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March 25, 2014

VIA E-FILING

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

**Re: Proposed Rulemaking: Standards For Changing a Customer's Electric
Generation Supplier, Docket No. – L-2014-2409383**

Dear Secretary Chiavetta:

Enclosed for filing, please find the Comments of UGI Utilities, Inc. - Electric Division filed in response to the Commission's March 18, 2014 Secretarial Letter issued at the above docket. A copy of these comments has also been e-mailed to RA-OCMO@pa.gov.

Should you have any questions concerning this filing, please feel free to contact me.

Very truly yours,

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Mark C. Morrow

Counsel for the UGI Utilities, Inc. –
Electric Division

changes, which would involve new business processes and information system changes that could be quite complex and costly. A further barrier to developing cost estimates is the lack of a Commission Order explaining the purpose and intent of the changes it has proposed to its regulations.

- The Commission should consider exempting smaller EDCs, such as UGI, from the proposed regulatory requirements or provide an extended timeline for compliance because: (1) UGI has very few residential and small commercial customers receiving service from EGSs in its service territory, (2) UGI is not aware of any complaints about variable rate EGS products originating from UGI customers, (3) the absence of smart metering at UGI will result in a significant increase in manual activity to implement the proposed changes and (4) UGI has a smaller customer base over which to spread costs associated with process and information system changes.
- The Commission should consider placing a limit on the number of customer switches that can be performed per month if it proceeds with accelerated switching requirements.

II. Comments

A. More time should be provided to develop facts and consider alternatives.

In an Order entered on October 25, 2012 at Docket No. M-2011-2270442 (“Interim Guidelines Order”), the Commission, after an appropriate comment period and the consideration of comments from seventeen parties, issued Interim Guidelines to “*facilitate the timely transfer of a customer’s account from default service provided by an electric distribution company (EDC) to a competitive electric generation supplier (EGS or supplier), from one EGS to another or from an EGS back to an EDC’s default service, while preserving safeguards to prevent the unauthorized switching of a customer’s account, also known as ‘slamming.’*” Significantly, after

considering the comments received, the Commission made a number of revisions to its initial proposals. UGI and others filed tariff revisions and changed internal procedures and customer education messages to implement the interim guidelines. The Commission's Office of Communications also was directed to change its customer education materials to facilitate the proposed changes.

More recently, as a result of unusual price volatility in the electric market resulting from the unusually cold weather experienced this winter, the Commission received a number of complaints from consumers being served by EGSs under variable rate plans. At its public meeting of February 20, 2014, the Commission adopted a motion by Vice Chairman Coleman and Commissioner Cawley to take a number of actions to assist customers served under variable rate plans, directed the Office of Competitive Market Oversight ("OCMO") to gather certain information appended to the motion and to *"provide recommendations for our review based on the comments received and other information obtained during this proceeding."* It is UGI's understanding that a number of parties subsequently submitted information and policy recommendations designed to mitigate the effects of electric market price volatility on customers served by variable rate products. Concurrently, a number of policy recommendations have been proposed or are under development before the General Assembly. The outcome of these policy initiatives is not yet known. The Commission also, in the context of default service filings and in separate proceedings, such as its Tentative Order entered on February 6, 2014 at Docket No. M-2014-2401345, is seeking comments on proposed rules to expand EGS access to billing statements, and is considering other measures to enhance the electric retail market which will impact EDC business practices and customer information systems.

In its March 18, 2014 Secretarial Letter, the Commission concludes that, instead of pursuing its rulemaking to further amend customer switching procedures, it will instead undertake a “final-omitted” proceeding with limited opportunity for comment because “*the recent impact of wholesale electric market price increases on Pennsylvania consumers, and concerns that similar events could occur again in the immediate future ... requires extraordinary action to be taken.*”

UGI submits that there is no immediate danger which requires extraordinary action. The price increases experienced this year were the result of extraordinary weather conditions, which are unlikely to re-occur this summer or next winter. Moreover, even if such weather conditions materialize, policy changes and market choices made by customers who were surprised by the bills they received this winter are likely to mitigate or eliminate potential harm. Thus, there should be sufficient time for the Commission to follow the normal regulatory review process, including the solicitation of comments from interested parties and the provision of an adequate timeline for the gathering of necessary facts and cost estimates to enable the Commission to have a more complete picture before further modifying the customer switching rules it modified last year.

In this regard, the seven-day comment period provided by the March 18, 2014 Secretarial Letter has not provided UGI with sufficient time to meaningfully evaluate the likely costs or issues associated with implementing the proposed changes within the proposed six-month timeline. Moreover, UGI has a number of questions concerning the intent of the Commission’s proposed changes and the implication of these changes on UGI’s current processes such as: load scheduling, required EDI changes to accommodate a three (3) calendar day or customer-specified switch date, multiple off-cycle meter reads and bills that may not conform with current

Commission regulations and the impacts on other current billing options such as automatic payment withdrawals and budget billing. A seven-day comment deadline simply does not provide sufficient time to seek clarification from the Commission.

**B. The Commission should consider exempting UGI
from the proposed changes or extending the
compliance deadline for UGI**

UGI currently provides electric distribution service to approximately 62,000 customers, and currently has less than twenty residential customers being served by EGSs. UGI provides billing services to two EGSs, and has seen no significant rate volatility resulting from this winter's weather for these customers. UGI also is in the process of implementing a new Commission-approved default service plan for the three-year period commencing June 1, 2014.

Given UGI's small customer base, and the absence of evidence that EGS variable rate plans have caused any significant issues on its system, UGI would ask the Commission to consider exempting it from any further changes in switching rules until the time it implements its next default service plan.

C. Multiple Customer Switches

Given the proposed acceleration of the time period for performing customer switches, UGI submits that the Commission should consider placing a limit on the number of switches that can be performed by a customer within a defined period of time. This should help to simplify the billing process and eliminate incentives for customers to undertake multiple EGS switches per month.

III. Conclusion

UGI appreciates the opportunity to comment on this important Commission initiative and requests that these comments be considered by the Commission in its decision-making on both

the form of the regulatory process employed here and, ultimately, the regulations crafted in this docket.

Respectfully submitted,

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Mark C. Morrow

Counsel for UGI Utilities, Inc. –
Electric Division

Dated: March 25, 2014