BEFORE THE PENNSYLVANIA SENATE
PA Senate Democratic Policy Committee

Pennsylvania’s Housing Crisis
The Effect of the Unfolding Utility Debt Crisis on Housing Stability

Testimony of Elizabeth R. Marx, Executive Director, Pennsylvania Utility Law Project

On behalf of our Low Income Clients

March 31, 2021
Submitted March 29, 2021
Good morning, Chairman Muth, Senators Saval, Hughes, and Haywood, and members of the Committee. Thank you for the invitation to testify before you this morning. My name is Elizabeth Marx, I am the Executive Director of the Pennsylvania Utility Law Project (PULP). PULP is a specialty legal services project within the Pennsylvania Legal Aid Network, focused on ensuring that all Pennsylvanians can connect and maintain safe and affordable utility services to their home. We work to achieve our mission by providing representation, advice, education, and support services to low income individuals and community groups across Pennsylvania.

I am here today to discuss the role of Pennsylvania’s utility debt crisis within the broader housing crisis. In short, Pennsylvania is on the edge of a utility debt cliff, which threatens to destabilize housing for hundreds of thousands of Pennsylvania renters and homeowners.

Tomorrow, on April 1, 2021, utilities will be permitted to shut off critical utility services to millions of Pennsylvania homes as a means of collecting well over $850 million in residential utility debts accrued throughout the pandemic. Some utilities have plans to begin terminations immediately on April 1, while others will move forward more slowly – rolling out termination notices over the next few weeks. Just 9 days after terminations begin, on April 9, 2021, the Low Income Home Energy Assistance Program is scheduled to close to new applicants. While federal relief is on its way, I am concerned it may be too late to prevent wide-spread utility terminations and ensure Pennsylvanians remain safely housed.

Understanding the Utility Debt Crisis

COVID-19 has had and continues to have an unprecedented impact on the health and economic security of Pennsylvanians in every corner of our state. But not all Pennsylvanians have been equally harmed. The negative health and economic impacts of the pandemic have been shouldered most severely by low income communities and communities of color – compounding existing systemic inequities that existed long before the pandemic began.¹

Throughout the pandemic, utility costs and other basic living expenses have increased as families work, attend school, and otherwise spend more hours at home – consuming more utility service than ever before. This increase in basic living expenses has undeniably fallen hardest on low- and fixed-income households, who already lack the discretionary income to meet this increased cost.

According to the latest US Census Bureau Household Pulse Survey, 30% of Pennsylvania households are still experiencing difficulty paying for usual household expenses – and 19% expected a loss in employment income in mid-March.

But while the pandemic exacerbated this emerging utility affordability crisis, it did not create it! The pandemic has simply laid bare an existing problem – bringing a much-needed spotlight to deep inequities in access to utility service.
Utility unaffordability has posed a palpable threat to the economic wellbeing of Pennsylvanians for many years, but is greatly exacerbated by the pandemic.

To put utility unaffordability into perspective: In 2019, low income households paid between 9 and 31% of their income on energy costs alone – leaving very little to pay for rent, food, transportation, child care, clothing, medicine, and medical care. A trove of recent research, including research released just last week by PULP and Community Legal Services, has shown that Black and Latinx households face the highest utility costs. The disparity in utility costs is often attributable to poor insulation, leaky pipes, and energy inefficient equipment in low income homes, precipitated by decades of disinvestment in low income communities and communities of color.

Even with assistance through existing utility assistance programs, such as the Customer Assistance Programs - or CAPs - operated by regulated gas and electric utilities, low income households still face disproportionately high energy burdens - with many of the poorest CAP customers facing charges in excess of 12-14% or more of their income for energy costs alone. While the Commission revised its policy to reduce CAP energy burdens in 2019, implementation of that reduction has been met with a number of legal hurdles and lengthy administrative delays.

In addition to energy unaffordability, water and wastewater services are also increasingly unaffordable across the Commonwealth, as rates for service have risen precipitously over the last decade. Low income families now regularly pay 10% or more of their income for water and wastewater services.

With the increased economic instability caused by the pandemic, together with dramatically increased usage in the home, we are now facing a perfect storm, and the numbers are staggering:

- At least 814,000 regulated gas, electric, and water residential customers were eligible for termination in February 2021.
- Year over year, residential utility debt for regulated gas, electric and water customers have increased 44% - from $590 million in February 2020 to $852 million in February 2021.

Keep in mind that these figures do not include Pennsylvania’s 1200+ unregulated water and wastewater utilities, electric cooperatives, or deliverable fuel vendors (propane, gas, wood, coal). There is no publicly available data to show the scope of debt at unregulated utilities and fuel vendors. Having worked closely with unregulated providers over the last few months, I can say with certainty that unregulated utilities across the state are seeing similar levels of arrears and accounts at risk of termination – especially in areas with high concentrations of poverty.
The following table provides a breakdown of utility debt and at-risk accounts for Pennsylvania’s large regulated water, electric, and natural gas utilities. As the numbers show, the utility debt crisis is not unique to one geographic region: It is widespread across the Commonwealth, affecting rural, urban, and suburban areas of the state. Debt to private water companies, in particular, stands out as having some of the highest year over year increases in debt owed.

![Table]

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<tbody>
<tr>
<td>Valley Energy</td>
<td>735</td>
<td>$55,541</td>
<td>742</td>
<td>$86,510</td>
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<td>Citizens' Electric</td>
<td>210</td>
<td>$40,469</td>
<td>331</td>
<td>$117,176</td>
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<td>UGI Gas</td>
<td>56,990</td>
<td>$37,595,755</td>
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<td>UGI Electric</td>
<td>6,326</td>
<td>$4,879,532</td>
<td>6,351</td>
<td>$6,591,964</td>
<td>35%</td>
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<td>Wellsboro Electric</td>
<td>265</td>
<td>$104,445</td>
<td>276</td>
<td>$175,163</td>
<td>68%</td>
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<td>Columbia</td>
<td>75,512</td>
<td>$21,902,437</td>
<td>71,815</td>
<td>$32,430,994</td>
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<td>NFG</td>
<td>21,779</td>
<td>$7,975,869</td>
<td>21,847</td>
<td>$12,381,052</td>
<td>55%</td>
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<td>PWSA</td>
<td>5,399</td>
<td>$4,637,713</td>
<td>6,893</td>
<td>$6,407,600</td>
<td>38%</td>
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<tr>
<td>PPL</td>
<td>108,859</td>
<td>$103,993,489</td>
<td>126,964</td>
<td>$166,080,097</td>
<td>60%</td>
</tr>
<tr>
<td>Aqua</td>
<td>51,926</td>
<td>$2,952,371</td>
<td>53,671</td>
<td>$3,865,562</td>
<td>31%</td>
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<tr>
<td>Suez - Bethel</td>
<td>58</td>
<td>$7,551</td>
<td>96</td>
<td>$27,599</td>
<td>266%</td>
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<td>Pa. Am. Water</td>
<td>6,147</td>
<td>$24,878,792</td>
<td>27,920</td>
<td>$40,984,444</td>
<td>65%</td>
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<td>PGW</td>
<td>160,357</td>
<td>$70,163,933</td>
<td>169,101</td>
<td>$85,582,906</td>
<td>22%</td>
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<td>MetEd</td>
<td>9,321</td>
<td>$41,963,567</td>
<td>9,937</td>
<td>$56,926,433</td>
<td>36%</td>
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<td>Penelec</td>
<td>8,301</td>
<td>$46,189,030</td>
<td>9,071</td>
<td>$63,797,165</td>
<td>38%</td>
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<td>Penn Power</td>
<td>2,604</td>
<td>$11,787,057</td>
<td>2,517</td>
<td>$15,707,320</td>
<td>33%</td>
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<tr>
<td>West Penn Power</td>
<td>11,671</td>
<td>$51,381,350</td>
<td>10,126</td>
<td>$66,580,609</td>
<td>30%</td>
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<td>PECO</td>
<td>127,788</td>
<td>$79,554,942</td>
<td>132,385</td>
<td>$150,519,757</td>
<td>89%</td>
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<tr>
<td>Suez</td>
<td>5,428</td>
<td>$654,066</td>
<td>4,730</td>
<td>$1,092,445</td>
<td>67%</td>
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<td>Peoples Gas</td>
<td>n/a</td>
<td>$4,221,379</td>
<td>n/a</td>
<td>$3,675,941</td>
<td>-13%</td>
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<tr>
<td>Peoples Natural</td>
<td>n/a</td>
<td>$32,638,224</td>
<td>n/a</td>
<td>$33,493,438</td>
<td>3%</td>
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<tr>
<td>Duquesne</td>
<td>98,181</td>
<td>$42,157,790</td>
<td>95,666</td>
<td>$55,538,102</td>
<td>32%</td>
</tr>
<tr>
<td>York Water</td>
<td>2,396</td>
<td>$248,873</td>
<td>3,191</td>
<td>$683,775</td>
<td>175%</td>
</tr>
<tr>
<td>Pike Power/Light</td>
<td>168</td>
<td>$35,454</td>
<td>221</td>
<td>$50,696</td>
<td>43%</td>
</tr>
<tr>
<td>Community Util.</td>
<td>91</td>
<td>$32,865</td>
<td>275</td>
<td>$162,951</td>
<td>396%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>760,512</strong></td>
<td><strong>$590,052,494</strong></td>
<td><strong>814,508</strong></td>
<td><strong>$852,054,166</strong></td>
<td><strong>44%</strong></td>
</tr>
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Utility terminations destabilize housing and pose an acute threat to the health and safety of individuals, families, and the community.

Lack of stable utility services to a home exacerbates negative health outcomes, interrupts family unity, hinders child learning and development, and has a long-term impact on consumer credit and housing stability – making it difficult to connect to utility service in the future.

Key to our discussion here, the loss of utility service has an immediate destabilizing impact on housing, and is often the catalyst for eviction and foreclosure proceedings and homelessness.\textsuperscript{ix}

For tenants, maintenance of utility service to a leased property is a standard term in most lease agreements – including for both public and private housing. Loss of utility service can and often does lead to an immediate eviction, \textit{notwithstanding the current federal moratorium on evictions imposed by the CDC}.\textsuperscript{x} In fact, the very existence of unpaid utility debt can make a family ineligible for both public and private housing, resulting in long-term housing instability.\textsuperscript{xi}

Tenants are also facing repercussions from the loss of utility service even when the tenant is not responsible for the bill. Through PULP’s emergency utility hotline, we regularly handle cases where a landlord has attempted to evict a tenant by having utility service voluntarily terminated to the home – or by refusing to pay the bill – resulting in involuntary termination. These practices are already illegal, and can be rectified when the tenant seeks help.\textsuperscript{xii} However, there is a gap in both implementation and enforcement of these laws – especially amongst unregulated utilities. Through the pandemic, our office has handled an increased number of calls from low income consumers facing this type of constructive eviction from their home as landlords have sought ways to circumvent the eviction and termination moratoria.

Utility debt also poses a unique threat to homeownership for municipal utility customers, as unpaid debt can result in lien attachments which can encumber the property, prevent refinancing, damage credit, and ultimately result in foreclosure.

Finally, but critically, the loss of water and wastewater service poses a direct and immediate threat to homeowners, tenants, and the broader community, as it prevents proper sanitation necessary to protect health and safety and can result in the immediate condemnation of properties. Without running water and wastewater, you cannot wash your hands, shower, clean your home, wash dishes, flush a toilet, or any of the activities necessary to protect against the spread of virus or disease. Water terminations also lead to increased blight and further erosion of the tax base in communities with concentrated poverty, which has a further destabilizing impact on the financial stability of the municipal utility.\textsuperscript{xiii}
It is important to keep in mind that many of the same people who are behind on their utility bills are also behind on their rent and mortgage payments – and are simply falling deeper and deeper into debt as their household expenses continue to outpace their household income.

Existing utility assistance programs are insufficient to address the current crisis.

Pennsylvania has a patchwork of utility assistance programs administered by various agencies and at many of the large regulated utilities, none of which are adequate to address the current crisis.

First, the Low Income Home Energy Assistance Program (LIHEAP), administered by DHS, provides critical home energy assistance but is not a panacea to address this utility debt crisis. LIHEAP is only available to very low income households, with income at or below 150% of the federal poverty level, and can only help pay for heat-related electric, gas, and deliverable fuels. It does not help pay for non-heating gas or electric service, water, wastewater, or other critical utility costs. Importantly, LIHEAP is currently scheduled to close on April 9, 2021, and will not be available to help most consumers who will begin to receive 10-day termination notices after April 1. While DHS may extend LIHEAP further into spring, it has not yet made a commitment to do so.

The Emergency Rental Assistance Program (ERAP), while promising, is unavailable to homeowners and is unlikely to prevent terminations en masse without further improvements. While the state has moved with record speed to set up the Emergency Rental Assistance Program (ERAP), and I commend the work of the Senate to quickly allocate the first wave of ERAP funds, there are already a number of emerging issues at the state and county level that are interfering with the ability of households to access utility relief through the program.

- At the state level, DHS lacks adequate administrative resources to conduct program outreach and education. This is not a trivial issue. While local counties are geographically well suited to reach the target population, many counties do not have the resources or expertise to market the program and conduct targeted outreach. Statewide campaigns and outreach can help leverage resources to the counties so they can focus limited resources on service delivery, instead of marketing and education. Unified statewide messaging can also help build recognition and familiarity – helping to ensure the program is able to reach households that may be applying for assistance for the very first time.

- At the county level, some ERAP administrators are placing arbitrary restrictions on the availability of utility relief, either by limiting the number of utilities for which a family can receive help or by imposing a flat dollar cap on the amount of utility assistance provided.

- Burdensome paperwork requirements at the state and county levels are also creating substantial barriers to enrollment. Applicants are required to collect a laundry list of
documents, including: personal identification, documentation of a decrease in income due to COVID-19, proof of income for all adult household members, documentation of unearned income (unemployment, social security, retirement, child support, etc.), documents showing rent and/or rental debt, documents showing utility responsibility and/or utility debt, and proof of other housing-related expenses.

Finally, while the utility-run assistance programs will undoubtedly play an important role in addressing the utility debt crisis, they are not alone capable of resolving the unfolding utility debt crisis. As it stands, existing utility-run assistance programs only reach a fraction of the eligible population. In 2019, just 41% of confirmed low income electric customers and 34% of confirmed low income gas customers were enrolled in CAP. But these rates are overstated, as it measures participation based on confirmed low income customers – who are already known to the utility to be low income – rather than the estimated number of eligible low income customers in a given service territory. When applying the estimated number of low income customers, CAP participation rates are just 21% of the eligible population. Because the pandemic has exacerbated poverty levels, participation rates for utility-run assistance programs are likely even lower than in 2019.

As mentioned above, the electric and gas CAPs are not producing consistent levels of affordability for those enrolled, and arrearage management benefits are often limited to first time enrollees. Those who fall behind while enrolled in CAP could face substantial barriers to reenrollment. Moreover, there are very few utility-run assistance programs for regulated and unregulated water and wastewater services across the state, and the programs that do exist do not provide targeted levels of affordability and comprehensive arrearage management necessary to holistically address accrued debts while also providing an affordable monthly bill.

*Utility rates have increased in recent years, including through the pandemic, compounding utility unaffordability.*

Utility rates have been climbing precipitously for many years, with little consideration to whether rates are reasonably affordable and accessible to consumers. In the context of a rate proceeding, utilities and regulators generally rest on the availability of universal service programs in response to concerns about growing unaffordability. However, as noted above, existing universal service programs are not currently producing an affordable bill for those enrolled – and are only reaching a small subset of those eligible for and in need of assistance. Essentially, as rates grow, we are quite literally pricing low income consumers out of the market for basic life essentials.

Since the pandemic began, the Public Utility Commission has approved over $208 million in increased rates for water and natural gas services.
Table 1: Utility Rate Increases Approved During Pandemic\textsuperscript{xvi}

<table>
<thead>
<tr>
<th>Utility</th>
<th>Approved Rate Increase</th>
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<tbody>
<tr>
<td>Columbia Gas of Pennsylvania</td>
<td>$63,548,905</td>
</tr>
<tr>
<td>Pennsylvania American Water</td>
<td>$70,500,000</td>
</tr>
<tr>
<td>Philadelphia Gas Works</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>UGI Gas</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Pittsburgh Water and Sewer Authority</td>
<td>$19,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$208,048,905</strong></td>
</tr>
</tbody>
</table>

Additional multi-million dollar rate increases are pending in PECO (gas) and UGI (electric) service territories, and more rate increases are on the way as utilities begin to recover pandemic related expenses from ratepayers.

*Electric competition is exacerbating the utility affordability crisis.*

While not alone responsible for the crisis, excessive pricing in Pennsylvania’s residential competitive electric and natural gas markets has undeniably contributed to the utility crisis. Data obtained through the course of litigation in three of the seven large electric distribution service territories last year shows that residential customers across the state are persistently charged prices for electric service that far exceed the price to compare – even after accounting for any savings achieved by residential electric shopping customers.\textsuperscript{xvii}

Table 2: Net Supplier Charges in Excess of Price to Compare - 2015/2017 to 2020\textsuperscript{xviii}

<table>
<thead>
<tr>
<th>Utility</th>
<th>Timeframe</th>
<th>Total Over PTC for Residential Shopping Customers</th>
</tr>
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<tbody>
<tr>
<td>PECO</td>
<td>Jan. 2015 - April 2020</td>
<td>$733,197,940</td>
</tr>
<tr>
<td>PPL</td>
<td>Jan. 2015 - May 2020</td>
<td>$295,828,735</td>
</tr>
<tr>
<td>Duquesne Light</td>
<td>Jan. 2017 - May 2020</td>
<td>$102,869,316</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$1,131,895,991</strong></td>
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</table>

In the early months of the pandemic, limited available data on residential shopping charges from PECO, PPL, and Duquesne Light service territories shows that residential electric shopping customers were charged over $44.6 million dollars in excess of the price to compare – even as residential consumers plunged into unprecedented levels of debt.

Electric suppliers attempt to explain away evidence of excessive pricing in the competitive electric market, arguing that it is simply a matter of consumers electing to pay a premium for
renewable energy. But in 2019, just 27% of electric shoppers purchased a renewable energy offer. The other 73% of shoppers were buying the very same electricity at a much higher rate.

**Table 3: Net Supplier Charges in Excess of Price to Compare – March/April/May 2020**

<table>
<thead>
<tr>
<th>Utility</th>
<th>Timeframe</th>
<th>Total Over PTC for Residential Shopping Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>PECO</td>
<td>March/April, 2020</td>
<td>$22,108,500</td>
</tr>
<tr>
<td>PPL</td>
<td>March/April/May 2020</td>
<td>$14,317,551</td>
</tr>
<tr>
<td>Duquesne Light</td>
<td>March/April/May 2020</td>
<td>$8,208,120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$44,634,171</strong></td>
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For Duquesne Light service territory, we were able to break this additional cost down further to see the average price charged for each shopping customer, and found that electric shopping customers paid an average $54.46 more than the price to compare in the three-month period from March to May, 2020. Over the 41-month period from January 2017 to May 2020, average shopping customers paid $649.11 more than the price to compare.

Evidence is emerging in Pennsylvania and other competitive electric market states which shows that electric suppliers are actively targeting marketing to low income communities, communities of color, and other vulnerable residential customer groups – including Seniors and immigrant populations – enticing customers to switch with promises of savings that never materialize and freebies or giveaways that quickly give way to high cost contracts and variable rates.

The housing crisis and economic recession of 2008 provides a cautionary tale of the utility termination crisis we will likely see unfold in the coming weeks.

In 2008, at the height of the Great Recession, over 1 in 5 low income Pennsylvanians had their electric service terminated for nonpayment, and 1 in 6 experienced a natural gas termination. Thereafter, low income Pennsylvanians continued to experience disproportionately high levels of termination compared to non-low income households.

In 2014, following the Polar Vortex, Pennsylvanians again faced a spike in low income terminations – this time driven by instability in competitive market pricing similar to the rate spikes experienced in Texas just a few weeks ago.

In short, and as the following gas and electric termination charts clearly show, low income utility consumers are extremely vulnerable to broader economic forces, which can directly impact their ability to afford and maintain essential services to their home.
The scale of the unfolding utility debt crisis is unlike anything we have previously experienced. However, our past experiences with low income utility access during an economic crisis paints a foreboding picture of what is to come if we do not immediately increase access to assistance.

**Recommendations**

While there is no quick or easy fix to resolve the utility affordability crisis, targeted short-term action, coupled with longer-term reforms to the Public Utility Code, could help to stabilize housing for hundreds of thousands of low income families over the long term. Below, we offer a menu of possible avenues to address the current crisis and make longer-term improvements to the equitable delivery of utility services in Pennsylvania. I welcome the opportunity to discuss these recommendations further as the crisis continues to unfold.

*Improve the Availability and Accessibility of Federal Assistance Dollars*

It is absolutely critical that federal utility relief dollars reach low income households in time to prevent termination of service and the far-ranging consequences that would result.
Additional federal relief dollars should be appropriated swiftly, and without additional eligibility restrictions beyond what is required by the federal government. Authorizing legislation should ensure that state agencies are provided with adequate resources and authority to properly administer, oversee, and promote the program to reach those in need. Care should be taken to limit or restrict burdensome paperwork requirements, and to permit the use of self-certification whenever possible.

As we move into the next stage of this crisis, I urge each of you to closely monitor issues that arise in the coming weeks with the Emergency Rental Assistance Program (ERAP) and other pending federal relief programs, especially in your respective districts. I encourage you to help quickly resolve identified issues directly through collaboration with state and local advocates and policy makers or – if necessary – through introduction of targeted legislation.

**Strengthen Consumer Protections and Debt Collections Policies**

The available tools for utility consumer debt collection policies and consumer protections are inadequate to meet the demands of the current debt crisis. I will address the challenges for regulated and unregulated utilities separately, as there are separate challenges to ensure that Pennsylvanians are able to connect to and maintain affordable utility services.

**Unregulated Utilities**

There are very few billing, collections, and termination standards for unregulated utility consumers. We urge the legislature to consider adopting consumer protections for unregulated utilities consistent with the consumer protections available to regulated utility consumers. This should include standardized termination notices, payment arrangement standards, winter protections, protections for medically vulnerable consumers, protections for victims of domestic violence, and a clear and enumerated process for disputing a utility bill.

**Regulated Utilities**

Chapter 14 of the Public Utility Code, which governs residential billing, collections, and terminations for regulated utilities, was first adopted in 2004. Since its adoption, the law has proven to have a punitive effect on low income consumers – imposing stringent debt collection standards that punish consumers who cannot afford to pay.

Above, I shared two charts showing residential and low-income termination rates for electric and natural gas since 2001. As these charts show, average termination rates for residential customers noticeably increased after Chapter 14 adoption – and have been especially pronounced for low income customers.
Critical reforms to Chapter 14 are needed to help protect vulnerable consumers from termination of service to their home. Some of the most pressing reforms include:

- Allow the PUC to Issue Additional Payment Arrangements Based on Ability to Pay and Other Unique Circumstances
- Permit Customers Enrolled in CAP to Access Payment Arrangements
- Improve Protections for Medically Vulnerable Consumers and Victims of Domestic Violence
- Enhance Termination Procedures and Notice Requirements
- Require Public Utilities to Actively Screen All Callers for Available Assistance Programs

While short-term reforms to Chapter 14 are unlikely, I encourage you to think about long-term goals. Chapter 14 will sunset at the end of 2023, opening the door to more comprehensive reforms that will help to remediate longstanding utility unaffordability and improve equity in access to utility services over the long term.

**Enhance Existing Universal Service Programming**

There are a number of critical gaps in existing universal service programs that must be addressed to ensure that service is affordable to those facing profound economic hardship as a result of the pandemic. Many of these gaps can and should be addressed by the Public Utility Commission, which has the nuanced policy expertise and the necessary authority to make appropriate adjustments to individual universal service programs.

That said, there is a critical gap in the availability of assistance programs for customers of regulated and unregulated water and wastewater, rural electric cooperatives and deliverable fuel vendors.

The legislature should act to require the creation of comprehensive utility assistance programming for water and wastewater utilities, modeled after the regulated gas and electric Customer Assistance Programs. CAPs provide both a discounted bill, based on a household’s ability to pay, as well as the opportunity for debt forgiveness over time. This combination of benefits has proven to be an effective low-income debt management tool to improve bill payment behavior and limit further accrual of arrears.

**Establish Equitable Cost Recovery of Pandemic Related Expenses**

It should not be a foregone conclusion that residential ratepayers – and specifically, low income ratepayers – will shoulder the entire financial burden created by the massive job losses and economic devastation caused by the pandemic. It is critical for the legislature to establish parameters for how utilities may recover costs associated with the pandemic to ensure that costs are recovered in a just, reasonable, and equitable manner. Such a plan should include cost-sharing across the rate base and with utilities.
At a time when individuals and businesses across the Commonwealth are struggling profoundly to afford basic human needs, it is unconscionable that utilities would not also share in that burden.

As a final recommendation, and consistent with my comments above, utilities should be required to submit an affordability analysis when proposing to increase rates. In turn, in determining whether a rate proposal is just and reasonable, the Public Utility Commission should be required to explicitly consider whether rates are affordable for those who reside in the service territory.

* * * * *

Ultimately, our collective action to address the pending utility debt crisis will write our future, and will determine whether Pennsylvania emerges as a healthier, more vibrant community. We may see unprecedented spikes in termination rates – resulting in a staggering ripple effect on housing stability, community health, and economic wellbeing. Failure to take decisive steps to address the impending utility debt crisis in a just and equitable manner can and will exacerbate disproportionate impacts of the pandemic on low income communities and communities of color – having lasting impacts on the ability of these households to regain economic footing. There are, however, opportunities to mitigate this crisis, allowing for a true safety to take shape.

This concludes my remarks today. Thank you, once again, for the invitation to testify before you regarding the pending utility debt crisis and possible avenues for addressing the crisis head-on. I am happy to answer any questions you may have, and note that my team and I stand ready to assist as we move into the next phase of our recovery.

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vi Testimony submitted on behalf of PULP’s clients, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), in the recent Pennsylvania American Water rate case revealed that – at current rates – low income households paid up to 8% of household income for water - and as high as 13% of


viii Id.

ix See Nat’l Energy Assistance Directors’ Ass’n, 2018 National Energy Assistance Survey Final Report (Dec. 2018), http://neada.org/wp-content/uploads/2015/03/liheapsurvey2018.pdf (households who did not have enough money for energy bills used unsafe heating sources, kept their homes at temperature they felt were unsafe or unhealthy, took out high-cost payday loans, experienced homelessness, and went without food or medical care).

x The CDC moratorium on evictions only applies to the non-payment of rent. If a family has been able to keep up with rent, but their utility service is terminated due to unpaid utility debt, they may still be evicted. See CDC, Declaration Form – Halt in Evictions to Prevent Further Spread of COVID-19, OMB Control No. 0920-1302, https://www.cdc.gov/coronavirus/2019-ncov/downloads/declaration-form.pdf.

xi See Dep’t of Housing and Urban Development (HUD), Public Housing Occupancy Guidebook, Utilities, available at: https://www.hud.gov/sites/dfiles/PHI/documents/PHOG_Utilities_FINAL.pdf. Utility debt is examined as part of public housing determinations and is often used as a reason to deny applications for public housing assistance. Id. Likewise, private housing providers often require applicants to secure service in their name as a condition of the lease.

xii See Discontinuance of Service to Leased Premises Act, 66 Pa. C.S. Ch. 15, subchapter B; see also Utility Service Tenants Rights Act, 68 P.S. §§ 399.1 et al.


xv Id.


xvii Petition of PECO Energy Company for Approval of a Default Service Program for the Period of June 1, 2021 through May 31, 2025, Docket No. P-2020-3019290, CAUSE-PA Exhibit 1 (dated June 16, 2020); Petition of PPL Electric Utilities Corp. for Approval of a Default Service Program for the Period of June 1, 2021 through May 31, 2025, Docket No. P-2020-3019356, CAUSE-PA Exhibit 1 (dated June 25, 2020); Petition of Duquesne Light Company for Approval of a Default Service Program for the Period of June 1, 2021 through May 31, 2025, Docket No. P-2020-3019522, CAUSE-PA Exhibit 1 (dated July 17, 2020). We do not yet have comparable data for the four First Energy Companies (Metropolitan Edison, Penelec, Penn Power, and West Penn Power) during these time periods. However, based on data from earlier proceedings, I am confident that the level of overcharging by competitive electric suppliers is equally pervasive for residential consumers at each of the First Energy Companies.

xviii Id.
(413,526 residential shopping customers were enrolled in a “green” product in 2019, defined as having a greater mix of renewable energy than is otherwise required by the Alternative Energy Portfolio Standards Act (AEPS)).

Petition of PECO Energy Company for Approval of a Default Service Program for the Period of June 1, 2021 through May 31, 2025, Docket No. P-2020-3019290, CAUSE-PA Exhibit 1 (dated June 16, 2020); Petition of PPL Electric Utilities Corp. for Approval of a Default Service Program for the Period of June 1, 2021 through May 31, 2025, Docket No. P-2020-3019356, CAUSE-PA Exhibit 1 (dated June 25, 2020); Petition of Duquesne Light Company for Approval of a Default Service Program for the Period of June 1, 2021 through May 31, 2025, Docket No. P-2020-3019522, CAUSE-PA Exhibit 1 (dated July 17, 2020).