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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 SHIPLEY CHOICE, LLC**

Dear Secretary Chiavetta:

Enclosed is the Supplemental Comments of Shipley Choice, LLC 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  
Shipley Choice, LLC d/b/a Shipley Energy

TSS/jld  
Enclosure

cc: Daniel Mumford, OCMO (via email – [dmumford@pa.gov](mailto:dmumford@pa.gov))  
Matthew Hrivnak, BCS (via email – [mhrivnak@pa.gov](mailto:mhrivnak@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 :

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**SUPPLEMENTAL COMMENTS OF  
SHIPLEY CHOICE, LLC  
IN RESPONSE TO COMMISSION'S ORDER  
PUBLISHED MAY 6, 2016**

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At its Public Meeting of December 22, 2016, the Pennsylvania Public Utility Commission (“Commission”) issued an Advanced Notice of Proposed Rulemaking (“ANOPR”) at the above-captioned docket. As part of the Natural Gas Supplier Parties (“NGS Parties”), Shipley Choice, LLC d/b/a Shipley Energy (“Shipley”) provided comments to the Commission. At its Public Meeting of April 22, 2017, the Commission issued a request for additional comments from interested parties at the above-captioned docket. While the April 22, 2016 Order permitted Commenters to address other issues, it 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. Shipley thanks the Commission for its continued thoughtful consideration of the issue of accelerated switching timeframes for natural gas and responds to the questions below.

## I. INTRODUCTION AND GENERAL COMMENTS

As noted above, Shipley submitted comments supporting the Commission's proposal to reduce switching timeframes and at the same time, offered a few suggested modifications to the Commission's proposals. 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. The NGS Parties also joined RESA in suggesting 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. Shipley supports the Commission's proposal to shorten the switching timeframe to as little as six (6) days.

Shipley is somewhat disappointed by the comments of some of the other Parties, and in particular, the general reaction from the members of the NGDC community, which 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--Shipley disagrees. Providing customers with the ability to switching in a timely manner via a predictable process, is a necessary component of providing natural gas distribution service. While Shipley 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, Shipley, 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. Shipley agrees with EAP 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. Shipley addresses the specific Commission requests below:

**A. BACKDATING OF NGS SWITCHES**

Shipley has reviewed NFGD’s proposal 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. This could lead to substantial financial losses for the supplier losing the customer. For instance, if a supplier is delivering expensive January gas for the entire month of January, but another supplier enrolls them at the end of January and the enrollment is backdated, the supplier who delivered the expensive gas has paid for and delivered gas, but is no longer able to bill the customer for it. Also, under NFGD’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, if a supplier is in the middle of a campaign in a 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 out of balance, and the potential for financial losses (for the losing supplier) without a specified cash-out process, 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 NFGD accordingly, must be rejected. Shipley 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**

Peoples and National Fuel Gas Distribution, suggested that if off-cycle switching is to be permitted, that it be limited to one off-cycle switch per billing. Shipley 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, Shipley believes that it would be more consistent with accelerated switching in Pennsylvania's electric markets, that residential customers be permitted at least two off-cycle switches per billing period. Shipley concedes that a temporary limitation is reasonable, but believes that it is best to permit residential customers two off-cycle switches per month. Shipley supports this restriction until utilities are able process switches as a matter of course. While Shipley 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 unrepeated while maintaining consistency with rules elsewhere. Due to the more complex nature of Large C&I customers' accounts, demand and switching protocol, Shipley 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. Shipley 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, Shipley does not believe that mid-cycle switching should impose the dire cost concerns raised by the NGDCs. Shipley 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. Shipley 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 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, Shipley 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**

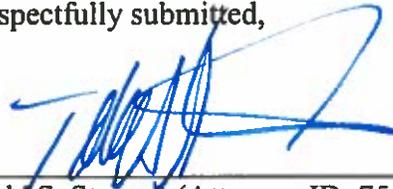
Shipley believes that the current requirement, in 52 Pa. Code §59.93, of matching two data elements, as noted by PECO, is unnecessarily cumbersome and increases the possibility of switches being rejected. This is particularly true if the customer name is used, because of the potential issue of misspelling names, or variants on names (e.g., Joe instead of Joseph, 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 Shipley believes that matching a single data element is sufficient to ensure that customers are switched per their will. However, Shipley 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 contrasts with 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. Shipley does not suggest that the Commission undertake this change in this proceeding, but should consider this for the long-term.

## II. CONCLUSION

Shipley thanks the Commission and the Office of Competitive Market Oversight 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