

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held March 13, 2025

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Investigation of Pennsylvania's Retail Natural Gas
Supply Market – Interim Guidelines Regarding
Standards For Changing a Customer's Natural Gas
Supplier

I-2013-2381742

ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) is a recommendation from the Commission's Office of Competitive Market Oversight (OCMO) to continue the five-day waiting period when a customer chooses a natural gas supplier (NGS) or returns to natural gas distribution company (NGDC) service and, therefore, to maintain the 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.

BACKGROUND

Based on electric customer complaints and supplier concerns, as well as a review of laws, regulations and electric distribution company (EDC) and electric generation supplier (EGS) procedures, in October of 2012, this Commission determined that interim

guidelines were necessary to facilitate the timely transfer of a customer's account from EDC default service to an EGS, from one EGS to another, or from an EGS back to EDC default service.¹ Specifically, we found that the 16- to 45-day timeframe to switch a customer's account led to customer frustration, disappointment and a negative opinion of electric competition.² Based on these concerns, we established interim guidelines to reduce the confirmation period for customers to a five-day waiting period beginning no later than the next business day upon an EDC's receipt of a switch request.³ We found that the interim guidelines would provide temporary relief of customer dissatisfaction with switching timeframes while maintaining due regard for the Commonwealth Documents Law. *See* 45 P.S. §§ 1102 *et seq.* We recognized in the Guidelines Final Order that more substantial actions should be reserved for a rulemaking process; therefore, we narrowed the application of the interim guidelines to a three-year period.⁴

Furthermore, in the Guidelines Final Order, we addressed the applicability of the interim guidelines to the natural gas market.⁵ We noted the value in maintaining similar rules between the electric and natural gas industries 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.⁶ Accordingly, we implemented a waiver of 52 Pa. Code §§ 59.93(2) and 59.94, to the extent necessary, to provide for a five-day waiting period for customers switching from an NGDC's service to an NGS, from one NGS to another, or from an NGS to NGDC service. The Regulation, 52 Pa. Code § 59.93(2), states:

¹ *See Interim Guidelines Regarding Standards for Changing a Customer's Electricity Generation Supplier* Final Order, Docket No. M-2011-2270442 (Order entered Oct. 25, 2012) (hereinafter Guidelines Final Order).

² *Id.* at 3.

³ *Id.* at 3.

⁴ *Id.*

⁵ *See* Guidelines Final Order at 48-49.

⁶ *Id.* at 49.

Upon receipt of this notification, the NGDC shall send the NGDC ratepayer of record a confirmation letter noting the proposed change of NGS. This letter shall include notice of a 10-day waiting period in which the order may be canceled before the change of the NGS takes place. The notice shall include the date service with the new NGS will begin unless the customer contacts the NGDC to cancel the change. The 10-day waiting period shall begin on the day the letter is mailed. The letter shall be mailed by the end of the next business day following the receipt of the notification of the customer's selection of a NGS.

Additionally, 52 Pa. Code § 59.94 states:

When a customer has provided the NGS with oral confirmation or written authorization to change NGSs, the NGDC shall make the change at the beginning of the first feasible billing period following the 10-day waiting period, as prescribed in § 59.93 (relating to customer contacts with NGSs).

In waiving these Regulations, the Commission's interim guidelines provided the following:

Upon receipt of the notification required by 52 Pa. Code § 59.93(1), the NGDC shall send the NGDC ratepayer of record a confirmation letter noting the proposed change of NGS. This letter should include notice of a 5-day waiting period in which the order may be canceled before the change of the NGS takes place. The notice shall include the date service with the new NGS will begin unless the customer contacts the NGDC to cancel the change. The 5-day waiting period shall begin on the day the letter is mailed. The letter shall be mailed by the end of the next business day following the receipt of the notification of the customer's selection of an NGS.

Guidelines Final Order at 49.

With a September 17, 2015 Tentative Order,⁷ the Commission sought to extend the waivers of its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94, to the extent

⁷ See *Investigation of Pennsylvania's Retail Natural Gas Supply Market - Interim Guidelines Regarding Standards For Changing a Customer's Natural Gas Supplier*, Docket No. I-2013-2381742 (Order Entered September 17, 2015).

necessary, and to maintain and continue the five-day waiting period for a duration of three years through the end of October 2018. Parties were provided ten days to file any adverse comments to the Commission's proposal. No adverse comments were filed, and a Final Order⁸ was entered on October 5, 2015, extending the guidelines through October 2018.

On December 22, 2016, the Commission adopted an Advanced Notice of Proposed Rulemaking (ANOPR) to solicit comments about amending and adding to the provisions of 52 Pa. Code §§ 59.91 - 59.99 regarding standards for changing a customer's natural gas supplier.⁹ These regulations address the process for transferring a customer's account from a supplier of last resort (SOLR) provider to a competitive natural gas supplier (NGS or supplier), from one supplier to another supplier and from a supplier to SOLR service. The ANOPR was followed by an April 20, 2017 Order (April 2017 Order) seeking additional comment,¹⁰ then by a March 29, 2018 in-person Technical Conference (March 2018 Technical Conference).¹¹

On October 25, 2018, the Commission entered a Tentative Order which proposed, subject to public comments, to tentatively extend, through the end of October 2021, the waivers of its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94 to maintain the five-day waiting period during which an NGS switch request may be canceled before the switch takes place.¹² The Order provided that if no adverse comments were filed within ten days from the

⁸ See *Final Order re Investigation of Pennsylvania's Retail Natural Gas Supply Market - Interim Guidelines Regarding Standards For Changing a Customer's Natural Gas Supplier*, Docket No. I-2013-2381742 (Order Entered October 5, 2015).

⁹ See *Advanced Notice of Proposed Rulemaking to Amend the Provisions of 52 Pa. Code Chapter 59 Regulations Regarding Standards for changing a Customer's Natural Gas Supplier*, Docket L-2016-2577413 (Order entered December 22, 2016).

¹⁰ See *Order re Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 59 Regulations Regarding Standards For Changing a Customer's Natural Gas Supplier*. Docket L-2016-2577413 (Order entered April 20, 2017).

¹¹ See the February 27, 2018 Secretarial Letter announcing the Natural Gas Technical Conference at Docket Nos. L-2016-2577413 and L-2017-2619223.

¹² See *Investigation of Pennsylvania's Retail Natural Gas Supply Market - Interim Guidelines Regarding Standards For Changing a Customer's Natural Gas Supplier*. Docket No. I-2013-2381742 (Order

entry date of the Order, the Order would become final without further action by the Commission. No adverse comments were filed, and a Secretarial Letter was issued on November 16, 2018, confirming that the Commission's waivers of its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94 would extend through October 25, 2021.¹³

On August 26, 2021, the Commission entered a Tentative Order which proposed, subject to public comments, to tentatively extend, through the end of October 2024, the waivers of its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94 to maintain the five-day waiting period during which an NGS switch request may be canceled before the switch takes place.¹⁴ The Order provided that if no adverse comments were filed within ten days from the entry date of the Order, the Order would become final without further action by the Commission. Comments, judged not to be adverse, were filed by the Retail Energy Supply Association on September 20, 2021, and a Secretarial Letter was issued on October 19, 2021, confirming that the Commission's waivers of its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94 would extend through October 25, 2024.¹⁴

On January 8, 2025, the Commission entered a Tentative Order which proposed, subject to public comments, to tentatively extend, through January 9, 2028, the waivers of its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94 to maintain the five-day waiting period during which an NGS switch request may be canceled before the switch takes place.¹⁵ The Order provided that if no adverse comments were filed within ten days from the entry date of the Order, the Order would become final without further action by the Commission.

Entered October 25, 2018).

¹³ See *Secretarial Letter re Investigation of Pennsylvania's Retail Natural Gas Supply Market – Interim Guidelines Regarding Standards for Changing a Customer's Natural Gas Supplier*. Docket No. I-2013-2381742 (Served November 16, 2018).

¹⁴ See *Investigation of Pennsylvania's Retail Natural Gas Supply Market - Interim Guidelines Regarding Standards For Changing a Customer's Natural Gas Supplier*. Docket No. I-2013-2381742 (Order Entered August 26, 2021).

¹⁵ See *Investigation of Pennsylvania's Retail Natural Gas Supply Market - Interim Guidelines Regarding Standards For Changing a Customer's Natural Gas Supplier*. Docket No. I-2013-2381742 (Order Entered January 8, 2025).

Only one party filed comments in response to the Tentative Order. On January 21, 2025, comments were filed by the Public Utility Law Project (PULP). PULP is concerned with the Commission's proposal and 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 extending 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 other issues. In PULP's 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. 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. PULP at 1 – 2.

PULP notes that 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 exacerbate those issues by shortening the length of time for a consumer to cancel an unwanted supplier. PULP recognizes that there are practical hurdles with gas metering which cause gas switching to take longer than electric switching; however, PULP believes that there are other policies the Commission can and should explore to minimize delays and could include:

- 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.
- 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.

PULP at 3 – 4.

PULP believes, ultimately, that 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, they do not believe a three-year waiver extension is appropriate at this time without further inquiry into the gas switching issues they have identified. PULP at 4.

DISCUSSION

The Commission shares PULP’s concerns with the existing NGS switching timeframes, which is the primary motivation behind the Commission’s waivers of 52 Pa. Code §§ 59.93(2) and 59.94 and extending the interim guidelines. As PULP notes, there are several practical reasons why natural gas switching is slower than electric switching. The differing metering technology in the two industries are a primary driver for the difference in switching timeframes. Smart metering is nearly universal in the electric industry, allowing EDCs to switch a customer’s supply service within days. The lack of smart metering in the gas industry makes the timeframes for switching gas supply longer. In addition to the metering issues, to perform off-cycle switching, utility billing systems must be able to accommodate multiple suppliers during the same billing cycle. Again, electric utilities have this capability, while natural gas utilities generally do not have this billing functionality.

Regardless of the above-mentioned practical issues, the Commission is interested in exploring what can be done to accelerate the NGS switching process, even if timeframes and processes analogous to the electric industry are not currently possible. This is why we think extending the current waivers are appropriate while the Commission considers other rule and process changes via a rulemaking proceeding. A rulemaking proceeding generally takes one-to-two years to complete, meaning that PULP’s suggested one-year waiver is insufficient.

Accordingly, we deem that an extension of the interim guidelines as set forth in Appendix A is warranted during the pendency of an NGS switching rulemaking. In our

opinion, reverting to the ten-day period in our current regulations from the five-day timeframe permitted under the existing waiver would be counterproductive and -confusing for customers, potentially leading to renewed customer frustration with the natural gas supply market.

Accordingly, we will extend the current waiver of 52 Pa. Code §§ 59.93(2) and 59.94 and adopt the interim guidelines in Appendix A to continue the five-day waiting period for an additional three years through January 9, 2028. The Commission finds that it is appropriate to maintain the interim guidelines while the NGS switching rulemaking proceeds. This three-year period, ending January 9, 2028, will allow the Commission additional time to address the pending rulemaking that may revise our Regulations at 52 Pa. Code §§ 59.91- 59.99 to permanently change the switching waiting period.

CONCLUSION

With this Order, the Commission extends the waivers of its Regulations at 52 Pa. Code §§ 59.93(2) and 59.94, to the extent necessary, and to maintain and continue the five-day waiting period for a duration of three years through January 9, 2028.

THEREFORE,

IT IS ORDERED:

1. That this Order shall be served on all jurisdictional Natural Gas Distribution Companies, all licensed Natural Gas Suppliers, the Public Utility Law Project, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate.

2. That the Pennsylvania Public Utility Commission hereby waives Sections 59.93(2) and 59.94 of its Regulations in Title 52 of the Pennsylvania Code, 52 Pa. Code §§ 59.93(2) and 59.94, as set forth in this Order and Appendix A, through January 9,

2028.

3. That a copy of this Order shall be posted on the Pennsylvania Public Utility Commission's website at the Office of Competitive Market Oversight's web page.

4. That the Office of Competitive Market Oversight shall electronically serve a copy of this Order on all persons on the contact list for the Committee Handling Activities for Retail Growth in Electricity.

5. That the contact person for technical issues related to this Order is Daniel Mumford, 717-525-2084 or dmumford@pa.gov. That the contact person for legal issues related to this Order is Kriss E. Brown, 717-787-4518 or kribrown@pa.gov.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: March 13, 2025

ORDER ENTERED: March 13, 2025

APPENDIX A

A. Customer contacts with NGSs.

When a contact occurs between a customer and an NGS to request a change of the NGS, upon receiving direct oral confirmation or written authorization from the customer to change the NGS, the customer's new NGS shall:

(1) Notify the NGDC of the customer's NGS selection by the end of the next business day following completion of the application process. The NGDC shall verify the accuracy of the information provided by the NGS by matching at least two data elements such as name and account number, or address and account number, with NGDC records.

(2) Upon receipt of this notification, the NGDC shall send the NGDC ratepayer of record a confirmation letter noting the proposed change of NGS. This letter should include notice of a 5-day waiting period in which the order may be canceled before the change of the NGS takes place. The notice shall include the date service with the new NGS will begin unless the customer contacts the NGDC to cancel the change. The 5-day waiting period shall begin on the day the letter is mailed. The letter shall be mailed by the end of the next business day following the receipt of the notification of the customer's selection of a NGS.

B. Time-frame requirement.

When a customer has provided the NGS with oral confirmation or written authorization to change NGSs, the NGDC shall make the change at the beginning of the first feasible billing period following the 5-day waiting period, as prescribed in A(2) (relating to customer contacts with NGSs).