**PENNSYLVANIA**

**PUBLIC UTILITY COMMISSION**

**Harrisburg, PA 17105-3265**

Public Meeting held September 17, 2015

Commissioners Present:

Gladys M. Brown, Chairman

John F. Coleman, Jr., Vice Chairman

James H. Cawley

Pamela A. Witmer

Robert F. Powelson

Investigation of Pennsylvania’s I-2013-2381742

Retail Natural Gas Supply Market -

Interim Guidelines Regarding Standards

For Changing a Customer’s Natural Gas Supplier

**TENTATIVE 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 waivers of this Commission’s regulations at 52 Pa. Code §§ 59.93(2) and 59.94 be extended for an additional three years to allow for the completion of the Commission’s Investigation of Pennsylvania’s Retail Natural Gas Supply Market (Investigation or Gas RMI)[[1]](#footnote-2) and for the potential revision of these regulations per the findings of the Investigation.

# 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.[[2]](#footnote-3) 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.[[3]](#footnote-4) Based on these concerns, the Commission provided for, among other things, an interim guideline to reduce the confirmation period provided to customers upon an EDC’s receipt of a switch request.[[4]](#footnote-5) We found that this interim guideline 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*. This Commission recognized in the Guidelines Final Order that more substantial actions should be reserved for a rulemaking process and, therefore, narrowed the application of its interim guidelines to a three-year period.[[5]](#footnote-6)

In our Guidelines Final Order, this Commission also addressed the applicability of its interim guidelines to the natural gas market.[[6]](#footnote-7) 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.[[7]](#footnote-8) 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:

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 guideline 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.

On December 18, 2014, the Commission issued the Gas RMI Final Order at Docket No. I‑2013-2381742 announcing specific topics and issues that are to be the focus of the Investigation. Through the Gas RMI Final Order, we outlined our priorities and finalized specific action plans to be undertaken by OCMO, including the establishment of working groups and our intent to propose regulations on specific issues. Included in these priorities is a review of natural gas switching timeframes, which include the verification process and the ten-day confirmation period.[[8]](#footnote-9) We directed OCMO to explore this issue and provide recommendations to the Commission.[[9]](#footnote-10)

# DISCUSSION

Presently, OCMO is conducting its review of natural gas switching timeframes as part of the Gas RMI in order to recommend to the Commission ways to improve the customer switching process. On August 31, 2015, OCMO sought informal comments, outside the formal regulatory review process, from the Gas RMI Accelerated Switching Workgroup on potential revisions to the Commission’s regulations at 52 Pa. Code §§ 59.91-59.99. While OCMO continues this informal review, we propose maintaining the currently-applicable switching processes including the shortened, five-day waiting period. While the Guidelines Final Order provided a sunset date of October 2015 for the interim guidelines, we believe that an extension of these guidelines during the pendency of the Gas RMI is warranted. This Commission stresses the need to move forward in improving switching timeframes and notes that reverting from the five-day timeframe to the ten-day period outlined in our current regulations would be counterproductive, confusing and lead to renewed customer frustration with the natural gas supply market. Additionally, to date, this Commission has not received any complaints, concerns or suggestions of problems with the existing five-day waiting period.

Therefore, we propose a continuation of the waivers of 52 Pa. Code §§ 59.93(2) and 59.94, to the extent necessary, to continue the five-day waiting period for an additional three years through October 25, 2018. The Commission believes it is appropriate to maintain these interim guidelines while OCMO continues the Gas RMI and engages with stakeholders to determine ways to accelerate the natural gas switching process. This timeframe will allow OCMO to complete its investigation and provide recommendations to the Commission, which may include proposed revisions to our regulations. *See* 52 Pa. Code §§ 59.91-59.99.

# CONCLUSION

With this Tentative Order, the Commission seeks to extend 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 the end of October 2018 to allow for the completion of the Commission’s Investigation of Pennsylvania’s Retail Natural Gas Supply Market and for any revisions to our regulations. Parties may provide comments within ten days of the entry date of this Tentative Order. In the absence of any adverse comments, this Tentative Order will become final without further Commission action.

**THEREFORE,**

**IT IS ORDERED:**

1. That this Tentative Order shall be served on all jurisdictional Natural Gas Distribution Companies, all licensed Natural Gas Suppliers, the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate and the parties who filed comments at Docket Nos. I-2013-2381742 and M-2011-2270442.

2. That interested parties shall have 10 days from the entry date of this Tentative Order to file written comments referencing Docket Number I-2013-2381742 with the Pennsylvania Public Utility Commission, Attention: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265. Comments may also be filed electronically through the Commission’s e-File System.

3. That, absent any adverse comments, this Order shall become final without further Commission action.

4. That, absent any adverse comments, the existing waiver of Sections 59.93(2) and 59.94 of the Commission’s 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, is continued for three years until October 25, 2018 .

5. That a copy of this Tentative Order shall be posted on the Commission’s website at the Office of Competitive Market Oversight’s Natural Gas Retail Markets Investigation web page - <http://www.puc.pa.gov/utility_industry/natural_gas/natrual_gas_rmi.aspx>.

6. That the Office of Competitive Market Oversight shall electronically serve a copy of this Tentative Order on all persons on its contact list for the Natural Gas Retail Markets Investigation.

7. That the contact person for technical issues related to this Tentative Order is Megan Good, 717-425-7583 or [megagood@pa.gov](mailto:megagood@pa.gov). That the contact person for legal issues related to this Tentative Order is Ken Stark, 717-787-5558 or [kenstark@pa.gov](mailto:kenstark@pa.gov).

**BY THE COMMISSION,**

 Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: September 17, 2015

ORDER ENTERED: September 17, 2015

**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).

1. *See Investigation of Pennsylvania’s Retail Natural Gas Supply Market* Final Order, Docket No. I-2013-2381742 (Order entered Dec. 18, 2014). [↑](#footnote-ref-2)
2. *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). [↑](#footnote-ref-3)
3. *Id.* at 3. [↑](#footnote-ref-4)
4. *Id.* at 47. [↑](#footnote-ref-5)
5. *Id.* [↑](#footnote-ref-6)
6. *See* Guidelines Final Order at 48-49. [↑](#footnote-ref-7)
7. *Id.* at 49. [↑](#footnote-ref-8)
8. *See* Gas RMI Final Order at 25. [↑](#footnote-ref-9)
9. *Id.* at 26. [↑](#footnote-ref-10)