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August 18, 2020

VIA E-Filing and E-Mail ONLY

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

SUBJECT: PECO Energy Company (PECO) Comments in Response to Chairman Dutrieuille's Letter of August 10, 2020 in Docket No. M-2020-3019244 (Emergency Order Re: Establishing Public Utility Service Termination Moratorium)

Dear Secretary Chiavetta:

PECO's Comments in the above-noted docket are attached for e-filing. As required by the Chairman's August 10, 2020 Letter, PECO is also serving these comments on the Secretary's Office via email.

Sincerely,



Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Emergency Order Re: Establishing Public Utility
Service Termination Moratorium

:

M-2020-3019244

**COMMENTS OF
PECO ENERGY COMPANY
IN RESPONSE TO
CHAIRMAN DUTRIEUILLE’S LETTER OF AUGUST 10, 2020**

PECO Energy Company (“PECO”) provides these comments in response to the August 10, 2020 letter of Chairman Gladys Brown Dutrieuille.¹

PECO recognizes the impact the pandemic has had on our customers, including the newly unemployed, our most vulnerable communities and small businesses, and we have worked to promote relief options to assist customers facing financial hardship. From the beginning of this pandemic, PECO has remained committed to helping customers navigate uncertainty and economic hardship, including suspending service disconnection for all customers. PECO acknowledges that the Commission has shared this focus and, on March 13, 2020, the Chairman issued an Emergency Order establishing a moratorium on the termination of public utility service.

The Chairman’s August 10 letter requests comments on whether it is time to lift the moratorium, stating: “Maintaining a total moratorium for a time period that is too lengthy may only work to accelerate the accrual of arrearages for many utility customers and place them at

¹ PECO also joins in and supports the Comments of the Energy Association of Pennsylvania (“EAP”) which are being filed contemporaneously.

increased risk of default and termination in the future, when large bills inevitably become due. Also, maintaining a total moratorium may frustrate customer placement in various assistance programs . . .” PECO concurs that it is time to lift the moratorium.

The winter period begins December 1 and, from then until March 31, 2021, utility termination activity will be severely constrained.² Unless the moratorium is lifted now and utilities are allowed to proceed with terminations through December 1, the termination moratorium will effectively have lasted more than a full calendar year (March 13, 2020 to March 31, 2021). As the Chairman foreshadowed, a termination moratorium of more than a year would be “too lengthy.”

1. Arrearages are accumulating during the moratorium

The Chairman’s August 10 letter correctly notes that, under the termination moratorium, arrearages are accumulating. Industrywide data, provided by the EAP in its comments, illustrates that arrearages are higher in 2020 than they were in 2019. (All numbers in the following table are in millions of dollars.)

Industrywide Arrearages
Same-Period Comparison 2019 vs 2020

	2019	2020
Residential	\$290.6	\$403.7
Low-Income	\$147.3	\$181.2
Non-residential	\$48.6	\$74.9

PECO believes that there are two primary drivers behind this accumulation of arrearages. First, the absence of termination notices and activity makes it more difficult for low-income

² See 52 Pa. Code §56.100.

customers to access some assistance programs. The Commission is aware of this unfortunate unintended consequence of the moratorium and EAP's comments discuss it at length. PECO adopts the EAP's comments on this issue.

Second, while it is difficult to generalize about customer motivations, it appears to PECO that when customers believe that their service cannot or will not be terminated, they are less motivated to seek assistance or enter into payment arrangements. Empirically, PECO notes that throughout the moratorium PECO has offered payment arrangements on terms that are more favorable than those normally offered. A large majority of PECO customers with outstanding balances can avoid the threat of service termination by taking advantage of payment arrangements that spread balances over extended periods of time. Even though PECO has conducted substantial outreach regarding this option, the uptake rate for this offer has been quite low – of PECO customers with accumulated arrearages as of August 7, 2020, less than 2% of all such customers, across all customer classes, have availed themselves of this opportunity. PECO believes that customer participation in these payment arrangements will increase if the moratorium is lifted.

2. Robust customer protections and assistance are in place

In her August 10 letter, the Chairman requests comments regarding “customer protections for at-risk customers, should the absolute service termination moratorium be lifted.”

The Commission's regulations, 52 Pa. Code Chapter 56, contain some of the most robust pre-termination customer protections of any state in the nation. The EAP's comments list some of those detailed protections, and PECO will not repeat that list here.³ However, PECO would like to underscore that, once normal termination procedures are restored, PECO will follow all

³ PECO also adopts the EAP's comments with respect to available financial assistance for low-income customers.

existing consumer protections including sending payment reminders (via letter, email, and proactive outbound calls), new 10-day notices, and new 72-hour notices prior to engaging in any terminations. During those interactions, PECO also will provide information to customers with respect to low-income assistance programs and payment arrangement options. There will thus be substantial opportunity for customers to interact with PECO and make arrangements with PECO to maintain their utility service, and thus avoid termination.

This opportunity for interaction is important because, as noted above, throughout the moratorium PECO has offered payment arrangements on terms that are more favorable than usual. PECO intends to continue to offer favorable payment arrangements once the termination moratorium is lifted. It is PECO's expectation that, once service terminations are allowed to resume, customer uptake of its offered payment arrangements will improve. PECO also expects that customers who enter into such payment arrangements will have lower accrued unpaid balances and thus will be more able to ultimately pay their bills.

PECO notes that, in her July 16, 2020 Motion in this docket, the Chairman recommended that utilities should be given “[p]ermission to utilize flexible income verification means such as over-the-phone or via electronic mail.” PECO recently requested permission to begin a flexible income verification procedure as part of a more robust suite of temporary universal service measures to respond to COVID-19. *See* Docket Nos. P-2020-3020555, M-2015-2507139, and M-2018-3005795. That larger suite of programs came to a Commission vote at the August 6, 2020 Public Meeting and, by a 2-2 vote, the larger suite of programs was not approved to move forward. PECO remains interested in providing such income verification flexibility, especially in the context of lifting the Emergency Order and allowing terminations to begin.

PECO also strongly supports the allocation by the Commonwealth of funding available through the Federal CARES Act to assist utility customers who have been negatively impacted by the COVID-19 pandemic. PECO has offered members of the General Assembly aggregated data on the financial impacts of the pandemic on customers and background on assistance programs. The Company's goal is to support options to provide assistance in the most timely and efficient manner possible to residential customers, many of whom have not previously qualified for utility assistance, and small businesses.

3. PECO supports periodic reporting to the Commission in this docket

The Chairman recommended in her July 16, 2020 Motion that utilities should provide certain specified information, on a monthly basis. PECO supports such periodic reporting as an adjunct to lifting the Emergency Order. The EAP's comments provide additional detail as to data points for reporting and policy use of the collected data; PECO supports those comments as well.

CONCLUSION

As pandemic-related policies end, PECO's commitment to customers continues, ensuring the transition is sensitive to the health and financial issues facing customers. PECO respectfully requests that, at the August 27, 2020 Public Meeting, the Commission lift the March 13, 2020 Emergency Order, effective September 1, 2020, for all classes of customers.

Respectfully submitted,

Ward L. Smith (electronic signature)

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