity clearinghouse could cause NGDCs to become ineligible for the retail choice exemption and/or expose NGDCs to shipper-must-have-title

³ See PGW’s February 21, 2017 Comments at pages 7-9 for a discussion of the issues with estimation and pro-ration.

⁴ See PGW’s February 21, 2017 Comments at pages 8-9 for a discussion of the issues associated with multiple off-cycle switches per billing period.

⁵ *Id.*

violations. PGW submits that a safer approach is to work through the current cashout mechanisms. Additionally, it is unclear how the costs of acting as a clearinghouse would be recovered due to the fact that pipelines do not allow multiple capacity recalls.⁶

d. Diversity of NGDC Systems

The diversity of NGDCs' systems is a significant barrier to uniform accelerated switching regulations. In order to address this issue, the regulations could be drafted in a less prescriptive manner. PGW's suggestion to make accelerated switching optional would allow those utilities with more advanced infrastructure to pursue accelerated switching if they wish, while others can consider implementing the changes in the future. The proposed alternatives to accommodate this diversity of systems (i.e. obtain an actual meter read, use an estimated meter read, or use a customer-provided meter read) are not tenable when considering the significant hurdles that PGW has identified.

e. Data Elements in § 59.93

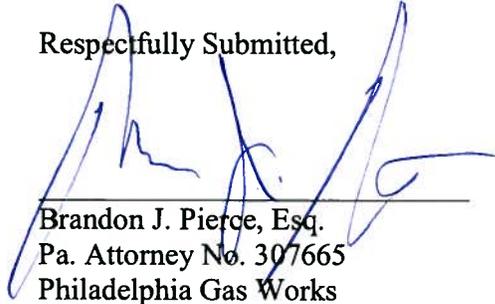
PGW is not opposed to flexibility for utilities to use just one data element if their systems can accommodate this. However, PGW requires two data elements, an account number and a service point identification number, to verify the accuracy of information provided by the NGS and would not want to be barred from requiring the data elements needed to make an accurate, verified switch.

⁶ A capacity hold cannot recall (take back) and then effectuate another release in the same time period without being questioned by the pipeline for this practice.

III. CONCLUSION

Philadelphia Gas Works appreciates the opportunity to provide these Supplemental Comments in response to the Commission's request for additional comments on accelerated switching. While PGW does not support accelerated switching, as described in its Comments and these Supplemental Comments, PGW urges that should the Commission implement accelerated switching regulations, those regulations are optional and/or provide maximum flexibility to utilities. This will ensure that each utility can be responsive to its needs and those of its customers and is appropriately weighing the costs and benefits of accelerated switching. PGW looks forward to continuing to work with the Commission and other stakeholders on this important initiative.

Respectfully Submitted,



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