

THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Proposed Rulemaking to Amend
Customer Information Disclosure
Requirements for Natural Gas Suppliers
to Residential and Small Business Customers

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Docket No. L-2015-2465942

**Comments of
The Pennsylvania Utility Law Project**

The Pennsylvania Utility Law Project submits these comments in response to the Commission's March 25, 2015 Proposed Rulemaking, Docket No. L-2015-2465942, which proposes to amend the customer information disclosure regulations for residential and small business natural gas customers.

PULP is a specialized statewide project of the Pennsylvania Legal Aid Network designated to assist low-income utility and energy residential consumers. For over 30 years PULP has represented the interests of low income Pennsylvanians in energy and utility matters through direct representation, statewide advocacy, and support and assistance to the staff and clients of local legal aid programs, non-profits and community-based agencies. In furtherance of its mission to ensure that economically vulnerable populations are able to access safe, affordable utility service in Pennsylvania, PULP has been involved as a stakeholder in the development of the competitive electric and natural gas markets in Pennsylvania. PULP submits these comments on behalf of its low income clients.

The proposed regulations would amend the Commission's residential and small business customer information disclosure requirements for natural gas suppliers (NGSs) at 52 Pa. Code §

62.72 and § 62.75. The proposed amendments would also add enhanced disclosure requirements to 52 Pa. Code § 62.81, which governs notice requirements for NGSs regarding the expiration or change in contract terms for residential and small business customers.

The Commission's proposed rulemaking is modeled on the Final-Omitted Rulemaking Order, adopted April 3, 2014, which revised the disclosure regulations for competitive suppliers in the electric industry.¹ By proposing modifications to the disclosure requirements for the competitive natural gas industry, the Commission signals that the concerns regarding variable rates and disclosure statements in the electric supply industry are relevant to the natural gas industry. Indeed, as the Commission explained in passing the April 3, 2014 Order, the proposed amendments are necessary "to guarantee ample customer protections are in place and that customers are provided with the necessary information to make informed decisions when shopping in Pennsylvania's competitive retail electricity market."²

PULP commends the Commission for taking affirmative steps to bolster consumer protection in the competitive natural gas market, in line with the modifications made last year to the competitive electric market regulations. However, we are concerned that the proposed regulations do not provide sufficient protections for low income customers. To that end, PULP makes the following recommendations to ensure that the guidelines are designed to adequately address the unique vulnerabilities of low income natural gas consumers:

- (1) Restore the provision requiring inclusion of information about universal service programs in the initial disclosure statement.

¹ Rulemaking to Amend the Provisions of 52 Pa. Code § 54.5 Regulations Regarding Disclosure Statement for Residential and Small Business Customers and to Add Section 54.10 Regulations Regarding the Provision of Notices of Contract Expiration or Changes in Terms for Residential and Small Business Customers, *Final Omitted Rulemaking Order*, Docket No. L-2014-2409385 (April 3, 2014).

² *Id.* at 2.

(2) Provide customers with advance notice of the 3-day rescission period at the time the contract is executed.

(3) Require natural gas suppliers to include information about universal service programs in the options notice.

Adoption of these simple modifications will help ensure that vulnerable, low-income consumers are able to make a more informed decision about natural gas shopping.

Comments

A. Restore the current provision requiring the name and telephone number of applicable universal service programs in the disclosure statement. (§ 62.75(c)(13)).

The PUC proposes to strike section 62.75(c)(13), which required natural gas suppliers to include the name and number of the universal service program in the disclosure statement. PULP recommends that the Commission restore this requirement

As noted above, the purpose of the proposed amendments to the customer information disclosure requirements is to ensure that customers are provided with the necessary information to make informed shopping decisions. It is critical for economically vulnerable customers to receive information about the availability of universal service programs to make more informed decisions about their natural gas supply. Economically vulnerable customers often lack the tools – such as ready access to the internet – to access information about universal service programs and the impact that shopping may have on the level of assistance available through those programs. Providing basic information on the disclosure statement about universal service programs will help defray the negative consequences of an uninformed shopping decision on the cost of and participation in universal service programs.

B. Require notice of the three-day rescission period at the time the customer enters into a contract with the NGS for natural gas supply, and again in the written disclosure statement. (§ 62.75(d))

To ensure that the three-day right of rescission provides the intended level of consumer protection, PULP urges the Commission to require NGSs to inform the customer of the three-day rescission period at the time the customer contracts with the supplier, and again in the disclosure statement.

The three-day rescission period is a critical protection for consumers, particularly those who agree to move to a competitive supplier during an in-person or telephone sales solicitation or other high-pressure sales pitch. Consumers who accept an offer in a high-pressure situation are unlikely to have all of the facts necessary to make a fully informed decision about an alternative supplier at the time they sign the contract. These consumers may later realize that the offer is not well suited to their consumption needs or may contain terms, fees, or services which the customer cannot afford or does not wish to be bound. However, if the customer is not informed about their right to rescind, she or he is unlikely to further investigate the contract or exercise their right to rescind.

To ensure that the three-day right of rescission offers an effective consumer protection, PULP recommends that the Commission require each NGS to notify customers of the rescission period at the time a contract is executed and again in the disclosure statement. Doing so will better ensure that consumers are able to make fully informed decisions about their natural gas supplier, and will better protect customers from the danger of high-pressure sales.

C. Include information about universal service programs in the options notice provided to customers upon contract expiration or change in terms for residential and small business customers. (§ 62.81(a)(2)(i))

Notifying customers of their options is a critical first step to ensure that consumers are empowered to make a fully informed shopping decision. For low income and fixed income

customers, with inelastic budgets and disproportionately high energy burdens,³ it is especially important to have advanced notice of a potential change to an essential monthly expense. PULP commends the Commission on its efforts to ensure that consumers are aware of their options in advance of the contract expiration.

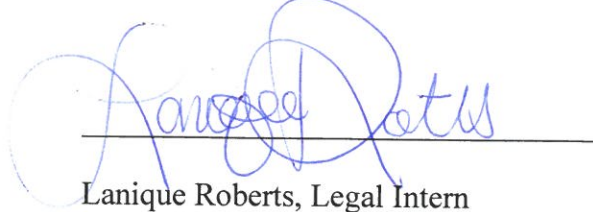
That said, PULP recommends that the Commission also require NGSs to include information about universal service programs in the options notice. The expiration of a contract for a fixed rate product often signifies a corresponding increase in the rate. This transition presents a critical opportunity to ensure that consumers are aware of all available options – including universal service programs that may offer financial assistance or energy efficiency and conservation measures to help reduce monthly bills. Providing information about universal service programs in the options notice will ensure that economically vulnerable customers are able to make fully informed decisions about how to best meet their energy needs.

IV. CONCLUSION

Thank you for your consideration of these recommendations. We believe that adoption of these additional protections is critical to ensure that low income consumers are able to make fully informed decisions about their natural gas supplier.

³ 52 Pa. Code § 69.261. Households enrolled in CAP receive a monthly gas bill that is targeted to between 5 and 17% of household income.

Respectfully Submitted,
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