December 13, 2016

Rosemary Chiavetta  
Secretary, Public Utility Commission  
400 North Street, Keystone Bldg.  
Harrisburg, PA 17120

CC: Ward L. Smith, Esquire  
Assistant General Counsel  
PECO Energy Company  
2301 Market Street, S23-1  
Philadelphia, PA 19101-8699

RE: PECO Energy Company’s Pilot Plan for an Advance Payments Program  
PUC Docket No. P-2016-2573023

Dear Secretary Chiavetta,

The AIDS Law Project of PA is writing to oppose PECO Energy Company’s Proposal to offer residential customers Prepaid Electric Service, currently pending at PUC Docket No. P-2016-2573023. As a legal services provider, this issue is of particular importance to us. The AIDS Law Project of PA’s mission is to provide free legal services to people living with HIV and AIDS and those affected by the epidemic. For the immune compromised PECO’s Proposal is dangerous, unnecessary, and will create a second tier of electric service.

Most of the thousands of people we serve are low-income, immune-compromised, and disabled. They are a population that can be particularly at-risk for dangerous consequences from lack of electricity which often means lack of heat or refrigeration. Our organization recently had a client on an electronic breathing apparatus, who received a shutoff notice from PECO. The cost and risks associated with running the machine strictly on battery power were actually life threatening the client. We have also had clients who contracted pneumonia after a utility shutoff, which mean the client had no working heat in their home. They quite simply needed electricity to live.

For these reasons and, as explained below, we support the comments submitted by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and by the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (TURN et al.).
PECO’s Prepaid Proposal creates a second tier of electric service for vulnerable households

Although PECO purports that its’ prepay service is designed to give households more options, it would in actuality create two tiers of service: one for those who can afford to post-pay and a second class service for vulnerable households. This second class of electric service is specifically designed to appeal to households who have trouble paying their utility bills, and have previously been shutoff for nonpayment. And yet, PECO’s proposal eliminates almost all consumer protections for those households, including protection from termination in the wintertime and availability of payment agreements to restore service, and does not provide any actual benefit to struggling households. Rather, households prepaying for their electricity would likely experience frequent interruptions in electric service, threatening both the health and safety of the household.

The clients our organization serves would be devastated by such a proposal. Pennsylvania law recognizes that electric service is essential to the health and well-being of residents, to public safety and to orderly economic development, and that electric service should be available to all customers on reasonable terms and conditions. While PECO suggests that it will exclude the poorest households, those under 150% of the Federal Poverty Level, PECO provides no information in its proposal about how it will verify income to protect those families. Furthermore, many households with incomes above 150% of the Federal Poverty Level struggle to adequately meet their basic needs. For these households, PECO’s proposal does only harm and provides no benefits. The AIDS Law Project sees many households who are just above 150% of poverty that are overwhelmed by expenses, and with their health at risk have benefited from PECO’s consumer protections.

Prepaid Electricity is Costly

A prepaid electricity model requires customers to pay money in advance of using electricity. As the household consumes electricity, that account balance would decline until the household either runs out of credits or reloads the account with more money. This depletion of funds would be considered a request to discontinue service, rather than a termination. These households would not be entitled to any written notice of termination, nor would they be entitled to protection from termination during the cold winter months. Without a notice of termination, households are unlikely to be eligible for Hardship Funds or LIHEAP Crisis assistance. In addition, households making multiple payments a month would incur transaction fees for each payment – increasing the cost to the household of electric service. Customers in the prepay program are also not eligible for medical certifications, which is an invaluable tool for our
clients. The client referenced at the beginning of this letter was able to maintain electric service to their life-sustaining medical device through a medical certification, which provided more time for the client to come up with a long-term solution to their shutoff issues.

**PECO’s Prepay Electricity Pilot is Harmful and Unnecessary**

A prepaid electricity pilot such as the one proposed by PECO does nothing to address the unaffordability of electric service for households struggling to make ends meet. PECO and the PUC should instead focus their energy on true solutions to this affordability crisis: strengthening utility assistance programs, and reining in increases in rates.

Certain features of this proposal may have merit. Similarly, any benefits of prepaid electricity can and should be provided by less harmful means. The technology PECO references, such as electronic notices of account balance and usage amounts, could surely be implemented without requiring prepayment. Furthermore, although our organization supports conservation, PECO’s argument that prepay will encourage conservation rings hollow if that conservation is actually deprivation. Experts at the National Consumer Law Center acknowledge that payment-troubled customers might “conserve” energy to avoid disconnection – however, such deprivation occurs at the expense of the health and safety of the household and makes prepay a very misguided way to encourage conservation. Instead, conservation should be encouraged through customer education, energy efficiency programs, and through rate design that rewards lower usage.

PECO argues that prepay will increase customer choice and flexibility for bill payment and help customers manage their own energy usage. But customers can already make payments in a number of ways and those with Smart Meters can monitor their consumption using usage data collected by Smart Meters. PECO could provide all customers the same usage-related data that the utility proposes to provide to Prepay customers.

Prepay is also not the best approach to helping customers who cannot afford to pay a deposit or pay off prior debts before establishing new service. Deposits, already prohibited for customers below 150% of the Federal Poverty Level, could also be waived for moderate-income customers, customers could be allowed to spread payment of a deposit over a number of months without an upfront payment to connect to service, or customers could be offered other, alternative ways to establish credit than paying a deposit. Similarly, the utility could offer customers a payment plan to pay off old debt while allowing them to start utility service or develop other approaches to working with customers who have prior debt.

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A household’s health, safety and welfare should not be the subject of experimentation by an electric utility. At the very least, the PUC should have hearings on PECO’s petition, including public input hearings so that the PUC can hear directly from potentially affected customers. Most importantly, the PUC must require PECO to show that such a proposal is in the public interest. By sacrificing critical consumer protections, including all those protections afforded under current law for post-pay customers, we submit that PECO’s Proposal is contrary to the public interest.

Sincerely,

Jenna Collins, Esq. & The AIDS Law Project of PA
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