



January 21, 2025

VIA E-File

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

Re: **Investigation of Pennsylvania’s Retail Natural Gas Supply Market – Interim Guidelines Regarding Standards for Changing a Customer’s Natural Gas Supplier, I-2013-2381742**

Comments of the Pennsylvania Utility Law Project Letter

Dear Secretary Chiavetta:

The Pennsylvania Utility Law Project (PULP) submits the following brief Comments in response to the Tentative Order (TO) filed January 8, 2025 at the above referenced docket. In its TO, the Commission, on recommendation from the Commission’s Office of Competitive Market Oversight (OCMO), seeks to continue the current five-day waiting period (shortened from the 10 days included in regulation) when a customer chooses a natural gas supplier (NGS) or returns to natural gas distribution company (NGDC) service and, therefore, to maintain waiver of the Commission’s regulations at 52 Pa. Code §§ 59.93(2) (relating to customer contacts with NGSs) and 59.94 (relating to time frames for switching), to the extent necessary. Specifically, OCMO recommends that the Commission waive its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94 for an additional three years.

PULP is concerned with the Commission’s proposal to extend its waiver of section 59.93(2) and 59.94 for an additional three years without further inquiry. As discussed below, we are alarmed by the length of time it takes to complete a gas switch, and the financial harm that lengthy delays in gas switching causes for low and moderate income households. While extension of the shortened waiting period may be a positive policy in some cases, helping speed transition to a better offer, it is also possible the shortened waiting period may be contributing to the issues outlined below by truncating the consumer notice and cancellation period. Thus, for the reasons explained below, we recommend the Commission extend the waiver for 12 months, rather than

three years, during which time the Commission should further explore a more comprehensive resolution of the gas switching issues discussed below.

The Commission's primary rationale for proposing a further three-year extension of the shortened waiting period is to promote consistency across the gas and electric switching processes "in an effort to reduce confusion and frustration between the customer, supplier and utility, especially in instances where a utility provides both natural gas and electricity services."¹ PULP agrees with the Commission that there is "value in maintaining similar rules."² However, there are key differences in the gas and electric switching process which necessitate some level of deviation in the applicable rules for gas and electric switching.

In the electric context, advanced meter technology allows for switching in a matter of days. However, in the gas context, it can take several months for a gas supplier to be removed from a customer's bill. In our experience representing hundreds of low and moderate income consumers each year, this substantial lag time in NGDC/NGS switching leads to significant consumer confusion and frustration, among other substantial harms. The rules for gas switching must take this difference into account, even if it means the rules will be different for gas and electric switching procedures.

When an electric customer opts to return to default service, or select a new supplier, that change must be effectuated within three days following an initial five-day waiting/notice period pursuant to 52 Pa. Code § 57.174. This short transition period helps the customer to more quickly switch away from higher prices and, in turn, prevent the accrual of arrears and avoid delays in enrolling in Customer Assistance Programs (CAPs). This is in stark contrast to that same customer's gas shopping experience. Once an NGDC customer decides to return to default service from an NGS, that switch must be effectuated by "the first feasible billing cycle" after the initial waiting period. The regulation provides for a 10-day waiting period, though the instant waiver has shortened that waiting period to 5 days.

In our experience, low income gas shopping consumers seeking assistance through our office are often unaware that they are shopping and are regularly charged substantially higher rates compared to default service. It can take at least two billing cycles for gas shopping customers to be returned to default service or to switch to another supplier. Depending on when a switch is requested in relation to the billing cycle, the switching process can take as long as three months to finalize. During this lengthy switching period, the negative consequences of remaining with an unwanted supplier continue to accumulate, exacerbating payment trouble, accrual of arrears, and risk of involuntary termination.

Gas switching delays also prevent low income consumers from timely enrolling in CAP – ultimately prolonging the accrual of unmanageable debts, increasing the risk of low income terminations, and increasing the cost of the program.

¹ TO at 3, in discussing extending the EDC waiver to NGDCs.

² Id.

Even in situations where an NGDC is willing to work with a CAP eligible customer to avoid involuntary termination pending completion of a supplier drop, unnecessarily high rates are allowed to continue, leading to the accrual of correspondingly high arrears. If and when a gas shopping customer is eventually able to enter CAP, they often do so with higher balances than they otherwise would have been carrying if they were able to drop a high-rate supplier in a timely manner. This results in an increase in the cost of CAP due to unnecessarily high arrears once the household is eventually able to enroll.

Through the EDC Default Service Plan (DSP) Proceedings, there are now solutions in place at the majority of EDCs in Pennsylvania to ensure that a CAP applicant can drop their supplier at the time they enroll in the Program, avoiding unnecessary and expensive delays.³ Unlike with these EDC DSP proceedings, there is no existing forum to fully explore the ramifications of the NGS market and specifically the effect on low and moderate income consumers.

In shortening the initial waiting period from 10 to 5 days, the current waiver also shortens the period of time a consumer has to review a confirmation letter from their NGDC and/or to take action to cancel a pending switch. It does not shorten the actual time for an NGDC to then process the switch. This does not resolve the issues identified above and may actually exacerbate those issues by shortening the length of time for a consumer to cancel an unwanted supplier.

We recognize that there are practical hurdles with gas metering which cause gas switching to take longer than electric switching; however, we submit that there are other policies the Commission can and should explore to minimize delays and reduce harm to low and moderate income households that cannot afford to pay higher rates for any period of time. Potential further reforms could include, but are certainly not limited to:

- Strengthening the notice and disclosures provided to consumers in advance of a switch.
- Lengthening the rescission and/or cancellation period in advance of completing a switch.

³ DLC DSP X, P-2024-3048592, “Duquesne Light will modify its CAP application to clearly indicate that CAP customers must be enrolled in default service and that, by applying for CAP, the applicant is affirmatively electing to return to default service if they are currently shopping with an EGS. As of the effective date of this provision, Duquesne Light will return CAP applicants to default service upon enrollment in the program, without further action by the CAP applicant.” Joint Petition for Settlement at ¶ 30, (Final Order issued Jan. 14, 2025); PPL DSP 2025-2029, P-2024-3047290 “In PPL’s initial filing, it proposed to amend its CAP rules to permit low income shopping customers to return to default service upon enrollment in CAP – without additional administrative burden and without imposition of early termination or cancellation fees.” CAUSE-PA Statement in Support at 12 citing PPL St. 3 at 28. (Final Order approving this term issued Nov. 7, 2024); PECO DSP 2025-2029, P-2024-3046008, “PECO will convene a stakeholder process to discuss modifications to its CAP application to inform CAP applicants that, upon submission of a CAP application, PECO is authorized to return the applicant to default service upon enrollment in CAP. PECO will include its modified CAP application with its filing in the next default service proceeding and support such proposed application becoming effective concurrent therewith.” Joint Petition for non-unanimous Settlement at ¶ 68(c). (Final Order issued Jan. 8, 2025).

- Ordering expedited switching processes when a consumer is seeking to switch away from higher rates and/or when a low income household is seeking to enroll in CAP.

Ultimately, we believe further reforms to the gas switching rules are necessary to help reduce the substantial lag time in processing gas switching. Thus, while PULP supports an additional one-year extension of the 5-day waiting period for gas switching, we do not believe a three-year waiver extension is appropriate at this time without further inquiry into the gas switching issues identified above. Instead, we urge the Commission to undertake a more extensive inquiry of the gas switching policies, procedures, and regulations to determine whether the current waiver is effective at reducing harm and to identify other needed reforms to help address the issues outlined above.

Respectfully Submitted,



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CC: Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Investigation of Pennsylvania’s Retail Natural :
Gas Supply Market – Interim Guidelines : Docket No. I-2013-2381742
Regarding Standards for Changing a Customer’s :
Natural Gas Supplier :
:

Certificate of Service

I hereby certify that I have this day served copies of the **Comments of the Pennsylvania Utility Law Project** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54.

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