



PHILADELPHIA GAS WORKS

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February 16, 2021

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

**Re: Philadelphia Gas Works' Comments Addressing the Expiring Termination
Moratorium in the Commission's Order Issued October 8, 2020 at Docket
Number M-2020-3019244**

Dear Secretary Chiavetta:

On behalf of Philadelphia Gas Works ("PGW"), enclosed for filing is PGW's comments responding to the expiring termination moratorium as discussed in the Pennsylvania Public Utility Commission's Order issued on October 8, 2021 in this docket. Please contact me if you have any questions.

Respectfully,

/s/ Craig W. Berry

Craig W. Berry, Esquire

Enclosure

cc: PUC Secretary Rosemary Chiavetta (email only)
Certificate of Service (email only)

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Comments, upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

VIA EMAIL:

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/s/ Craig W. Berry

Dated: February 16, 2021

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

RATIFICATION OF EMERGENCY	:	Docket No. M-2020-3019244
ORDER ESTABLISHING	:	
TERMINATION MORATORIUM	:	
	:	

**PHILADELPHIA GAS WORKS’ COMMENTS ADDRESSING
THE EXPIRING TERMINATION MORATORIUM**

By today’s date, the Commonwealth of Pennsylvania has been addressing the negative health and financial impacts of the COVID-19 pandemic since approximately March of 2020 — almost a full year. Over this significant length of time, the response to the pandemic — including by this Commission— has been able to become more nuanced. The Commonwealth is in a very different position than it was in October 2020. Some examples of the changes include the following: there is an ongoing vaccination rollout; there has been significant additional federal financial assistance for those who are struggling; it appears that COVID-19 will be not be fully eradicated anytime soon;¹ and, with respect to gas heating needs, warmer weather will soon arrive. In light of this changed position, and the significant amounts of debt many PGW customers are amassing, PGW submits that it is time for a return to normal collection practices, particularly those that will strongly encourage customers to reach out to PGW for assistance, such as the threat of termination.

¹ See Daniel Hernandez and Drew Hinshaw, “As Covid-19 Vaccines Raise Hope, Cold Reality Dawns That Illness Is Likely Here to Stay,” *The Wall Street Journal*, February 7, 2021.

Like this Commission, PGW has been concerned about the impacts of the pandemic on its customers, including their ability to pay their bills and maintain service. PGW has implemented a number of protections for its customers, including waiving late payment charges through January 2021, implementing a \$2 million COVID-19 Relief Grant, and not terminating residential and commercial service for non-payment throughout this past winter. However, the debt of customers not in a protected status² increased by almost \$24.5 million compared to January 2020,³ and many customers do not appear to be taking advantage of Low Income Home Energy Assistance Program/Crisis (collectively “LIHEAP/Crisis”) grants or utility programs available to them. Therefore, PGW requests that the PUC allow a full return to normal regulated collection practices starting April 1, 2021, including non-payment terminations for eligible customers regardless of household income.

In support of this request, PGW hereby files these comments in response to the Commission’s Order dated October 8, 2020 at Docket Number M-2020-3019244 (“October 8th Order”).

I. BACKGROUND

As chronicled in PGW’s Comments filed on August 18, 2020 at this Docket,⁴ the impacts of the pandemic led to an absolute non-payment termination moratorium that began in March 2020.

² Examples of protected customers include customers who have income at or below 300% of the federal poverty level, who are on a payment agreement, who have a PUC dispute, etc.

³ Philadelphia Gas Works COVID-19 Customer Reporting Requirement filed in Docket No. M-2020-3019244 on February 16, 2021 (“PGW’s COVID-19 Report for January 2021”).

⁴ Philadelphia Gas Works Comments filed August 18, 2020, Docket No. M-2020-3019244.

The Commission modified this non-payment termination moratorium in its October 8th Order.⁵ The Order, among other things, established a one-time “at-risk” notice requirement (the “PUC At-Risk Letter”); a revised termination moratorium applicable to residential customers at or below 300% of the federal poverty level (“FPL”); and monthly reporting requirements for utilities.⁶

II. PGW’S COMMENTS

A. PGW Has Worked to Ensure That its Customers Have Been Protected Throughout the Pandemic and This Cold Weather Season

Since March 2020, PGW has provided its customers with significant assistance. For example, PGW has: (i) allowed Customer Assistance Program (“CAP”) customers who skip re-certification to remain on CAP; (ii) allowed CAP customers to refuse Low-income Usage Reduction Program (“LIURP”) services without removal from CAP; (iii) offered one additional medical certificate on top of the two extra provided by the Commission; (iv) accepted email submissions for new service applications; (v) rolled over unspent LIURP funds into future years; (vi) engaged in zero non-payment terminations; (vii) waived late payment charges from late March 2020 through January 2021; (viii) engaged in significant outreach to customers to encourage them to contact PGW for assistance; and (ix) conducted multiple LIHEAP/Crisis grant outreach efforts. Further, PGW, with the support of the parties in its most recent rate case, launched a \$2 million COVID-19 Relief Grant, which provided \$300 per customer grants. This program was fully subscribed within nine (9) business days and will have helped over 6,600

⁵ Order, re Public Utility Service Termination Moratorium – Modification of March 13th Emergency Order, Docket No. M-2020-3019244, dated October 8, 2020 (“October 8th Order”).

⁶ October 8th Order, ¶¶ 1-9 for full list of steps taken by the Commission in the Order.

PGW customers pay their gas bills in the middle of the winter heating season. Further, this program encouraged a significant number of customers to call PGW, and thus enabled PGW to refer customers to LIHEAP, CAP, and other available assistance. Based on the above, PGW customers in need have had the opportunity to obtain assistance from PGW.

B. PGW Should be Permitted to Fully Resume Regulated Collections For All Customers Regardless of Household Income Level

PGW customers have not experienced the risk of non-payment termination, or actual non-payment termination, for a significant amount of time. During the pandemic, PGW has remained focused on the needs of its customers, many of whom have suffered financially and otherwise from the pandemic, and a significant number of whom were low-income even before the financial impacts of the pandemic were felt. As part of PGW's efforts to assist both residential and commercial customers who have been struggling to maintain service, PGW has not engaged in any residential non-payment terminations since November of 2019. Further, PGW has not engaged in any commercial non-payment terminations since March of 2020. PGW does not plan to restart such terminations until April 1, 2020 at the earliest. Thus, PGW customers have not experienced a loss of gas service during the pandemic due to financial struggles.

Now that there has been sufficient time for the necessary federal and Commonwealth pandemic response, a normal collection season is important to the financial health of PGW, and for the protection of its ratepayers. As reported on this Docket, the number of PGW customers at risk of termination as of January 31, 2020 rose by more than 5,447, or 3.4% compared to last year, and

the aggregate dollars of arrears rose by \$24.4 million or 35.5% compared to last year.⁷ In addition to this debt, residential customers who have identified as having income at or below 300% FPL were carrying approximately \$13.7 million in overdue debt as of the end of January. These are not insignificant amounts, and they do not include debt in other protected statuses, such as debt on a payment agreement or at issue in a PUC informal complaint, and only show the start of heating season debt. As the Commission is aware, PGW is a municipally owned, cash-flow regulated utility and it is important that PGW be able to utilize collection tools — such as the regulated termination notification process — that will “protect [PGW’s] ability to provide natural gas for the benefit of the residents of the City of Philadelphia.” 66 Pa. C.S. § 1402(4). With respect to this legislative directive, reinstating a full collection season, with its well-established consumer protections, will protect PGW’s ratepayers, as well as motivate customers to take advantage of available assistance.

C. Continuation of a Termination Moratorium for Customers at or Below 300% FPL Would Prevent PGW from Utilizing Regulated Termination Processes for a Significant Percentage of Its Customer Base

Even prior to the pandemic, a significant percentage of PGW’s residential customers had incomes at or below 300% FPL. As reported in the PUC’s 2019 Universal Service Programs and Collections Performance Report, approximately 30% of PGW’s residential customers were “confirmed” low-income with income at or below 150% FPL.⁸ In addition, a significant percentage of PGW customers are near low-income. The Applied Public Policy Research Institute for Study and Evaluation (“Apprise”) found that based on 2016 census data, well before any impact from

⁷ PGW’s COVID-19 Report for January 2021.

⁸ Pennsylvania Public Utility Commission, “Universal Service Programs & Collections Performance 2019,” September 2020 at 5.

COVID-19, approximately 27% of PGW customers have income between 151-300% FPL, as shown in Table 1 below.

Table 1
APPRISE Estimated Poverty Group Distribution for PGW Customers

Poverty Group	Number	Percent
0%-150%	135,158	30%
151%-200%	45,023	10%
201%-300%	75,859	17%

Source: American Community Survey, 2014-2016.

As evidence of these estimates, since implementation of the PUC Order, and even with call volumes low, approximately 35,000 customers have identified as having income at or below 300% FPL as of today's date. The impact of the pandemic on these percentages is not yet clear, but it is clear that a sizeable percentage of PGW customers have income at or below 300% FPL. Under the October 8th Order and the pre-pandemic Apprise estimate, almost 60% of PGW's residential customers are currently protected from non-payment termination until March 31st. An extension of a termination moratorium for customers at or below 300% FPL could potentially have an outsized, financially negative impact on PGW and its ratepayers.

D. The Full Resumption of Regulation Collections Will Encourage Customers to Contact PGW for Assistance

PGW customers have not been contacting PGW for assistance, and they need an incentive to do so. In November 2020, PGW mailed approximately 45,700 PUC At-Risk Letters. In response, as of early December, only 22% of the customers receiving a Letter had contacted PGW and taken steps to enroll in an assistance program or pay their outstanding balances. Further, PGW's CAP program has not seen a significant increase in participation – approximately 57,000 customers are currently participating, in comparison with approximately 55,000 this time last year.

Additionally, the number of PGW customers obtaining LIHEAP/Crisis grants is much lower than in recent years at this same time. The only increase PGW has seen in customer contacts was with the implementation of the PGW COVID-19 Relief Grant. It is clear that customers need a reason to contact their utility. The resumption of a regular termination season — and the issuance of termination notices — will focus customers on their utility bill and encourage them to contact PGW to obtain assistance.

III. CONCLUSION

Fully lifting the termination moratorium will enable PGW to both assist customers in enrolling in appropriate assistance programs, and mitigate the accumulation of significant additional unpaid balances. For these reasons, and as detailed above, PGW submits that it is time for a return to normal collection practices starting April 1, 2021.

Respectfully submitted,

/s/ Craig W. Berry

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