

Legal Department
2301 Market Street / S23-1
Philadelphia, PA 19103
Email: Michael.swerling@exeloncorp.com

Direct Dial: 215-841-4220

June 5, 2017

VIA OVERNIGHT DELIVERY

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

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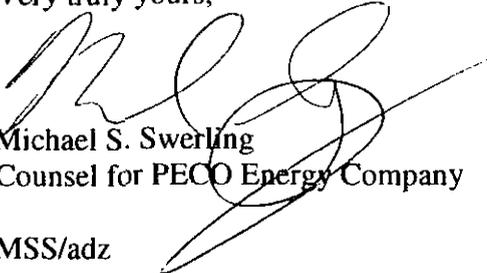
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**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**

Dear Ms. Chiavetta:

Enclosed for filing with the Commission are *PECO Energy Company's Comments to the Commission's April 20, 2017 Order Regarding Standards for Changing a Customer's Natural Gas Supplier* with regard to the matter referenced above.

Very truly yours,



Michael S. Swerling
Counsel for PECO Energy Company

MSS/adz

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

RULEMAKING TO AMEND THE	:	
PROVISIONS OF 52 PA. CODE,	:	
CHAPTER 59 REGULATIONS	:	L-2016-2577413
REGARDING STANDARDS FOR	:	
CHANGING A CUSTOMER'S	:	
NATURAL GAS SUPPLIER	:	

**PECO ENERGY COMPANY'S COMMENTS TO THE COMMISSION'S APRIL 20,
2017 ORDER REGARDING STANDARDS FOR CHANGING A CUSTOMER'S
NATURAL GAS SUPPLIER**

I. INTRODUCTION

On December 22, 2016, the Pennsylvania Public Utility Commission (the "Commission") issued an Advanced Notice of Proposed Rulemaking Order to *Amend the Provisions of 52 Pa. Code, Chapter 59 Regulations Regarding Standards for Changing a Customer's Natural Gas Supplier* at Docket No. L-2016-2577413 ("ANOPR"). The ANOPR sought to accelerate the process of switching customers between Natural Gas Distribution Companies ("NGDCs") and Natural Gas Suppliers ("NGSs") as well as between different NGSs. Initial comments were submitted by stakeholders on February 21, 2017. On April 20, 2017, the Commission issued an Order ("April 20 Order") requesting additional comments to specific matters raised by parties in their initial comments. PECO Energy Company ("PECO") applauds the Commission's continued commitment to enhancing the retail customer shopping experience in Pennsylvania. Accordingly, PECO hereby submits its additional comments in support of the Commission's investigation of accelerated switching for natural gas customers.

II. COMMENTS

A. Back-Dating NGS Switches

The April 20 Order seeks comment on National Fuel Gas Distribution Corporation's ("NFG's") proposal to perform off-cycle switches retroactively to the last meter read date. (NFG Initial Comments at 9-10). PECO supports this proposal to the extent it aligns with existing NGDC Imbalance Cash-Out rules without modification. As described in PECO's initial comments, Rule 10.11.3.2 in the Company's Gas Choice Supplier Coordination Tariff provides a mechanism to: 1) resolve natural gas imbalances; and 2) change corresponding levels of assigned Firm Transportation ("FT") capacity (related to the timing of a customer switch). According to Rule 10.11.3.2, the party responsible for delivering FT capacity and natural gas, after a customer switch occurs, is paid by the non-delivering party a cash amount equal to the sum of the following calculations:

- (i) Capacity charges, as determined for each of the transferring Customers for which the delivering party delivered Pipeline FT Capacity gas by multiplying the maximum applicable pipeline tariff rates (apportioned on a pro rata basis equal to the amount of Pipeline FT Capacity held by the Company on each pipeline) by each such Customer's ADCQ, and dividing that amount by the fraction of the calendar month which transpired after the transfer; and
- (ii) Delivered gas costs, as determined for each of the transferring Customers for which the delivering party delivered Pipeline FT Capacity gas after the transfer, by multiplying the volume of such Pipeline FT Capacity gas (grossed up for pipeline fuel charges and apportioned on a pro rata basis equal to the amount of Pipeline FT Capacity held by the Company on each pipeline) by the Index Price, plus applicable variable pipeline charges (apportioned in the same ratios of Pipeline FT Capacity).

This methodology describes how PECO reconciles differences between forecasted and actual NGS gas supply, as well as, associated capacity when a customer switches prior to the end of a monthly nomination cycle. Each month, PECO 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 kind of “back-dating” process described in NFG’s initial comments. The same process occurs if a customer moves between PECO and an NGS. NGDCs should be permitted to continue using their Imbalance Cash-Out rules without modification to facilitate off-cycle switching.

B. Limitation on Off-Cycle Switching

To the extent the Commission requires accelerated switching for gas, PECO prefers to implement the same off-cycle switching process currently used for its electric customers. PECO’s Advanced Metering Infrastructure (“AMI”) system has permitted off-cycle switching for its electric customers in a problem-free and customer-friendly manner. It will be prudent and less risky for PECO to accelerate how it processes the number of switching requests received from gas customers by using the same kind of AMI system technology currently in place for electric customers. Therefore, PECO would not plan to limit the number of off-cycle switching requests for gas customers in a particular billing period.

C. The NGDC Acting As a Capacity Clearinghouse

The initial comments of parties expressed a diversity of opinion on the ANOPR’s proposal that NGDCs act as a “clearinghouse” to address capacity assignment and off-cycle switching. Some commenters believed that the proposal was workable, while others voiced caution. (April 20 Order at 4). PECO reiterates that existing Imbalance Cash-Out rules should be used to ensure that associated commodity and capacity follow customers who switch off-cycle. This model, described above, complies with existing Commission requirements and does

not require any changes or additional costs to implement. Accordingly, a clearinghouse model that operates according to existing Imbalance Cash-Out rules is feasible for and recommended by PECO.

D. Diversity of NGDC Systems

In its April 20 Order, the Commission asked if a flexible approach should be adopted for accelerated switching to account for differences in NGDC switching capabilities (determined by type of distribution system, billing capability and metering technology). (April 20 Order at 4). PECO believes that a flexible approach is reasonable given the variance in switching capabilities, especially metering technology, expressed by commenters (who may rely upon manual meter readings or automated meter readings, as opposed to AMI readings, to bill customers).¹

E. Data Elements in § 59.93

In its initial comments, PECO noted that Section 59.93(1) requires NGDCs to verify the accuracy of enrollment information provided by NGSs by matching at least two data elements (such as name, address and account number), while the relevant electric rules² do not contain such a requirement. PECO also noted that, for its electric customers, it only verifies one data element, customer account number, and has not encountered any problems with this approach. For purposes of consistency with the electric rules and the Company's electric verification process, PECO recommends removing this requirement from Section 59.93(1). PECO does not believe any barriers exist with applying such a change to the natural gas verification process. Additionally, PECO believes that a consistent verification process will benefit suppliers who provide both electric and gas service to customers in Pennsylvania. However, if the Commission decides to retain this requirement, PECO requests that it be modified to permit verification of at

¹ Id.

² *Standards for Changing a Customer's Electricity Generation Supplier* at 52 Pa. Code §§ 57.171-57.180.

least one data element (such as customer account number). This will permit more flexibility for switching applications to be completed in a timely manner.

III. CONCLUSION

PECO looks forward to continue working with the Commission and other stakeholders in shortening the timeframe required to complete a retail customer switch. Accordingly, PECO respectfully requests that the Commission favorably consider its additional comments to the ANOPR.

Respectfully Submitted,



Romulo L. Diaz, Jr. (Pa. No. 88795)
Jack R. Garfinkle (Pa. No. 81892)
Michael S. Swerling (Pa. No. 94748)
PECO Energy Company
2301 Market Street, S23-1
P.O. Box 8699
Philadelphia, PA 19101-8699
Phone: 215.841.4220
Fax: 215.568.3389
michael.swerling@exeloncorp.com

June 5, 2017

For PECO Energy Company

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SECRETARY'S BUREAU

ORIGIN ID:REDA (215) 841-5353
ANITA ZAKETA

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S23-1
PHILADELPHIA, PA 19103
UNITED STATES US

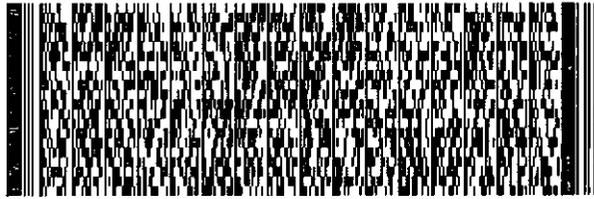
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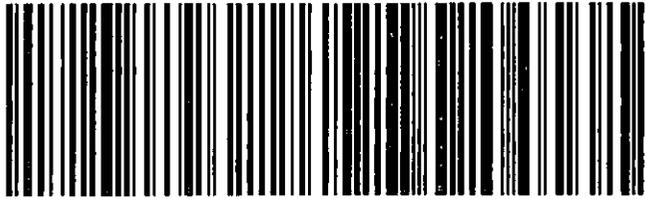
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