FirstEnergy

2800 Pottsville Pike
PO Box 16001
Reading, PA 19612-6001

February 16, 2021

VIA ELECTRONIC FILING

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

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

Dear Secretary Chiavetta:

Please find enclosed herein for filing in the above-captioned proceeding the *Comments of Metropolitan Edison Company*, *Pennsylvania Electric Company*, *Pennsylvania Power Company*, *and West Penn Power Company*.

Please contact me if you have any questions regarding this matter.

Very truly yours,

Tori L. Giesler

Enclosures

c: As Per Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER COMPANY, AND WEST PENN POWER COMPANY

I. INTRODUCTION

Pursuant to the prescriptions set forth in the Pennsylvania Public Utility Commission's ("Commission" or "PUC") Order issued in this proceeding on October 13, 2020,[1] Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company (collectively, the "Companies") hereby respectfully submit these *Comments* in response to the question put forth therein. In addition to, *inter alia*, lifting the absolute disconnection moratorium put in place in its March 13, 2020 Emergency Order,[2] the Commission, through its October 13 Order, invited interested stakeholders to submit written comments regarding the continued efficacy of the additional consumer protections established therein in response to the deleterious effects COVID-19 is having on Pennsylvania's payment-troubled utility consumers. For the reasons stated herein, the Companies respectfully submit that the customer protections provided by existing regulations that were in place prior to the advent of the pandemic provide the Commonwealth's at-risk utility consumers the requisite protections and assistance needed to support them as the winter moratorium lifts. As such, the Companies

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[1] *Public Utility Service Termination Moratorium*, Docket No. M-2020-3019244 (Emergency Order dated March 13, 2020) ("March 13 Order").
[2] *Public Utility Service Termination Moratorium-Modification of March 13th Emergency Order*, Docket No. M-2020-3019244 (Order dated October 13, 2020) ("October 13 Order").

respectfully submit there is no basis for continuing the protections implemented in the October 13 Order or augmenting or modifying those that were in place pre-COVID.

II. BACKGROUND

On March 6, 2020, Governor Tom Wolf issued a Proclamation of Disaster Emergency ("Proclamation").[3] Therein, the COVID-19 pandemic was identified as a disaster emergency affecting the entire Commonwealth.

On March 13, 2020, the Commission issued an Emergency Order, which was subsequently ratified at the Commission's March 26, 2020 public meeting. In that Order, the Commission, in response to the COVID-19 pandemic, established a moratorium on utility-service terminations.

As the pandemic continued, Pennsylvania utilities implemented a number of changes to inform and assist payment-troubled customers. Due to the economic tumult brought about by the sudden onset of the pandemic and the job losses that ensued as a result of layoffs, terminations, contraction of COVID-19, or fear of contraction, these changes were instituted to ensure payment-troubled customers possessed both the knowledge of, and access to, the bill assistance they needed to stay current on their utility bills or maintain their utility service, or both. The Companies were no different. In separate comments filed in this docket on June 15, 2020[4] and August 18, 2020,[5] respectively, the Companies enumerated and delineated the myriad steps they have taken and the various customer protections each has in place to assist payment-troubled customers during the public health emergency.

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[3] *Proclamation of Disaster Emergency*, Commonwealth of Pennsylvania, Office of the Governor (March 6, 2020) available at https://www.governor.pa.gov/wp-content/uploads/2020/03/20200306-COVID19-Digital-Proclamation.pdf.

[4] *Comments of Metropolitan Edison Company*, *Pennsylvania Electric Company*, *Pennsylvania Power Company*, *and West Penn Power Company*, Docket No. M-2020-3019244 (filed June 15, 2020). These *Comments* were filed in response to the May 29, 2020 Secretarial Letter issued by the Commission in this docket.

[5] *Comments of Metropolitan Edison Company*, *Pennsylvania Electric Company*, *Pennsylvania Power Company*, *and West Penn Power Company*, Docket No. M-2020-3019244 (filed August 18, 2020). These *Comments* were filed in response to the August 10, 2020 Secretarial Letter issued by the Commission in this docket.

In the fall of 2020, the Commission entered its October 13 Order, wherein it took several additional steps to address the effects of the pandemic on Pennsylvania's utility consumers. Through that Order, the PUC lifted the absolute moratorium on utility-service terminations, effective November 9, 2020, and directed Pennsylvania utilities to adopt several additional measures to assist customers in the near term. In addition, in its October 13 Order the Commission recognized the importance of customers in arrears engaging and reaching out to their utilities to determine their eligibility for customer assistance programs. In recognition of the ongoing pandemic and the uncertainty of the future, the October 13 Order also initiated a stakeholder process requesting input from interested parties related to the short-term measures outlined in that Order and proposals regarding whether additional long-term measures should be adopted.

In response to the PUC's October 13 Order, on October 27, 2020, Tenant Union Representative Network, Action Alliance of Senior Citizens of Greater Philadelphia, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (collectively, the "Joint Petitioners") filed a *Petition for Clarification* ("*Petition*") of that Order in this docket. Through their *Petition*, the Joint Petitioners sought various modifications to the Commission's October 13 Order and asked the PUC to address additional issues on which that Order was silent.

On November 6, 2020, the Companies, as well as several other Pennsylvania utilities and stakeholders, each filed *Answers* with the Commission in response to that *Petition*. In their respective *Answers*, each utility and stakeholder asked the Commission to deny the *Petition* either in its entirety or in part.

During its December 17, 2020 Public Meeting, the Commission adopted and subsequently entered an Order addressing the *Petition*. Therein, the PUC denied the *Petition*, finding that Joint Petitioners had failed to provide a sufficient basis for their requested clarification.

The Companies adopted the protections in the October 13 Order in addition to the previous changes already implemented in response to COVID-19 and continue to work with customers regarding payment and payment-assistance options. The Companies offer these *Comments* regarding the elimination of the service termination moratorium, continued growing arrearages, customer engagement, and continued customer protections.

III. COMMENTS

At the outset, the Companies would like to thank the Commission for providing interested stakeholders this opportunity to submit comments on this important topic. The Companies are acutely aware of, and sensitive to, the reality that the economic recovery for those who were disproportionately impacted by COVID-19 will be a gradual process. With this in mind, the Companies have instituted several additional protections—on top of those that were already in place before the pandemic—and have proposed several more that are presently undergoing Commission review[6] to help ensure payment-troubled customers have the necessary resources and education to obtain the billing assistance they require.

The Commission acknowledged in its October 13 Order that the pandemic is dynamic in nature. Accordingly, it sought input from stakeholders as to the efficacy and potential continuation of certain customer protections. However, the added protections put in place by the Commission pursuant to its October 13 Order—particularly the continuation of a termination moratorium for certain customers following the absolute moratorium earlier in 2020—have had the unintended consequence of substantially curtailing customer engagement and increasing significantly customer arrearages. In light of these unintended consequences and the overall effectiveness of

[6] *See Joint Universal Service and Energy Conservation Plan of Metropolitan Edison Company*, *Pennsylvania Electric Company*, *Pennsylvania Power Company*, *and West Penn Power Company for 2019-2021*; Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978 (filed February 21, 2020).

the pre-COVID protections during the pandemic, the Companies recommend against the continuation of the enhanced customer protections established in the October 13 Order beyond March 31, 2021, or the creation of new ones.

The Companies submit that there simply is neither an evidentiary nor factual basis for augmenting or altering the customer protections that were in place pre-COVID as these have adequately addressed and have continued to meet the needs of at-risk customers during the ongoing public health emergency. The pre-COVID customer protections were designed to assist all eligible, payment-troubled customers who are experiencing financial hardship, regardless of the circumstances responsible for their underlying need. And those programs have been doing just that. The Companies' data proves this out, as further described below.

A. Resumption of Collections

The Commission's decision to lift the absolute utility service termination moratorium effective November 9, 2020 achieved the Commission's goal of increasing customer engagement related to their past-due account balances. Despite the number of assistance options available and continued outreach efforts to vulnerable customers, payment-troubled customers oftentimes failed to avail themselves of that assistance as they realized they were not at risk of service termination.

For example, after the implementation of the moratorium in March 2020, credit calls to the Companies' call centers fell to 68-78% of 2019 volumes for the months of April through November 2020. With the resumption of disconnection activity in December,[7] customer credit call volumes to the Companies' contact centers immediately increased to 97% of December 2019 call volumes. This significant increase in call volumes indicates that the risk of service

[7] As a result of the additional 10-day communication to customers required by the October 13 Order, the issuance of the standard 10-day termination notice required by the Pennsylvania Public Utility Code, and the onset of the winter moratorium on December 1, 2020 that mandates an additional 48-hours' notice, the Companies did not restart service disconnections until December 14, 2020.

disconnection creates customer-initiated engagement as payment-troubled customers seek bill-payment assistance by contacting their utility.

A similar trend is evident with customers seeking payment arrangements. When disconnections were suspended in March 2020, the volume of installment plans created continued to drop each month—bottoming out in May 2020 with volumes that were but 31% of those achieved in May 2019. Conversely, payment-arrangement volumes in November 2020 were 104% of those achieved in November 2019: as customers learned of the lifting of the service disconnection moratorium, they sought assistance by contacting their utility and establishing a payment arrangement.

B. Arrearage Levels

As stated in the Companies' various submissions in this docket, the data indicate that the pandemic has negatively impacted customer-payment behaviors. Past-due arrearages and average arrearages per customer continue to increase, while requests for payment arrangements (measured in both number and dollar amounts) declined considerably. As noted above, the Companies also experienced a significant decline in credit-related call volumes prior to the resumption of service disconnections. Based on these continued trends, it is clear that enhanced outreach by the utility is not enough to motivate some customers to make payment arrangements so as to control their arrearages and reduce the amount of uncollectible expense, which other customers ultimately must bear.

To illustrate this point, the total arrearages for active residential customers with balances greater than 30 days have increased 66% since December 2019. Arrearages for this customer group were $166.4 million as of December 2020 as compared to $99.9 million at the end of December 2019. However, the actual number of residential customers with past-due balances greater than 30 days has remained relatively flat. In other words, the Companies' data show that the number of residential customers in arrears as a result of the pandemic is not growing as one might expect, but the past-due balances of those customers are growing at an alarming rate. Specifically, the percentage of active residential customers with a balance greater than 30 days past due was 11% at year-end 2019 and 2020, respectively. However, the average balance of those customers as of December 31, 2019 was $496.86 as compared to an average balance of $823.30 as of December 31, 2020; as stated previously, this represents a growth rate of almost 66%.

Regarding non-residential customer arrearages, the overall past-due balances greater than 30 days for active customers increased 142% since December 2019, ballooning to $9 million in December 2020 as compared to $3.7 million in December 2019. Typically, arrearages for non-residential customers remain relatively flat throughout the year; however, in 2020 the number of active, non-residential accounts with past-due arrearages greater than 30 days increased 47%, with the average balance growing from $498.89 (at year-end 2019) to $817.75 (at year-end 2020), representing a 64% growth rate.

Despite the fact that the Companies have actively engaged in outreach and extended more favorable terms for payment arrangements, residential payment arrangements created through December 31, 2020 have declined (both in terms of the number of payment arrangements and the amount of dollars) as compared to the same period in 2019. The Companies experienced an overall 42% reduction in the number of payment arrangements and a 36% decrease in the total dollars under payment arrangements established in 2020 as compared to 2019. Specifically, 75,950 residential payment arrangements (totaling $69.3 million) were put in place in 2020 whereas 131,405 residential payment arrangements (totaling $107.8 million) were established in 2019. And while the number of residential installment plans created in January and February 2020 were within 12% of those created in January and February 2019, the volume immediately dropped once disconnections were suspended in March 2020, resulting in a 31% decrease compared to March 2019. Even though the Companies offered expanded payment arrangements to non-residential customers, as of December 31, 2020, only 2,333 non-residential payment arrangements (totaling about $7.1M) have been requested since January 1, 2020; this represents less than a quarter of the Companies' non-residential customers who are in arrears.

Based on the foregoing data, it is clear that any extension of the service termination moratorium would continue to increase customer arrearages, which increases the likelihood that customers will struggle to pay off their past-due balances moving forward. As the Commission is well aware, larger customer arrearages will likely lead to higher uncollectible expenses for Pennsylvania utilities, which ultimately are paid for by all Pennsylvania utility consumers. Accordingly, the Companies do not recommend continuing the service termination moratorium (in any form) beyond March 31, 2021 in response to the COVID-19 pandemic.

C. Monthly Reports

The October 13 Order required utilities to provide comparative monthly reporting to the Commission regarding the number of residential and non-residential accounts at risk of termination, the total aggregate dollars in arrears, and also the number of residential and non-residential accounts disconnected for non-payment with dollar amounts owed. As the pandemic continues, the Companies believe this information is helpful when it comes to maintaining awareness with respect to trends regarding customer engagement, disconnections, and arrearages. As such, the Companies are willing to continue to provide this information to the Commission on a monthly basis in order to help inform the Commission's actions as they relate to the public health emergency.

D. Proposal to Revert to Normal Collection Activities Post-Winter Moratorium

The Companies commend the Commission for lifting the absolute moratorium to encourage customers in arrears to seek available assistance options from their utilities. The statistics regarding arrearages, call volumes, and payment arrangements provided above clearly indicate that the lifting of the moratorium has resulted in increased engagement by payment-troubled customers. However, in order for customers to remain engaged following the expiration of the winter moratorium, the Commission should allow utilities to return to normal collection activities as outlined in Chapter 14 of the Public Utility Code and Chapter 56 of the Commission's regulations. The Companies do not support continuing the short-term measures provided for in the October 13 Order beyond March 31, 2021.

The Companies adopted the short-term measures in the October 13 Order and are working extensively with "protected" customers (as defined within the October 13 Order) to inform those customers at 300% and below of the federal poverty level of their growing arrearage balances, the steps required to avoid termination of service, and the assistance available to them. However, the Companies remain concerned that their customer engagement is still muted as a result of the short-term measures put in place through the October 13 Order, which, as demonstrated by the data provided herein, continue to create a growing arrearage problem among customers. The additional short-term measures in the October 13 Order are in effect until the earlier of: (1) March 31, 2021; (2) the date on which the Governor's Proclamation of Disaster Emergency is rescinded; or (3) a time otherwise established by the Commission. Permitting utilities to return to the collection practices detailed in Chapter 14 and Chapter 56 at the end of this year's winter moratorium (i.e., March 31, 2021) will be the most effective means of encouraging customer engagement with respect to payment arrangements and reducing customer arrearages moving forward. The Companies will of course continue to work in good faith with customers as the pandemic continues, subject to all of the protections within Chapter 14 and Chapter 56. The most prudent course of action for the Commission would be to end the short-term measures imposed by the October 13 Order so that utilities can better engage their entire customer base and fully address outstanding arrearages and the growing number of uncollectible accounts. As was illustrated in the data and analyses provided herein, the customer protections put in place in the October 13 Order—particularly the partial continuation of the disconnection moratorium—have had a chilling effect on customer engagement.

IV. CONCLUSION

The Companies appreciate the opportunity to provide comments in the above-referenced proceeding and respectfully request that the Commission use the data, recommendations, and observations set forth herein to inform any future decisions it makes on this important topic.

Respectfully submitted,

Dated: February 16, 2021

Tori L. Giesler
Attorney No. 207742
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, PA 19612-6001
Phone: (610) 921-6658
Fax: 330-315-9263
Email: tgiesler@firstenergycorp.com

Counsel for:
Metropolitan Edison Company,
Pennsylvania Electric Company,
Pennsylvania Power Company, and
West Penn Power Company