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June 5, 2017

Via E-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 No. L-2016-2577413

Dear Ms. Chiavetta:

Enclosed for filing, please find Columbia Gas of Pennsylvania, Inc.'s Additional Comments in accordance with the Pennsylvania Public Utility Commission's Notice of Proposed Rulemaking Order dated April 20, 2017, regarding the above-referenced docket.

Please direct any questions with regard to this filing to the undersigned by calling (724)416-6355.

Sincerely,

Theodore J. Gallagher

/kak
Enclosure

e-mail cc: Daniel Mumford (dmumford@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 Standards for Changing a Customer's Natural Gas Supplier	: : : : :	L-2016-2577413

ADDITIONAL COMMENTS OF
COLUMBIA GAS OF PENNSYLVNIA, INC.
TO ADVANCE NOTICE OF
PROPOSED RULEMAKING ORDER

I. INTRODUCTION

Columbia Gas of Pennsylvania, Inc. ("Columbia" or "the Company"), by and through its counsel, hereby submits its Additional Comments to the Commission's Advance Notice of Proposed Rulemaking Order ("ANOPR"), as requested by the Commission in its Order entered in the captioned docket on April 20, 2017 ("*April 20 Order*"), which was published in the *Pennsylvania Bulletin* on May 6, 2017. In these Additional Comments, Columbia will address the specific issues upon which the Commission invited further comment in its *April 20 Order*.

As the Company noted at the outset of the Initial Comments that it submitted in this matter, Columbia appreciates the opportunity to weigh in on the proposals that the Commission discussed in its ANOPR. In addition to the comments provided herein, Columbia commends to the Commission's attention and consideration the additional comments submitted by the Energy Association of Pennsylvania ("EAP"). Columbia fully supports EAP's comments, and offers its own comments herein in addition, and as supplemental, to EAP's comments.

II. ADDITIONAL COMMENTS

1. Backdating Switches

In its *April 20 Order*, the Commission asked for comments on a proposal that National Fuel Gas Distribution Corporation ("NFG") raised in its comments regarding the effective date for switches. NFG proposed that natural gas distribution companies ("NGDCs") have the option to affect a requested switch retroactively to the last meter reading used for billing, as an alternative to off-cycle switching.

Columbia supports NFG's proposal for its Choice program which is available to residential and commercial customers using less than 64,400 therms annually. In its Initial Comments, Columbia explained that its current rolling enrollment process for its Choice program requires on-cycle switching and is working well. Columbia further explained that any change to its gas switching process may necessitate a fundamental change to Columbia's current average day gas delivery program for Choice, which determines demand curves on the 15th of the month, in order to allow Natural Gas Suppliers ("NGS") to acquire their capacity from Columbia prior to bid week, acquire their needed gas supplies and nominate those supplies on the upstream pipeline(s). NFG's proposal to allow the effective date of a supplier switch to be retroactive to the last meter reading used for billing would avoid the problems with off-cycle switching that Columbia highlighted in its Initial Comments.

2. Limitations on Off-Cycle Switching

In its *April 20 Order*, the Commission noted the suggestion by some parties that if off-cycle switching is required, that it should be limited to one off-cycle switch per billing period. Columbia submits that this limitation would not ameliorate the operational difficulties that it will incur to implement off-cycle switching, as discussed in Columbia's Initial Comments. Those difficulties would include, for example: Columbia having to develop daily demand curves rather than monthly demand curves for supplier delivery requirements under the Company's average day program; the posting and acceptance of capacity release changes two days prior to the expiration of the 3-day switching limit in order for the NGS to acquire and nominate supplies which must occur the day prior to the actual flow of gas; complications associated with the standard industry practice of nominating weekend gas supplies on Friday of each week for the ensuing three days; and allocation or assignment of storage capacity. As Columbia noted in its Initial Comments, "The problems discussed herein would be the case for a single off-cycle switch during a given billing period." (Columbia Initial Comments at p. 9) From Columbia's perspective, the sole benefit to limiting off-cycle switching to one off-cycle switch per billing period would be that it might reduce customer confusion.

3. The NDGC Acting as a Capacity "Clearinghouse"

As Columbia explained in its Initial Comments, capacity release for Choice currently happens on a monthly basis. Explaining further, the release is based upon Columbia's established sign-up and demand curve development protocols. Columbia makes capacity assignments for 12 month periods and compares existing capacity releases, including any releases which may be coming to an end, with the demand curve requirements for the next month to determine how much, if any, new capacity needs to be released to each NGS. Columbia is concerned about how the capacity clearinghouse concept would work with off-cycle switching. Indeed, the proposed clearinghouse may require that Columbia estimate and track, on a daily basis, how much gas was delivered for individual customers that are switching off-cycle. If so, it is unclear how the Company would this be accomplished for monthly read, temperature-sensitive customers. It is unclear how Columbia would fulfill this requirement. For example, the Company could prorate across the off-cycle period(s), or estimate based on a baseload/temperature-sensitive methodology. However, regardless of the methodology employed, Columbia is concerned that the results would be the subject of ongoing debate, challenge and confusion.

Moreover, Columbia would need to track capacity release volumes/costs for off-cycle period(s) and manage those from both a cost and credit perspective. That is, under Columbia's capacity release protocols, capacity released to NGS A (which would pay for the entire 12 month assignment) would also be charged to NGS B starting with the off-cycle start until the next capacity assignment cycle (first of the month). Under this scenario, NGS A would likely seek credit for the remaining term of the release. Today, if an NGS loses a customer during the 12-month assignment and does not replace that customer, they continue to pay for the capacity release for the full 12-month term of the original release, unless of course Columbia needs to recall the capacity to serve its firm customers.

Another difficulty that would occur in the "Capacity Clearinghouse" concept is the tracking of imbalances. Under an off-cycle switching program, Columbia would have peculiar needs to track imbalances on a daily basis given the average day program, which is something that the "Capacity Clearinghouse" does not address.

In considering this proposal, Columbia identified one possible change it could consider changing the capacity assignment to a monthly release, i.e. releases would only be made one month at a time and would be sized to match the demand curve. One of the major considerations here would be exposing Purchased Gas Cost ("PGC") customers to greater capacity cost risks as NGSs may find ways to offer seasonal pricing options. Under such a program, NGSs could serve Choice customers during the winter where the customers consume approximately 75% of their annual demand and then release the customers back to the PGC for the summer. This effectively results in a higher PGC rate, given that a higher percentage of the Firm Transportation Service costs (7/12=.583) are recovered over approximately 25% of the demand.

4. Diversity of NGDC Systems

As Columbia discussed in its Initial Comments and has reemphasized in these Additional Comments, from Columbia's perspective, the operational difficulties that it would incur if it were to be required to implement off-cycle switching weigh against the regulatory changes that have been proposed in the ANOPR. Accordingly, Columbia would favor varying regulations and switching timeframes, depending upon the NGDC's capabilities. This is the current state of the regulations, and Columbia's customers are not complaining about switching timeframes as emphasized in its Initial Comments at (Columbia Initial Comments at p. 3).

5. Data Elements in § 59.93

Columbia is amenable to PECO's suggestion that flexibility be provided to allow the switching of accounts based upon only one data element when verifying the accuracy of information provided by an NGS. However, Columbia wishes to stress that such flexibility should include the discretion of companies, such as Columbia, who still wish to require the matching of at least two data elements.

6. Choice Versus General Distribution Service

Columbia wishes to stress that both its Initial Comments in this matter, and these Additional Comments are focused on the impact that it would expect the proposed regulatory changes to have upon Columbia's Choice program, which is available to its residential and small commercial customers. It should be noted that, aside from Choice, Columbia provides General Distribution Service ("GDS") to commercial and industrial customers who wish to purchase gas supply from a supplier, rather than from Columbia. GDS predates the Natural Gas Choice and Competition Act. In the event that the Commission proceeds with a formal rulemaking proceeding as a result of this ANOPR, and to the extent that such rulemaking may impact GDS, Columbia reserves the right to comment accordingly.

III. CONCLUSION

As it did at the conclusion of its Initial Comments in this matter, Columbia respectfully submits that there are serious issues that must be taken into consideration regarding the changes to the Commission's NGS switching regulations that are proposed in the ANOPR. While backdating switches or accounting for NGDC diversity could, in some measure, ameliorate the impact of the changes discussed in the ANOPR, Columbia remains concerned that the perceived benefits of implementing 3-day natural gas switching are outweighed by the associated operational difficulties and costs that Columbia has addressed in this matter.

Respectfully submitted,

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Date: June 5, 2017

Counsel for
Columbia Gas of Pennsylvania, Inc.