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August 18, 2020

VIA E-FILE

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17120

**Re: Emergency Order Re: Establishing Public Utility Service Termination Moratorium,
Docket No. M-2020-3019244**

Dear Secretary Chiavetta,

Enclosed please find the response of Duquesne Light Company to the Chairman Brown Dutrieuille's Letter dated August 10, 2020.

If you have any questions, please contact me at lbaxter@duqlight.com or 412-393-6224.

Sincerely,

A handwritten signature in blue ink, appearing to read "LBQ", is written over a light blue horizontal line.

Lindsay A. Baxter
Manager, State Regulatory Strategy

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Emergency Order Re: Establishing Public Utility : M-2020-3019244
Service Termination Moratorium

**COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

On August 10, 2020, Pennsylvania Public Utility Commission (“Commission” or “PUC”) Chairman Gladys Brown Dutrieuille issued a letter regarding the Emergency Order at Docket Number M-2020-3019244. In this letter, the Chairman expresses that maintaining the moratorium on service terminations for the duration of the COVID-19 health crisis may not be sustainable or in the customer’s best interest. She expresses an “intent to address the termination moratorium at the Commission’s August 27, 2020 Public Meeting” and requests public comment regarding this matter. Duquesne Light Company (“Duquesne Light” or “Company”) hereby submits these comments for consideration.

II. BACKGROUND

Governor Tom Wolf issued a Proclamation of Disaster Emergency on March 6, 2020. Subsequently, on March 13, 2020, the Commission, exercising its authority under Section 1501 of the Public Utility Code, issued an Emergency Order prohibiting the termination of utility service for the duration of the public health emergency or until such time otherwise established by the Commission.¹ The Company was supportive of such a move and, in fact, had committed to a temporary suspension of termination activities prior to the Commission moratorium in order

¹ Emergency Order, March 13, 2020. Docket No. M-2020-3019244.

to protect its customers during these unprecedented circumstances.

In the time since the Emergency Order was issued, several efforts have been made to modify or end the moratorium. A motion by Commissioner Coleman at the June 18, 2020 Public Meeting, which failed to garner a majority vote, would have ended the moratorium for natural gas customers immediately, and lifted the moratorium for non-gas utilities on July 1st for non-residential customers and July 15th for residential customers.²

At the following Public Meeting on July 16, 2020, Chairman Brown Dutrieuille offered a motion, also unsuccessful, to end the moratorium while putting in place extensive customer protections, following a stakeholder process.³ At this same meeting, Commissioners Coleman and Yanora's joint statement opposing a stakeholder process included a similar list of customer protections to be put in place coinciding with lifting of the moratorium.⁴

On August 5, 2020, the Tenant Union Representative Network (TURN), Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance), and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a petition calling on the Commission to "initiate a public review process" to evaluate the potential impacts of lifting the moratorium and to develop a plan for assisting impacted customers. The deadline for responses to that Petition is August 25, 2020.

The Chairman's letter, issued August 10, 2020, requests comment from interested stakeholders to be filed with the Commission no later than August 18, 2020. Commenters were directed to address the moratorium and customer protections for at-risk customers if the moratorium is lifted.

² Motion of Commissioner John F. Coleman Jr., June 18, 2020, Docket No. M-2020-3019244.

³ Motion of Chairman Gladys Brown Dutrieuille, July 16, 2020, Docket No. M-2020-3019244.

⁴ Joint Statement of Commissioner John F. Coleman, Jr. and Commissioner Ralph V. Yanora, July 16, 2020, Docket No. M-2020-3019244.

III. COMMENTS

Duquesne Light has been proud to serve and partner with the Pittsburgh community for 140 years. Its employees not only work here; they live here as neighbors, friends, and community members dedicated to making the Pittsburgh region a great place to live and work. The Company's success is inextricably tied to the health and well-being of its community and is the very reason DLC remains dedicated to helping the communities it serves thrive even during these challenging times. When the pandemic began to adversely affect this region, Duquesne Light voluntarily chose to implement a moratorium for utility shutoffs. It also put in place additional customer protections, such as waiving income verifications for customer assistance program enrollment and suspending late fees, along with its extensive ongoing outreach campaign, "Here to Help," launched in early June 2020. The campaign will continue throughout the remainder of the year. Rather than provide an extensive list of all customer protections and outreach activities Duquesne Light has undertaken in response to COVID-19, the Company points to its response to the May 29, 2020 Secretarial Letter at Docket Number M-2020-3020055.

Duquesne Light recognizes that the health crisis is not over and there is uncertainty about when it will end. However, it agrees with the Chairman's sentiment that maintaining a complete moratorium for the duration of the health crisis is not sustainable. Duquesne Light believes maintaining the moratorium is no longer in the best interests of customers. For the purposes of these comments, Duquesne Light has summarized its observations of customer behavior as follows:

- a. Fewer customers are taking advantage of available assistance in 2020 as compared to a typical year, despite the current circumstances;
- b. Outreach campaigns, including proactive calls to customers, have had limited success in

- engaging customers to enroll in assistance programs and flexible payment arrangements;
- c. Termination notices typically do not result in customers losing service, but rather encourage customers to enter payment arrangements, enroll in assistance programs, or make the required payment to avoid termination.
 - d. Additional, temporary customer protections may be warranted under these unprecedented circumstances.

Each of these observations is discussed in greater detail below.

The Company wishes to preface its more detailed comments by acknowledging that it is human nature to prioritize those activities that are urgent and to delay addressing less time-sensitive matters, such as an adult delaying preparation and filing of tax returns until the final deadline. The Company understands the need to prioritize based on urgency becomes even more pronounced for those customers with fewer resources.

Duquesne Light is sensitive to the struggles of its most vulnerable customers and offers these comments on customer payment behavior without any judgement or prejudice. These observations are based on real world experience serving customers in southwestern Pennsylvania in the hopes that it is informative and valuable to the Commission.

- a. Fewer customers are taking advantage of available assistance in 2020 as compared to a typical year, despite the current circumstances.**

Because the Emergency Moratorium was issued before the annual Winter Moratorium had expired, it has been nearly nine months since utility terminations were allowed for low-income residential customers, and five months for all residential and commercial customers. In a typical year, Duquesne Light sees a decrease in regular bill payment, and an associated increase in arrearages, during the Winter Moratorium. At the

conclusion of Winter Moratorium, as the Company begins to resume issuance of termination notices, it experiences a significant influx of customer enrollment in its Customer Assistance Program (CAP) and the federally-funded Low-Income Home Energy Assistance Program (LIHEAP), along with greater use of hardship grants and flexible payment arrangements. It has yet to see this increase in 2020, despite knowing that more customers are struggling than in a typical year.

As of August 1, 2020, 101,668 Duquesne Light customers would be eligible for termination if not for the moratorium. This number includes 10,886 commercial customers and 90,495 residential customers. Of those residential customers 37,044 (36%) are confirmed low-income customers. As important as the number of customers impacted is the size of arrearage per customer. In aggregate, total arrearages are \$53.6 million. The average arrearage is \$817 for a commercial customer and \$492 for a residential customer.

These numbers are impactful in and of themselves, but a comparison to 2019 amplifies how different 2020 has been. The table below compares number of customers eligible for termination and average size of arrearage for the current year compared to 2019.

	August 1, 2020 * July Month End Data	August 1, 2019 * July Month End Data	Increase from 2019 to 2020
Number of residential customers eligible for termination	90,495	89,187	1%
Low-Income customers eligible for termination	37,044	34,858	6%
Residential arrearages	\$44.5M	\$29.9M	33%
Commercial customers eligible for termination	10,886	7,480	46%
Commercial arrearages	\$8.9M	\$4.8M	85%
Total size of arrearages *includes Lighting	\$53.6M	\$34.8M	54%

While the increase in customers with past due balances in 2020 is only moderately higher than a typical year, the size of these arrearages is much more significant. It is not to the customer’s benefit to continue to allow balances to grow. The Chairman noted this in her July 16th Motion, expressing concern “that maintaining the moratorium for a time-period that is too lengthy may only work to accelerate the accrual of arrears for many utility customers and place them at increased risk of default and termination in the future, when large bills inevitably become due.” The Commission has been consistent in recent years in its guidance to utilities to not allow customer arrearages to become so large that they are unmanageable. Duquesne Light believes the threshold for balances becoming unmanageable is quickly approaching if the moratorium remains

in place, particularly as the Winter Moratorium will begin in just over three months.

While the data in the above table are an indication of the impact COVID-19 has had on the community Duquesne Light serves, low-income assistance programs and payment arrangement participation data does not similarly show an increase in 2020. In fact, overall participation in assistance programs is lower than a typical year.

For instance, of the additional infusion of \$750,000 to Duquesne Light's hardship fund on April 3, 2020, only \$241,166 has been utilized, with \$508,834 remaining. An additional \$750,000 of grant dollars will be made available when the new season begins on October 1, 2020. Similarly, uptake of LIHEAP grants by Duquesne Light customers has been disappointing, with only 1,570 customers receiving a LIHEAP recovery grant since the special season opened on May 18, 2020. Even with the additional LIHEAP funding available due to COVID-19, Duquesne Light customers have only received \$1,455,252 in grants to date in calendar year 2020, as compared to \$2,014,995 at this same time in 2019. Statewide, as of July 25, 2020, \$21.8M in LIHEAP Recovery funding has been approved and/or paid, with approximately \$23.4M remaining, set to expire August 31, 2020.⁵

CAP enrollment is similarly depressed as compared to a typical year. In March through July 2020, 2,782 customers enrolled in CAP. This is 36% lower than the same time period in 2020, when 4,315 customers enrolled in the program.

In a typical year, at the end of winter moratorium, Duquesne Light sees a marked uptick of payment arrangements. Because the Emergency Moratorium was put in place before the Winter Moratorium expired, Duquesne Light did not experience this increase

⁵ LIHEAP Recovery Program Numbers, presented at the August 5, 2020 LIHEAP Advisory Committee (LAC) meeting.

in 2020. In April 2020, the number of residential customers enrolled in payment arrangement was 43% lower than it was in April 2019. Instead of entering arrangements to avoid termination, customers have continued to accrue high past due balances.

In 2020, in part due to the COVID-19 pandemic, Duquesne Light began to offer flexible payment arrangements to small commercial customers. However, enrollment in payment arrangements is similarly low for small business customers. To date, only 135 commercial customers have elected to enter into a payment arrangement.

Duquesne Light's contact center has remained fully staffed and operational since the start of COVID-19. All customer service representatives are working remotely with full capabilities. Because Duquesne Light does not have in-person customer service locations and only speaks to customers via its contact center, customer service has been unaffected by COVID-19.

Similarly, Holy Family Institute and Catholic Charities, the community-based organizations that enroll customers in CAP for Duquesne Light, have continued to assist those in need despite COVID-19. Although in-person application has been suspended for public health, Duquesne Light has provided phones to the social workers who assist customers with program enrollment. Because these phones have a Duquesne Light number, issues of customers ignoring calls from an unrecognized number have been minimized. Further, income verification requirements have been temporarily waived to make it easier for customers to enroll in assistance programs.

Duquesne Light has robust customer assistance programs in place and stands ready, willing, and able to work with its customers who have been impacted by COVID-19. The missing component is engagement from those customers.

b. Outreach campaigns, including proactive calls to customers, have had limited success in engaging customers to enroll in assistance programs and flexible payment arrangements.

As mentioned above, Duquesne Light's contact center has remained fully staffed and operational through the duration of the COVID-19 pandemic. Beginning in May 2020, the Company began making outbound calls to customers with past due balances, via its customer service representatives, and, as of June 2020, an automated message has been added, as well. In the most recent courtesy call campaign, of 85,883 outbound calls to customers with past due balances, only 10,816 customers (13%) made payments on their accounts, with another 277 (<1%) entering into payment arrangements.⁶

In addition to the outbound calls, Duquesne Light has widely promoted available assistance through traditional media, paid and organic social posts, an enhanced page on its website, and town hall meetings hosted by community organizations and legislators. Despite this unprecedented extensive outreach, enrollment in assistance programs remains lower than a typical year.

c. Termination notices typically do not result in customers losing service, but rather encourage customers to enter payment arrangements, enroll in assistance programs, or make the required payment to avoid termination.

A service termination represents the severing of a relationship with a customer. Utilities, like any business, do not benefit by losing a customer. However, in its extensive experience, the Company notes that very few termination notices result in disconnection of service. Rather, for the vast majority of customers, this notice serves as the impetus

⁶ This data records customer activity in the first 24-hours following Company contact.

needed to engage with the utility on available assistance, along with payment arrangements to pay down any past due balance.

To put a finer point on this statement, typically only 7% of customers who receive a termination notice are ultimately shut-off, with 93% entering into a payment arrangement and/or applying for assistance to allow them to maintain service. Comparing this 93% response rate to the lackluster results of the proactive outreach campaign described above supports the assertion that until utility bills become urgent, customers are reluctant or unable to prioritize taking steps to address them.

d. Additional, temporary customer protections may be warranted under these unprecedented circumstances.

Based on these real-time observations, Duquesne Light urges the Commission to lift the moratorium on utility terminations to further enable it to work with its customers. It understands this is a dynamic and difficult situation and is prepared to provide additional customer outreach and notifications when the moratorium is lifted. If the Emergency Moratorium is lifted prior to the start of Winter Moratorium, the Company has developed a phased approach to send termination notices. This approach ensures the Company's contact center is not overwhelmed by incoming calls and can take the time needed with each customer to match them with the programs that best meet their circumstances.

In addition, Duquesne Light has developed an enhanced customer outreach plan, which includes an eight-week notification process starting from the first communication provided to a customer to the time service is ultimately disconnected. Again, the Company wishes to reiterate that the vast majority of termination notices do not result in

a disconnection of service. This eight-week process will include a grace period between the conclusion of the moratorium and the beginning of collections. Upon Commission action to lift the moratorium, the Company will send an email or letter to all delinquent customers outlining the end of moratorium date and the services available to them. It will not begin sending termination notices for a period of at least ten days, during which time the Company will continue the proactive customer outreach campaign launched this spring, with additional paid television and radio advertising, to inform customers with past due balances of available assistance (CAP, LIHEAP, hardship fund, payment arrangements, budget billing, autopay, eBill, etc.).

While many of these programs, such as CAP, are focused on residential customers, Duquesne Light's recently formed Business Contact Center is prepared to establish flexible payment arrangements for small businesses and can refer them to other resources. The recent experience of Ameren Missouri indicates the impact termination notices have on commercial customers. Within two weeks of resuming normal billing and collection activities on July 15, approximately 97% of business customers that were notified that they were eligible for disconnection paid their past due balance.⁷ Of the remaining 3% of business customers that were disconnected, roughly 65-70% were reconnected (some were not reconnected due to a business closure).

The Company understands that, given the unique and unprecedented situation of the pandemic, the Commission may determine additional protections are needed and is prepared to work with the Commission to ensure adequate consumer protections are put in place. However, the Company is concerned the longer the moratorium extends, the less

⁷ Edison Electric Institute Customer Solutions Committee Key Takeaways, July 31, 2020.

flexibility it has to execute its extensive notification plan and spend the time it would like with each customer to get them the help they need. A September 1st end to moratorium will allow for more customer engagement. In contrast, lifting the moratorium effective October 1st will essentially force utilities to use a more aggressive collections strategy prior to the start of Winter Moratorium. Further, certain customer protections contemplated in the Chairman's July 16th Motion (Docket No. M-2020-3019244), if required, could effectually act to extend the moratorium as there will be lead time required for utilities make the necessary changes to IT and billing systems. In contemplating any additional temporary customer protections, Duquesne Light urges the Commission to consider the time required to implement those changes and to avoid any requirements that will result in the extension of the moratorium.

Finally, the end of the moratorium is not the end of the dialogue. The Company is committed to continuing to engage with the Commission and other relevant stakeholders on this topic, including sharing data on what is occurring in its service territory to help inform any additional necessary Commission action moving forward.

IV. CONCLUSION

Duquesne Light firmly believes now is the time to lift the Emergency Moratorium in order to engage customers in the robust utility assistance programs available, some of which will be expiring before the end of the State of Emergency. The Company is prepared to work with the Commission on additional consumer protections and to continue communication and collaboration. Duquesne Light appreciates the Commission's thoughtful approach on this matter and the opportunity to provide input.

Respectfully submitted,



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