



June 7, 2017

Via Electronic Filing

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

Re: Rulemaking to amend the Provisions of 52 Pa. Code, Chapter 59 Regulations
Regarding Standards for Changing a Customer's Natural Gas Supplier., 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 April 20, 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 Gas Supply
For UGI Energy Services, LLC

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In Regards to the Proposed :
Rulemaking to Amend PA 52 : **Docket: L-2016-2577413**
Code 59 :

Comments of UGI Energy Services, LLC

UGI Energy Services, LLC (“UGIES”) is the midstream and retail marketing subsidiary of UGI Corporation. UGIES was formed in 1995 to pursue the opportunities created by federal and state deregulation of electricity and natural gas commodity supply markets, direct access, and customer choice. UGIES is a licensed Natural Gas Supplier (NGS) and Electric Gas Supplier (EGS) that sells electricity, natural gas, liquid fuels, and renewable energy products to commercial and industrial customers at approximately 30,000 locations behind thirty-nine (39) natural gas utility systems and twenty (20) electric utility systems in all or portions of Maryland, Delaware, Massachusetts, New Jersey, New York, North/South Carolina, Ohio, Pennsylvania, Virginia and the District of Columbia, and speaks from experience in responding to the matters set forth in this Order. In Pennsylvania specifically, UGIES serves a significant share of the choice marketplace with offers and programs designed to provide customers with competitive and reliable options for natural gas and electric supply.

UGIES appreciates the opportunity to submit additional comments based on the Commission’s Order entered on April 20, 2017 in the above-captioned proceeding and published May 6, 2017 in the Pennsylvania Bulletin. These comments are meant to supplement those previously filed by UGIES on February 21, 2017.

Backdating NGS Switches

The Supplemental Comment Order invites parties to comment on NFGs proposal for accommodating customer mid-cycle switches. *“NFG proposed that natural gas distribution companies (NGDCs) have the option to affect the switch retroactively to the last meter read used for billing (NFG at 9-10). We invite parties to comment on this proposal, including any technical or customer-related issues they identify.”*

UGIES appreciates NFGs creative suggestion for handling a customer's desire to make a natural gas mid-cycle switch and recognizes that they are looking for alternative solutions to what has been documented by other NGDCs as a costly process due the need for system changes and Advanced Metering Infrastructure (AMI). However, based on the potential impact this process could have on competitive customer rates, UGIES does not support this proposal.

UGIES utilizes the ability to optimize customer assigned capacity in order to provide its Retail customers with competitively priced supply. In the current environment, this is possible due to the ability to calculate the guaranteed capacity assignment that follows a choice customer and price their rate accordingly. In addition, capacity does not need to be held idle to accommodate an unanticipated mid-cycle customer acquisition, so full value can be assessed within the customer rate. If this is not the case however, and backdating was allowed to occur to accommodate mid-cycle switching, this calculation is no longer secure. NGSs would be forced to idle capacity and/or be subject to market risk when pricing choice customers and would subsequently be less likely to provide the lowest possible competitive price.

In addition, utilizing the NGDCs current 'cash in/cash out' ("cash in") calculations as part of the NGS true-up often would result in an additional cost to the NGS due to the misalignment of market points upon which the 'cash out' calculation is based vs. the actual capacity assignment on some NGDCs. Often NGDCs 'cash out' calculations start with a market based point (i.e. GDA Texas Eastern M3) then apply a plus or minus percentage. This serves to lower the value of the purchase (or increase the cost of the sale) during the final true-up. Also, some NGDCs have tiered 'cash out' methodology in place in which the applied percentage "penalty" increases based on volume. For the NGDC to use this method of NGS true-up to accommodate a mid-cycle switch, and not cause an under-collection of costs which results in higher prices for consumers, new 'cash out' calculations would have to be established that were more closely based on true market pricing from those currently in place today.

As the goal of the Commission is to offer competitively priced supply to consumers, and to support a robust choice market, higher costs would only serve to contradict these goals and dampen the currently effective choice marketplace.

UGIES appreciates the opportunity to present these comments to the Commission and requests that the Commission consider its comments in developing a final rule on standards for changing a customer's Natural Gas Supplier.

Respectfully Submitted

UGI Energy Services, LLC

Cheryl Fuhs

Cheryl Fuhs, Director of Gas Supply
1 Meridian Boulevard, Suite 2C01
Wyomissing, PA 19610
(610) 373-7999 x 1303