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February 16, 2021

VIA ELECTRONIC FILING

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

Re: Public Utility Service Termination Moratorium – Modification of March 13th Emergency Order
Docket No. M-2020-3019244

Dear Secretary Chiavetta:

Enclosed for filing please find Duquesne Light Company's Comments in the above referenced proceeding.

If you have any questions regarding the information contained in this filing, please feel free to contact me or Chris Johnson at 412-393-6496 or cljohnson@duqlight.com.

Sincerely,

LBQ

Lindsay A. Baxter
Manager, State Regulatory Strategy

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF
DUQUESNE LIGHT COMPANY

I. INTRODUCTION

At the October 8, 2020 meeting of the Public Utility Commission ("PUC" or "Commission"), the Commission adopted the motion of Chairman Gladys Brown Dutrieuille to modify the Emergency Moratorium on Utility Terminations, which had been in place since March 13, 2020. The Order in this matter was issued October 13, 2020, and put in place additional customer protections. The Order also requested public comment on the ending of the moratorium, to be filed by February 16, 2021. 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 in response to the rising number of coronavirus cases in Pennsylvania. Subsequently, on March 13, 2020, the Commission 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]

Over the course of the summer of 2020, several efforts were made to modify or end the moratorium. These efforts included a motion by Commissioner Coleman at the June 18, 2020

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

Public Meeting;[2] a motion by Chairman Brown Dutrieuille at the July 16, 2020 Public Meeting; [3] and a joint motion by Commissioners Coleman and Yanora, also at the July 16, 2020 meeting, all of which failed to pass. [4] As described above, a Final Order issued October 13, 2020, modified the moratorium and instituted additional customer protections. These protections and the partial moratorium are slated to end March 31, 2021, unless extended or otherwise modified by the Commission.

Since the Commission first put the Emergency Moratorium in place, it has collected information from utilities to assess circumstances on multiple occasions. First, the May 29, 2020 Secretarial Letter (Docket No. M-2020-3020055) requested information on efforts by utilities to communicate available assistance to customers, along with data on the number of customers in arrears. Additionally, an August 10, 2020 letter from Chairman Brown Dutrieuille sought comments "regarding the moratorium and customer protections for at-risk customers, should the absolute service termination moratorium be lifted." Further, since the October 13, 2020 Order, utilities have filed, on a monthly basis, the number of customers in risk of termination, the size of arrearages, and a comparison to the same month in the prior year.

Duquesne Light asserts that this information combined builds a compelling case that the Emergency Moratorium and associated protections should be lifted completely on April 1, 2021, as described in greater detail in its comments below.

[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

a. The Emergency Moratorium should be lifted effective April 1, 2021 as planned for in the October 13th Order.

Duquesne Light has supported and served the Pittsburgh community for more than 140 years. Since the start of the pandemic, the well-being of its customers and communities have been at the forefront of its priorities. This includes voluntarily placing a temporary moratorium on terminations in advance of the PUC's mandate; proactively waiving late fees; launching its "Here to Help" outreach campaign; raising more than $785,000 for charitable organizations in Western Pennsylvania;[5] supporting small, black-owned businesses through a partnership with the *New Pittsburgh Courier;* and partnering with elected leaders, community organizations, and local media to reach and assist customers in need. The Company understands that its success is inextricably tied to the health and success of the communities it serves.

While prohibiting utility terminations is a well-meaning approach to assisting those who have been financially impacted by the pandemic, the Company asserts that a continued moratorium does not serve customers in the long run. For those customers who are in arrears, the extended moratorium is allowing further accrual of debt. There is a point at which arrearages grow so large that even with a payment arrangement, monthly payments will not be affordable and a customer may never be able to pay off their past due balance.

When customers are not able to pay these large balances, the unpaid arrearage will ultimately be paid by other customers through rates. Throughout the pandemic, the majority of customers have stayed current on bills or only missed one or two payments. Many of those

[5] This figure includes nearly $400,000 in employee contributions, along with charitable giving by the Company.

customers have also been impacted by the pandemic, and yet have managed to continue to pay their bills through that time. It is not right to place an even greater burden on those customers who have continued to make payments, by allowing arrearages from a subset of customers to continue to grow unchecked.

To expand on this point, it is important to note the length of time since terminations have been fully allowed. While the annual Winter Moratorium is limited to customers at or below 150% of Federal Poverty Income Guidelines (FPIG), Duquesne Light, like many utilities, employs a cautious approach to winter terminations. The Company generally does not terminate service to residential customers throughout winter moratorium where its income information for those customers may be incomplete or not up-to-date. Because the Emergency Moratorium started before the annual winter moratorium had ended, a moratorium on terminations will have effectively been in place for the majority of residential customers for 16 months by the time it is lifted April 1, 2021.

As of the end of December 2020, approximately one in five residential customers in Duquesne Light's service territory was in arrears, with a total amount due of approximately $68 million. This total arrearage number can be broken down further as follows:

- Approximately $27 million is owed by residential customers who are at least three-months past due. There are approximately 29,200 accounts in this category, with an average balance of about $940 per account.

- Twenty-million dollars of residential arrearages is owed by customers who are at least six months late.

- There are approximately 8,000 customers who have not paid in six to twelve months, with a combined arrearage of $9 million. The average account balance is about $1,100.

- About $11 million is owed by approximately 8,000 residential customers who have not paid in at least 12-months. The average balance per account is approximately $1,380.

Of particular concern is the amount of money owed by the customers who have not paid in nine or more months. The average amount due for customers in this group has reached the point where the combination of grants and assistance available is not going to be enough to provide these customers with an affordable monthly payment.

Continued compliance with the Commission's extended moratorium on terminations is not aligned with 66 Pa. C.S.A. § 1410.1, which states that the public utility shall "Have an affirmative responsibility to attempt to collect payment on an overdue account." Similarly, 52 Pa. Code § 56.1(a) requires that "Public utilities shall utilize the procedures in this Chapter to effectively manage customer accounts to prevent the accumulation of large, unmanageable arrearages." Chairman Brown Dutrieuille has often reminded utilities that they should "work with customers before their accounts get to a point that is impossible for the customer to overcome."[6] Should a moratorium on terminations be extended, the Commission will be at odds with the long-time guidance provided to utilities.

b. Customers are unlikely to engage with the utility until there is a threat of termination.

Duquesne Light has been consistent in its stance that many customers do not engage with the utility regarding a past due balance until they are in threat of termination.[7] The Company has put considerable resources into proactive outreach to customers in need. This includes, but is not limited to, the following outreach activities:

- mailing 749,396 letters to past due customers since March 2020;
- making 349,183 outbound courtesy calls since May 2020;
- emailing the nearly 300,000 residential customers who have provided an email

[6] Motion of Chairman Gladys Brown Dutrieuille, October 8, 2020, M-2020-3019244
[7] Comments of Duquesne Light Company, August 18, 2020, M-2020-3019244

address in May 2020 to share available resources;

- sending targeted emails to approximately 105,000 customers in arrears in August introducing the Low-Income Home Energy Assistance Program (LIHEAP), CARES Rent Relief, and information on payment arrangements. A total of 39,000 customers also received emails in late December and early February on available assistance, payment arrangements, and energy efficiency tips;
- launching its "Here to Help" website as a one-stop shop to accessing assistance;
- using digital media to direct customers to the "Here to Help" page;
- partnering with elected officials and community groups to host virtual town halls;
- participating in interviews with news media about customer assistance; and
- releasing two new television commercials.

All of these efforts resulted in very little response from customers. The Company's experience implementing the October 13th Order continues to build evidence that, absent a termination notice, many customers will not act.

The October 13th Order provided a very short window, (specifically, 12 days[8]), for the resumption of termination activity, prior to the start of Winter Moratorium. As discussed in more detail below, the Company did not have confidence that it had complete or up-to-date income data for customers between 150-300% FPIG. Further, this short timeframe did not allow sufficient time to provide education and outreach to customers. Thus, Duquesne Light made the difficult decision to postpone restarting terminations until adequate time was available to do outreach, verify income data, and enroll customers in assistance programs.

While the Company did not feel it was feasible or in the customer's best interest to restart

[8] Utilities were permitted to begin terminations November 9, 2020. Excluding Fridays and the Thanksgiving holiday, this allowed 12 days on which terminations could occur, prior to the December 1, 2020 start of Winter Moratorium. This time frame assumes that utilities were able to make any system programming changes or manually pull data in order to send the required 20-day notice to at-risk customers by October 20th, just one week after the issuance of the Order, in order to begin terminations on November 9th.

termination in such a short timeframe, in an effort to comply with the intent of the October 13th Order, Duquesne Light sent notice to all customers with a past due balance, notifying them that it was authorized to restart terminations November 9, 2021. Even though this letter was not a notice of termination, it resulted in a notable, albeit short-lived, increase in customer contact for about one week, with call volume more than 50% greater than normal.

However, Duquesne Light saw little to no increase in Customer Assistance Program (CAP) enrollments due to the 20-day notice. Participation in LIHEAP is also lower than a typical year. For example, in December 2019, Duquesne Light customers had received $538,485 in LIHEAP grants, as compared to just $149,639 in December 2020.[9] The Company believes this decrease is attributable to a lack of action on the part of customers because, absent a termination notice, there is not a sense of urgency to accessing this assistance.

For a short time following the mailing of the 20-day communication, the Company received increased payment arrangement requests. To put this increase into perspective, the Company mailed approximately 89,000 20-day communication letters and, in a two-week period following the mailing, issued 3,500 payment arrangements. Unfortunately, because the winter moratorium started shortly after this outreach, and there was no longer a threat of termination, call volume dropped back to lower than normal. Further, 40% of the payment arrangements issued in November are now back in arrears.

While it can be tempting to think that these customers who defaulted on payment arrangements may not have had the resources to make even the very affordable monthly payment under an arrangement, if that were the case, the Company would have expected to

[9] Note that the Department of Human Service implemented a rule change effective December 1, 2020 to allow evidence of a past due balance, rather than a termination notice, to qualify for LIHEAP.

receive calls from these customers, requesting additional assistance. By and large, it has not received any additional contact from those customers.

Finally, a concern specific to Duquesne Light is the recent change in its CAP program. As of January 19, 2021, Duquesne Light transitioned its CAP program from a percentage of budget CAP to a percentage of income payment program ("PIPP").[10] The PIPP is designed to provide CAP customers with a very affordable bill. As the name implies, if a customer's income decreases, the amount they pay may also decrease. As part of this transition, current CAP customers received a one-time freezing of existing arrearages. The affordability of the PIPP should allow CAP customers to avoid falling behind on bills. Continuing the moratorium, during which many customers do not make payments, risks wasting this opportunity for a clean start.

When considering the specific arrearage data provided in the prior section, the Company points to those residential customers who have not made a payment in at least six months. This group of customers, as discussed above, have a combined arrearage of approximately $20 million, which equates to an average account balance of $1,235. At least 47 of these customers have balances in excess of $10,000.

This subset of customers has received phone calls and letters from the Company, listing available resources and asking the customer to get in touch. Yet few of these customers have acted to enter into a payment arrangement, enrolled in assistance, if eligible, or made even a nominal payment on their account, since at least April or May of 2020. Absent the risk of termination, this group of customers will not engage with the utility, and the size of its arrearages will continue to grow.

[10] Order entered April 19, 2018, in *Duquesne Light 2017-2019 USECP*, Docket No. M-2016-2534323.

Pennsylvania has a robust system of assistance and protections. This existing system is further bolstered by additional Federal assistance. When all emergency protections are lifted effective April 1st, at a minimum, customers can access payment arrangements, LIHEAP funding, hardship grants, and CAP, pending income eligibility. Additional support from the state and Federal government is also likely. Examples include Senate Bill 109, signed into law by Governor Wolf on February 5, 2021, which allocates nearly $570 million in rent and utility relief and $145 million for a restaurant assistance program. At the Federal level, President Biden, in his "American Rescue" plan, has proposed an increase in federal unemployment weekly payments, which would be extended through September. Efforts are also underway at the Federal level to extend and increase funding to the LIHEAP program. Additional recovery programs are also expected.

Time is of the essence to incent utility customers to apply for these time-limited assistance programs. For example, the LIHEAP program is currently set to close April 9, 2021. The Commission should allow utilities to resume normal collection activities while these additional sources of assistance are still available to customers.

While 96% of termination notices ultimately do not result in disconnection,[11] for those customers who are terminated, Pennsylvania regulation has additional protections governing how disconnections occur. For example, no terminations occur on Fridays or holidays, to ensure a customer does not go all weekend without service, when a utility's business office is closed.[12] If a customer is shut-off, service can be restored quickly. With full deployment of smart meters, Duquesne Light, like many electric distribution companies (EDCs), can generally reconnect a customer within 30 minutes of payment.

[11] Comments of Duquesne Light Company, August 18, 2020, M-2020-3019244.
[12] 52 Pa. Code § 56.82.

The risks associated with restarting terminations, following the existing regulatory guidance, are minimal. Considering the risk of allowing customers to continue to accrue high arrearages, it is imperative that EDCs and natural gas distribution companies (NGDCs) be allowed to resume normal termination activity April 1, 2021, as planned for in the October 13th Order.

c. Requirements outside of existing regulatory thresholds are problematic and require significant resources to implement.

The special protections instituted in the October 13, 2020 Order include protections for residential customers at or below 300% FPIG. Tying customer protections to an income threshold outside of what is established in regulation is problematic for a number of reasons. First, the Company only collects income data from customers in a limited number of circumstances. Income information is not required to start service. The Company may also collect income information where a customer requests a payment arrangement or to waive the security deposit, seeks to enroll in an assistance program, or in certain other circumstances. None of these instances are relevant to customers with incomes above 250% FPIG, so the Company does not regularly request or maintain customer income information above this threshold. Moreover, even when a customer provides income data, their income may change month-to-month and year-to-year. Many customers remain customers of the utility for a long time, sometimes for their entire adult life. Thus income information collected at the initiation of service may neither be up-to-date nor accurate years into the future. Finally, the Company has found that, unless specifically applying for an assistance program or payment arrangement, customers are reluctant to share such personal information.

Therefore, the 300% income threshold in the October 13th Order presented many challenges. Duquesne Light's customer care and billing systems are all programmed for the income thresholds in existing regulations. Utilizing the 300% threshold required programming changes to IT systems, as well as manual processing, both of which come at a cost. While the Company asserts that the moratorium should be lifted effective April 1st, should the Commission act to introduce new customer protections as a result of the pandemic, these protections should be based on thresholds in existing regulation. Using existing regulatory thresholds presents the most efficient pathway to implementing customer programs, so that time and resources can be put towards the important work of engaging and working with customers, instead of on manual data management activities.

Further, any future Order on this topic must clarify that the onus is on residential customers to self-identify as qualifying for income-based protections. The Commission should clearly allow utilities to send notice of termination to customers, following the requirements of 52 Pa. Code § 56.91, regardless of income data on file, if any. It is the responsibility of the customer to contact the utility to provide updated income data, make a payment, or avail themselves of assistance programs.

For commercial customers, the Company is willing to continue to provide payment arrangements. Should commercial customers be further protected from terminations, the Company suggests the business must self-certify that they have been impacted by the Governor's most recent orders related to the coronavirus pandemic, subject to potential audit.

Finally, the present circumstances have illuminated a larger issue. As Duquesne Light has noted in previous proceedings,[13] it can be difficult and confusing for a low-income customer

[13] *See* Duquesne Light Comments. Docket No. M-2017-2596907, Review of Universal Service and Energy Conservation Programs, p. 7.

to navigate the myriad assistance programs, all with separate applications and enrollment criteria. There is an opportunity to improve assistance for customers by streamlining enrollment in assistance programs, for instance by using a centralized application, having a single agency handle enrollment in all programs, and/or having a centralized database against which utilities can verify income. A positive long-term outcome of the coronavirus pandemic would be widespread reform to the enrollment and administration of low-income assistance programs, to improve access for Pennsylvania utility customers.

d. Continued changes in rules are difficult to implement and confusing to customers.

The Company urges the Commission to return to "business as usual" on April 1, 2021. Utilities need certainty to be able to operate efficiently. Duquesne Light, like other companies, is currently planning to restart terminations under the existing rules effective April 1, 2021. These plans require IT programming, financial planning, work scheduling, and preparing for customer outreach and education programs. To change course now would result in this work no longer being relevant and the wasting of additional time and resources.

Further, to continually change the rules is confusing for customers. For example, under existing regulations, a 10-day termination notice sent by an EDC or NGDC is valid for a period of 60 days. When planning for an April 1st resumption of termination activity, a 10-day termination notice could be sent as early as February 1st. These early termination notices are an important tool in re-engaging customers early, before the moratorium has officially lifted, to have time to enroll them in available assistance. Termination notices also serve as evidence of a crisis, allowing customers to access LIHEAP and hardship grants. If companies begin sending notices, in preparation for April 1st, then the Commission subsequently acts to extend or further modify the emergency protections, there is a risk that customers will be confused. Further, there is a risk that customers will stop taking termination notices seriously. This presents a dangerous situation where customers who, in the past, upon receipt of notice, would contact the Company and take the necessary steps to prevent termination, may instead ignore it and, ultimately, be shut-off.

Finally, utilities should be allowed to reinstate late payment charges. Duquesne Light has waived late payment charges since March 2020, initially as a courtesy to customers, then in compliance with the October 13th Order. However, a late payment charge serves as an incentive to a customer to make at least *some* payment towards their balance. Even when a late payment charge is assigned, the Company retains the ability to waive the fee, for example, if the customer calls to make a payment on a past due balance. Reinstating late payment charges is a step towards getting customers to begin paying regularly again.

Following the end of the emergency protections April 1st, the Commission can continue to request regular reporting by utilities on the size of arrearages, number of terminations, and other key metrics to monitor circumstances. Duquesne Light is willing to share data and insight about what is occurring in its territory to keep the Commission informed. If conditions related to the pandemic and associated economic impacts should change in the future, the Commission has the capacity to act quickly to implement new protections, as evidenced by the Emergency Moratorium, and utilities will comply.

IV. CONCLUSION

Duquesne Light appreciates the complexity of this issue and the need to act in the best interests of customers. However, the Commission must act in the best interest of *all* customers, not only those who are in arrears. The time is right to end emergency protections to avoid further increasing uncollectible expenses that will ultimately be borne by other ratepayers. Pennsylvania has put into place robust customer programs and protections to help those in need. It is time to trust that those will work as designed.

In closing, the Company re-affirms its commitment to working with customers to avoid terminations to the greatest extent possible, and continuing to engage in open dialogue and information sharing with the Commission and other stakeholders moving forward.

Respectfully submitted,

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DATE: February 16, 2021