

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg PA 17105-3265**

Public Meeting held December 12, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Sunset of Chapter 14, Title 66 of the
Pennsylvania Public Utility Code

Docket No. M-2024-3052328

STATEMENT OF POLICY

On November 30, 2004, former Pennsylvania Governor Edward Rendell, signed into law Act 201 of 2004, S.B. 677, P.L. 1578, Regular Sess. (Pa. 2004), the Responsible Utility Consumer Protection Act (Act 201). Act 201 amended the Public Utility Code (Code) by adding Chapter 14, 66 Pa.C.S. §§ 1401–1419. With the addition of Chapter 14 of the Code, the General Assembly sought to eliminate opportunities for customers capable of paying to avoid the timely payment of utility bills and to provide utilities with the means to reduce their uncollectible accounts by modifying the procedures for delinquent account collections. This was the first significant change to rules regarding utilities’ residential service standards with respect to billing and related issues in more than 25 years. 66 Pa.C.S. § 1402(1). The General Assembly determined that the rules had not successfully managed the issue of bill payment and that increasing amounts of unpaid bills threatened paying customers with higher rates due to other customers’ delinquencies. *Id.* Accordingly, the goal of adding Chapter 14 to the Code was to increase timely collections, while

ensuring that service is available to all customers based on equitable terms and conditions. 66 Pa.C.S. § 1402(3).

Since the addition of Chapter 14 resulted in certain of the Commission's then-existing regulations regarding standards and billing practices for residential public utility service, codified at Chapter 56 of Title 52 of the Pennsylvania Code, being superseded, the Public Utility Commission (Commission) initiated a rulemaking at Docket No. L-00060182 to amend Chapter 56 so that it could effectively and fully administer and enforce Chapter 14. *See Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with the Provisions of 66 Pa.C.S. Chapter 14; General Review of Regulations, Docket No. L-00060182 (Revised Final Rulemaking Order entered June 13, 2011)*. As the result of this rulemaking, the Commission promulgated final-form regulations that revised Chapter 56 to ensure that the regulations codified therein complied with Chapter 14 of the Code. The final-form regulations became effective upon publication in the *Pennsylvania Bulletin* on October 8, 2011. 41 Pa.B. 5473 (October 8, 2011).

When it enacted Chapter 14, the General Assembly established a sunset of Chapter 14 in ten years unless reenacted. Chapter 14 was reenacted in 2014, again with another ten-year sunset provision. 66 Pa.C.S. § 1419. The Commission amended Chapter 56 in response to the 2014 reauthorization of Chapter 14, and these final-form regulations became effective upon publication in the *Pennsylvania Bulletin* on June 1, 2019. 49 Pa.B. 2815 (June 1, 2019).

Chapter 14 of the Code is scheduled to sunset on December 31, 2024.¹ In order to provide certainty to the utilities, consumers and all affected stakeholders regarding the continuing viability of its regulations codified at Chapter 56 upon the sunset of Chapter 14 of the Code, the Commission hereby issues this Statement of Policy² to clarify that its regulations codified at 52 Pa. Code Chapter 56 that govern the existing procedures by which residential utility service may be terminated by the applicable jurisdictional utilities remain in effect until amended. These Chapter 56 regulations relate to rates charged and services provided by public utilities that are governed by Chapters 13 and 15 of the Code. *See* 66 Pa.C.S. §§ 1301, 1304, 1305, 1501-1504. Thus, the Commission will continue its obligations under the Code to ensure that utility rates and tariffs are just and reasonable. The Commission will also continue to ensure that public utility service is provided on a reasonably continuous basis without unreasonable interruptions or delay and that every public utility tariff governing the conditions of service are reasonable to ensure that the utility maintains adequate, efficient, safe, and reasonable service.

Based upon our analysis of the Code, the Commission has both the duty and obligation under the Code to enforce the Commission Orders issued pursuant to Chapter 14 of the Code. 66 Pa.C.S. §§ 501, 502, 503, 3301. Moreover, Sections 703(e) and (g) of the Code provide that final orders are presumed to remain in effect unless reversed on appeal or amended after notice and opportunity to be heard. Thus, it is the Commission's present view and statement of policy herein that all final orders issued pursuant to Chapter 14 of the Code remain in effect and are enforceable by the

¹ On November 30, 2024, in accordance with 101 Pa. Code § 7.24(b) (Sine die Adjournments and recesses), the Pennsylvania General Assembly adjourned its regular session without reauthorizing Chapter 14 of the Code, 66 Pa.C.S. §§ 1401-1419, which will now expire on December 31, 2024. 66 Pa.C.S. § 1419.

² While the Commission is providing guidance to the regulated community with this statement of policy, it is not a policy statement codified in Chapter 69 of the Commission's regulations.

Commission unless reversed on appeal or amended by the Commission after notice and opportunity to be heard. 66 Pa.C.S. § 703(e), (g).

Additionally, with regard to the provision of payment arrangements, and without prejudging any future matters that may come before us, the Commission will maintain its application of the four-tiered process establishing the length of payment arrangements currently articulated in Chapter 14. This includes principles provided in Section 1405(b) and the relevant definitions of “change in income” and “significant change in circumstance” as provided in Section 1403 of the Code, 66 Pa.C.S. §§ 1403, 1405(b).

As Chapter 14 currently requires, the length of time for a customer to resolve an unpaid balance that is investigated by the Commission and is entered into by a public utility and a customer shall not extend beyond:

- (1) Five years for customers with a gross monthly household income level not exceeding 150% of the Federal poverty level.
- (2) Three years for customers with a gross monthly household income level exceeding 150% and not more than 250% of the Federal poverty level.
- (3) One year for customers with a gross monthly household income level exceeding 250% of the Federal poverty level and not more than 300% of the Federal poverty level.
- (4) Six months for customers with a gross monthly household income level exceeding 300% of the Federal poverty level.

66 Pa.C.S. § 1405(b). The principles of Section 1405 and definitions of Section 1403 will continue after the expiration of Chapter 14 on December 31, 2024.³

Relevant legal authority to support the continuation of payment arrangements includes the Commission’s jurisdiction and authority over the regulation of public utilities generally under Section 501, reports by public utilities under Section 504, just and reasonable rates under Section 1301, discrimination in rates under Section 1304, the advance payment of rates under Section 1305, the character and service of facilities under Section 1501, discrimination in service under Section 1502, the discontinuance of service under Section 1503, and the standards of service and facilities under Section 1504. 66 Pa.C.S. §§ 501, 504, 1301, 1304, 1305, 1501-1504. The Commission also has relevant authority under Sections 308.1 regarding consumer protection and information, including informal complaints, Section 505 regarding the duty to furnish information to the Commission, Section 506 regarding the inspection of facilities and records, Section 701 regarding complaints, and Section 1509 regarding billing procedures. 66 Pa.C.S. §§ 308.1, 505, 506, 701, 1509.

Furthermore, our regulation at 52 Pa. Code § 56.151 (relating to public utility company dispute procedures) provides:

Upon initiation of a dispute covered by this section, the public utility shall... (3) Make a diligent attempt to negotiate a reasonable payment agreement if the customer or occupant is eligible for a payment arrangement and claims a temporary inability to pay an undisputed bill. Factors which shall be considered in the negotiation of a payment agreement include, but are not limited to: (i) The size of the unpaid balance. (ii) The ability of the customer

³ Consistent with Chapter 14 at present, after December 31, 2024, utility customers will be eligible for one payment arrangement on arrearages accrued while not on a customer assistance program under such terms, subject to a change in income or a significant change in circumstance as again outlined in the existing statute. See 66 Pa.C.S. § 1405(c).

to pay. (iii) The payment history of the customer. (iv) The length of time over which the bill accumulated.

52 Pa. Code § 56.151(3); *see also* 52 Pa. Code § 56.381(3). Likewise, Section 56.97 of our regulations, 52 Pa. Code § 56.97 (relating to procedures upon customer or occupant contact prior to termination), provides:

The public utility shall exercise good faith and fair judgment in attempting to enter a reasonable payment agreement or otherwise equitably resolve the matter. Factors to be taken into consideration when attempting to enter into a reasonable payment agreement include the size of the unpaid balance, the ability of the customer to pay, the payment history of the customer and the length of time over which the bill accumulated.

52 Pa. Code § 56.97(b); *see also* 52 Pa. Code § 56.337(b). These provisions remain in effect and are not changed by the sunset of Chapter 14.

By way of further example, the Commission intends to continue to enforce many important Chapter 56 provisions, including but not limited to the medical certification protections, 52 Pa. Code §§ 56.111-56.118, *see also* 52 Pa. Code §§ 56.351-56.358; the Protection From Abuse protections, 52 Pa. Code §§ 56.36, 56.91, 56.191, *see also* 52 Pa. Code §§ 56.251, 56.252, 56.286; and the winter moratorium, 52 Pa. Code § 56.100, *see also* 52 Pa. Code § 56.340.

In addition to providing certainty to the utilities, consumers and all affected stakeholders, the Commission finds that continuing to enforce the Chapter 56 regulations mitigates unnecessary expenses and administrative burdens for the utilities and the Commission by maintaining the existing regulatory paradigm. Thus, this statement of policy for the regulated community, statutory and consumer advocates, consumers, and the Commission provides temporary guidance to all involved until

such time as the Chapter 56 regulations are amended or new legislation is passed into law. Maintaining the existing regulatory posture will also provide a reasonable backstop to allow more time for the General Assembly to continue deliberating the reauthorization of Chapter 14 next year.

It is the Commission's obligation to protect consumers by availing them of just and reasonable access to utility service and associated payment terms. However, the Commission must also maintain equitable service provisions for utilities to ensure they have reasonable tools to recover their costs. Maintaining the "status quo" in this regard is in the public interest as it protects the interests of utilities, customers, and statutory advocates, and this Commission during the pendency of continued Chapter 14 reauthorization discussions by the General Assembly.

If necessary, the Commission can take action to amend the Chapter 56 regulations through the initiation of a rulemaking process, including an advanced notice and notice of proposed rulemaking and a final rulemaking order wherein all stakeholders will be given notice and an opportunity to be heard. *See* 45 P.S. §§ 1201–1202. However, until such time as the Commission takes such future action, it is the Commission's present view and statement of policy herein that the Chapter 56 regulations that govern existing procedures regarding residential utility service remain in effect until amended, the Commission will maintain its application of the four-tiered process establishing the length of payment arrangements currently articulated in Chapter 14, and all final orders issued pursuant to Chapter 14 remain in effect and are enforceable by the Commission until the Commission abides by the specific process to amend an existing final order as prescribed by Chapter 7 of the Code. Accordingly, the Commission will apply this statement of policy in all proceedings related to issues in Chapter 14 until further direction is provided; **THEREFORE,**

IT IS ORDERED:

1. That a copy of this Statement of Policy be served upon the following:
 - a. all jurisdictional electric distribution companies,
 - b. all jurisdictional natural gas distribution companies,
 - c. all jurisdictional steam heat utilities,
 - d. Philadelphia Gas Works,
 - e. Energy Association of Pennsylvania,
 - f. all jurisdictional water public utilities and wastewater public utilities,
 - g. Pittsburgh Water,
 - h. the Commission's Bureau of Investigation and Enforcement,
 - i. the Commission's Office of Administrative Law Judge,
 - j. the Commission's Bureau of Consumer Services,
 - k. the Pennsylvania Office of Consumer Advocate, and
 - l. the Pennsylvania Office of Small Business Advocate.

2. That a copy of this Statement of Policy be published in the *Pennsylvania Bulletin*.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive style with a large initial "R".

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: December 12, 2024

ORDER ENTERED: December 24, 2024