COMMONWEALTH OF PENNSYLVANIA

August 28, 2026

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Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Rulemaking to Further Amend the Provisions of 52 Pa. Code Chapter 56 / Docket No. L-2025-3058767

Dear Secretary Homsher:

Enclosed please find the Comments to the Notice of Proposed Rulemaking Order and Annex and Recommendations to Amend Additional Provisions of Chapter 56, on behalf of the Office of Small Business Advocate ("OSBA"), in the above-referenced proceeding.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Rebecca Lyttle

Rebecca Lyttle
Assistant Small Business Advocate
Attorney ID No. 201399

Enclosures
cc: Mark D. Ewen
Parties of Record

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I. INTRODUCTION

The Office of Small Business Advocate ("OSBA") submits the below Comments pursuant to the February 19, 2026, Pennsylvania Public Utility Commission ("Commission" or "PUC") Notice of Proposed Rulemaking ("NOPR"). This NOPR request comments from the public on the Commission's proposed amendments to its regulations contained in 52 Pa. Code Chapter 56, to incorporate provisions of the former Chapter 14 of the Code. The proposed modifications to the existing regulations and proposed new regulations concern consumer payment arrangements and service termination.

Also, on February 19, 2026, PUC Vice Chair, Kimberly Barrow, filed a Statement ("Barrow Statement") explaining that she did not want to simply "cut and paste" Chapter 14 into Chapter 56. She requested the public to comment on the individual provision within the chapters. She listed several topics of interest, including but not limited to, issues concerning Small Commercial Businesses. Her comments appear to suggest that there is a lack of protections the current regulations hold for Small Commercial Businesses.

The OSBA is an independent agency representing Small Commercial Businesses with 250 or fewer employees in regulated utility matters before the PUC, courts, and state and federal regulatory agencies.

Before 1988, Small Commercial Businesses lacked representation in matters before the PUC. While residential customers had advocates and large commercial and industrial customers had support from private law firms, Small Commercial Businesses were mostly left without representation. This lack of representation often resulted in Small Commercial Business utility consumers shouldering a disproportionate share of rate increases. Given that Small Commercial

Businesses account for 99.6% of all businesses in the Commonwealth, this disparity had a significant impact on Pennsylvania's economy.[1]

To address this issue, the Legislature established the Pennsylvania Office of Small Business Advocate. The only one of its kind in the nation, the OSBA was created by the Pennsylvania General Assembly through the Small Business Advocate Act of December 21, 1988, 73 P.S. § 399.41, et seq.

Today, the OSBA advocates on behalf of 1.2 million Small Commercial Businesses and plays a vital role in ensuring their voices are heard.[2]

On review of the NOPR, the OSBA submits the following Comments in response. On review of Commissioner Barrow's Statement, OSBA has added a separate section at the end of this document where it provides Recommendations to Amend additional subsections of Chapter 56 that would be inclusive to Small Commercial Business consumers.

II. OSBA'S COMMENTS ON "DEFINITIONS" PURSUANT TO NOPR

In the NOPR, the Commission proposed to modify the below definitions:

§ 56.2 Definitions

A. *Billing period*—In the case of public utilities supplying gas, electric and steam heating service, the billing period must conform to the definition of "billing month." In the case of water and wastewater service, a billing period may be monthly, bimonthly or quarterly as provided in the tariff of the public utility. Customers shall be permitted to receive bills monthly and be notified of their rights thereto.

The OSBA agrees with the Commission's Definition and has no further comment.

[1] https://business.pa.gov/pa-proud/small-businesses-in-pennsylvania/
[2] https://advocacy.sba.gov/wp-content/uploads/2025/06/Pennsylvania_2025-State-Profile.pdf

B. *Change in income*—A decrease in household income of 20% or more if the customer's household income level exceeds 200% of the Federal poverty level or a decrease in household income of 10% or more if the customer's household income level is 200% or less of the Federal poverty level.

The OSBA has no comment on this Definition.

C. *Class A water utility*—A water utility with annual revenues greater than $1 million.

The OSBA has no comment on this Definition.

D. *Residential service*—

(i) Public utility service supplied to a dwelling, including service provided to a commercial establishment if concurrent service is provided to a residential dwelling attached thereto.

(ii) This term does not include public utility service provided to a hotel or motel.

The OSBA has no comment on these Definitions.

E. *Significant change in circumstance*—Any of the following criteria when verified by the public utility and experienced by [**Small Commercial Business customers or residential**] customers with household income less than 300% of the Federal poverty level:

(i) The onset of a chronic or acute illness resulting in a significant loss of the customer's household income [**or Small Commercial Business income**].

(ii) Catastrophic damage to the customer's residence [**or Small Commercial Business premises**] resulting in a significant net cost to the customer's household [**or Small Commercial Business**].

(iii) Loss of the customer's residence [**or Small Commercial Business premises**].

(iv) Increase in the customer's number of dependents in the household.

<u>OSBA Comments</u>:

OSBA recommends that the definition of "significant change in circumstance" be expanded to include Small Commercial Business consumers. Small Commercial Businesses, like residential customers, may experience sudden and unforeseen events that materially affect their ability to meet their utility obligations. An illness affecting an owner or key employee can interrupt operations and reduce revenue; catastrophic damage to a business premises can result in substantial unexpected expenses and temporary closure; and the loss of a business premises can completely disrupt the business's ability to operate and generate income. For many Small Commercial Businesses, particularly those with limited cash reserves, these events can quickly transform an otherwise manageable utility account into an arrearage that the business cannot immediately cure.

Recognizing these events as a significant change in circumstance would allow a utility to consider the customer's changed financial condition and provide an appropriate opportunity to address the outstanding balance before termination becomes necessary. This is particularly important because termination of electric, natural gas, water, or other essential utility services may prevent a Small Commercial Business from operating at all, thereby eliminating the very revenue the customer needs to pay its utility bill. Including Small Commercial Business customers within this definition therefore promotes reasonable account management, encourages payment and continued service, and provides an opportunity for a viable Small Commercial Business experiencing a temporary financial hardship to recover rather than having that hardship compounded by termination of essential utility service.

F. *Small natural gas distribution utility*—A public utility providing natural gas distribution services subject to the jurisdiction of the Commission that meets one of the following:

(i) Has annual gas operating revenues of less than $6 million per year.

(ii) Is not connected to an interstate gas pipeline by means of a direct connection or any indirect connection through the distribution system of another natural gas public utility or through a natural gas gathering system.

The OSBA has no comment on these Definitions.

III. SUBCHAPTER B. BILLING AND PAYMENT STANDARDS - PAYMENTS

A. § 56.22. Accrual of late payment charges.

(d) A public utility may waive late payment charges on any customer accounts. <u>A public utility shall waive late payment charges on any customer accounts if the</u>

charges were improperly assessed. The Commission may only order a waiver of late payment charges levied by a public utility as a result of a delinquent account for **[a Small Commercial Business]** or customers with a gross monthly household income not exceeding 150% of the Federal poverty level [See 66 Pa.C.S. § 1409 (relating to late payment charge waiver).]

OSBA Comments:

OSBA recommends that § 56.22(d) be amended to permit the Commission to order the waiver of late payment charges for Small Commercial Business customers when warranted by the circumstances. Small Commercial Businesses frequently operate on narrow margins and may experience temporary cash-flow difficulties caused by circumstances outside of their control, including unexpected expenses, delayed customer payments, seasonal fluctuations, or a significant change in business circumstances. The continued assessment of late payment charges during such periods increases the amount owed and can make it more difficult for an otherwise viable Small Commercial Business to bring its utility account current.

Permitting the Commission to waive late payment charges in appropriate cases does not relieve a Small Commercial Business customer of responsibility for the underlying utility charges. Rather, it provides the Commission with discretion to prevent additional fees from unnecessarily compounding an existing financial hardship where waiver is reasonable and appropriate. Providing this limited protection may facilitate repayment of the underlying utility debt, reduce the likelihood of termination, and help preserve continuous utility service necessary for the business to remain operational and generate the revenue needed to satisfy its utility obligations. Accordingly, OSBA submits that the Commission should have the same authority to consider whether waiver of late payment charges is appropriate for qualifying Small Commercial Business customers.

IV. SUBCHAPTER E. TERMINATION OF SERVICE NOTICE PROCEDURES PRIOR TO TERMINATION

§ 56.102. Residential Field visit charge.

A city natural gas distribution operation is authorized to charge a minimum fee of $10 for each instance in which its representative is required to visit the residence of a customer in the process of attempting to complete required service termination steps.

The OSBA has no comment on this subchapter.

V. SUBCHAPTER F. DISPUTES; TERMINATION DISPUTES; INFORMAL AND FORMAL COMPLAINTS

A. PUBLIC UTILITY COMPANY DISPUTE PROCEDURES

§ 56.153. Public utility duties.

When a customer or applicant contacts a public utility to make a payment arrangement as required by §§ 56.166 and 56.171 (relating to informal complaints; and general rule for formal complaints), the public utility shall:

(1) Provide information about the public utility's universal service programs, including a customer assistance program.

(2) Refer the customer or applicant to the universal service program administrator of the public utility to determine eligibility for a program and to apply for enrollment in a program.

(3) Have an affirmative responsibility to attempt to collect payment on an overdue account. Failure to make reasonable attempts to collect payments on overdue accounts with arrearages in excess of $10,000 may result in civil fines or other appropriate sanctions by the Commission.

[(4) Provide information about the public utility's formal Small Commercial Business payment plan and any other assistance available.]

OSBA Comments:

OSBA recommends adding subsection (4) to require a public utility to provide information regarding its formal Small Commercial Business payment plan or any other available assistance available when a Small Commercial Business customer contacts the utility concerning an overdue account or the need for a payment arrangement. Small Commercial Business customers may not be aware that payment or other assistance options are available to them and should not be expected to know what programs or arrangements to specifically request. The utility is in the best position to identify and explain the payment options it offers.

Providing this information at the time the Small Commercial Business customer contacts the utility, encourages early resolution of delinquent accounts and gives a Small Commercial Business customer a meaningful opportunity to enter into a reasonable payment arrangement before arrearages increase or termination becomes necessary. Importantly, this requirement does not excuse the customer from paying amounts properly owed. Rather, it facilitates collection by establishing a structured means for the customer to repay the outstanding balance while maintaining essential utility service and continuing business operations. Requiring utilities to affirmatively inform Small Commercial Business customers of available formal payment plans therefore benefits both the customer and the utility by promoting communication, repayment, and avoidance of unnecessary termination.

B. FORMAL COMPLAINTS

§ 56.171. General rule for formal complaints.

(a) Except as otherwise provided in this chapter, formal complaint proceedings will proceed according to the rules and regulations of the Commission governing complaint proceedings.

(b) For a formal complaint that is not a request for review of an informal complaint decision of the Bureau of Consumer Services, the Commission will accept complaints only from complainants who affirm that they have first contacted the public utility for the purpose of resolving the problem about which the complainant wishes to file a complaint. If the complainant has not contacted the public utility, the Commission will direct the complainant to the public utility.

The OSBA agrees with this subchapter and has no further comment.

C. PAYMENT OF BILLS PENDING RESOLUTION OF DISPUTES AND COMPLAINTS AND PAYMENT ARRANGEMENT PROCEDURES

1. **§ 56.181. Duties of parties**; disputing party's duty to pay undisputed portion of bills; public utility's duty to pay interest whenever overpayment found.

Pending resolution of a dispute, including a termination dispute, the disputing party shall be required to pay the undisputed portion of bills, as described in this section.

(1) *Pending informal complaint*. Pending the outcome of an informal complaint, the disputing party shall be obligated to pay that portion of a bill which is not honestly disputed and subsequent bills which are not in dispute. An amount ultimately determined, by the parties or the Commission, to have been validly due but not paid may be paid with interest at the tariff rate filed under § 56.22 (relating to accrual of late payment charges) except when interest charges have been reduced or eliminated by the parties or the Commission to facilitate payment by the disputing party.

(2) *Pending formal complaint*. Prior to the hearing on a formal complaint or prior to the issuance of a Commission order when no hearing is to be held in a formal complaint proceeding, the

customer shall be required to pay that amount which the consumer services representative determines is not disputed and subsequent bills which are not in dispute.

The OSBA has no comment on these subchapters.

2. **§ 56.182. Payment arrangement procedures.**

(a) *General rule.* The Commission may establish payment arrangements between a public utility, customers and applicants within the limits established by this section.

(b) *Length of payment arrangements.* The length of time for a customer to resolve an unpaid balance on an account that is subject to a payment arrangement that is investigated by the Commission and is entered into by a public utility and a customer must 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% of the Federal poverty level 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.

[(5) Two years for Small Commercial Business customers who have defaulted on a previous payment arrangement.]

[(6) Two to Five years for Small Commercial Business customers who have never defaulted on a previous payment arrangement.]

OSBA Comments:

OSBA recommends permitting a two-year, to five-year, payment arrangement for Small Commercial Business customers who have never defaulted on a previous payment arrangement with this utility. Small Commercial Business customers generally incur substantially higher monthly utility bills than residential customers and, as a result, may accumulate significantly larger arrearages during a period of financial difficulty. Requiring those larger balances to be repaid over a short period would result in substantial monthly payment obligations in addition to the customer's ongoing utility charges and could render a payment arrangement financially unworkable from its inception.

A payment arrangement should be structured to provide a realistic opportunity for the customer to successfully repay the outstanding balance, rather than merely postpone termination. Allowing repayment over a period of two to five years reduces the monthly arrearage payment to a manageable amount while requiring the Small Commercial Business customer to remain responsible for both its current utility charges and its outstanding debt. Importantly, the proposed five-year period establishes a maximum repayment period, not an automatic five-year arrangement for every Small Commercial Business customer. A shorter arrangement may be appropriate where the customer's financial circumstances permit.

Providing sufficient flexibility is also beneficial to the utility because a viable payment arrangement increases the likelihood that the utility will ultimately recover the amounts owed. Conversely, requiring repayment of a substantial commercial arrearage over an unrealistically short period may lead to default, termination of utility service, and potentially closure of the business, thereby diminishing the utility's ability to recover the outstanding balance. A five-year maximum therefore appropriately balances the Small Commercial Business customer's need for a workable repayment opportunity with the utility's legitimate interest in collection of the debt.

> (c) *Customer assistance programs.* Customer assistance program rates must be timely paid and must not be the subject of payment arrangements negotiated or approved by the Commission.
>
> (d) *Number of payment arrangements.* Absent a change in income, the Commission shall not establish or order a public utility to establish a second or subsequent payment arrangement if a customer has defaulted on a previous payment arrangement established by a Commission order or decision. A public utility may, at its discretion, enter into a second or subsequent payment arrangement with a customer.
>
> (e) *Extension of payment arrangements.* If the customer defaults on a payment arrangement established under subsections (a) and (b) as a result of a significant change in circumstance, the Commission may reinstate the payment arrangement and extend the remaining term for an initial period of 6 months. The initial extension period may be extended for an additional 6 months for good cause shown.

The OSBA agrees with subchapters (c), (d) and (e) and has no further comment.

VI. SUBCHAPTER J. GENERAL PROVISIONS

§ 56.225. Surcharges for uncollectible expenses prohibited.

A public utility may not implement a cash receipts reconciliation clause or another automatic surcharge mechanism for uncollectible expenses. This section shall not affect any clause associated with universal service and energy conservation.

The OSBA has no comment on this subchapter.

VII. SUBCHAPTER L. PROVISIONS FOR VICTIMS OF DOMESTIC VIOLENCE WITH A PROTECTION FROM ABUSE ORDER OR A COURT ORDER ISSUED BY A COURT OF COMPETENT JURISDICTION IN THIS COMMONWEALTH WHICH PROVIDES CLEAR EVIDENCE OF DOMESTIC VIOLENCE

The OSBA has no comment on this subchapter.

VIII. CONCLUSION

The OSBA appreciates the opportunity to provide Comments on these Small Commercial Business issues and looks forward to continuing to work with the Commission and other stakeholders on this important matter.

IN RESPONSE TO THE STATEMENT OF VICE CHAIR KIMBERLY BARROW, ISSUED FEBRUARY 19, 2026:

OFFICE OF SMALL BUSINESS ADVOCATE'S ("OSBA") RECOMMENDATIONS TO AMEND ADDITIONAL PROVISIONS OF CHAPTER 56

THE OFFICE OF SMALL BUSINESS ADVOCATE'S RECOMMENDATIONS TO AMEND ADDITIONAL PROVISIONS OF CHAPTER 56

I. INTRODUCTION

The Office of Small Business Advocate ("OSBA") recognizes that the Commission's Notice of Proposed Rulemaking ("NOPR") proposes amendments to specific provisions of 52 Pa. Code Chapter 56. However, because the Commission has undertaken a rulemaking to further amend Chapter 56, OSBA believes this proceeding provides an appropriate and important opportunity to consider additional provisions that directly affect Small Commercial Business utility customers but are not specifically addressed in the NOPR.

Small Commercial Businesses depend upon equitable, safe, reliable, and affordable utility service to maintain their operations, yet many of the protections and procedures contained in Chapter 56 remain focused primarily on residential customers. Accordingly, the OSBA recommends that the Commission consider targeted amendments to additional provisions of Chapter 56 where necessary to recognize the distinct circumstances of Small Commercial Business customers, promote fair and equitable treatment, and provide meaningful protection against unreasonable billing practices, service termination, and other utility practices that may jeopardize the continued operation of a Small Commercial Business. Addressing these related provisions as part of the present rulemaking would also promote consistency throughout Chapter 56 and ensure that the regulations operate as a cohesive and effective regulatory framework.

II. OSBA RECOMMENDS AN AMENDMENT TO § 56.1. STATEMENT OF PURPOSE AND POLICY.

(a) This chapter establishes and enforces uniform, fair and equitable [**Small Commercial Business and**] residential public utility service standards governing eligibility criteria, credit and deposit practices, and account billing, termination and customer complaint procedures. This chapter assures adequate provision [**of Small Commercial Business Commercial and**] residential public utility service, to restrict unreasonable termination of or refusal to provide that service and to provide functional alternatives to termination or refusal to provide that service while eliminating opportunities for customers capable of paying to avoid the timely payment of public utility bills and protecting against rate increases for timely paying customers resulting from other customers' delinquencies. Public utilities shall utilize the procedures in this chapter to effectively manage customer accounts to prevent the accumulation of large, unmanageable arrearages. Every privilege conferred or duty required under this chapter imposes an obligation of good faith, honesty and fair dealing in its performance and enforcement. This chapter will be liberally construed to fulfill its purpose and policy and to **[~~insure~~ ensure]** justice for all concerned.

OSBA Recommendation:

OSBA recommends amending § 56.1 to expressly include Small Commercial Business customers within the Statement of Purpose and Policy because the fundamental protections embodied in Chapter 56 are equally important to Small Commercial Businesses that depend upon continuous and affordable utility service to operate. Small Commercial Businesses often have limited financial reserves and less ability than larger commercial customers to absorb unexpected utility costs, arrearages, or the consequences of termination of service. The loss of essential utility services can immediately disrupt or halt business operations, jeopardize employees' jobs, and impair a Small Commercial Business's ability to generate the revenue necessary to satisfy its outstanding utility obligations. Extending Chapter 56's principles of fair and equitable service standards, reasonable termination procedures, good-faith account management, and meaningful alternatives to termination of Small Commercial Business customers would promote earlier intervention and help prevent manageable payment difficulties from developing into unmanageable arrearages. Moreover, expressly including Small Commercial Business customers in § 56.1 establishes at the outset that the protections contained throughout Chapter 56 are intended to apply consistently to this customer class and advances the public interest by protecting the continued operation and economic viability of Pennsylvania's Small Commercial Businesses while preserving utilities' ability to collect amounts properly due.

And finally, OSBA recommends correcting the word "insure" and replacing with it with "ensure." 'Ensure' means to make certain something happens and 'insure' means to cover with an insurance policy.

III. OSBA RECOMMENDS AMENDMENTS TO § 56.2. DEFINITIONS

A. *Applicant*

> **(i)** A natural person at least 18 years of age not currently receiving service who applies for **[Small Commercial Business or]** residential service provided by a public utility or any adult occupant whose name appears on the mortgage, deed or lease of the property for which the **[Small Commercial Business or]** residential public utility service is requested.

OSBA Recommendation:

The OSBA recommends amending the definition of "Applicant" to include a person applying for Small Commercial Business utility service. Extending certain protections of Chapter 56 to Small Commercial Business customers would have limited effect if those protections did not begin with the initial application for service. For a Small Commercial Business, obtaining utility service is often a prerequisite to opening and maintaining operations, and a delay or denial of service may prevent the business from operating altogether. Including Small Commercial Business service within the definition of "Applicant" will ensure that eligible Small Commercial Business customers receive the applicable protections and procedures of Chapter 56 from the time service is first requested, rather than only after an account has been established. This amendment will also provide clarity and consistency throughout Chapter 56 by ensuring that provisions governing applicants apply to both residential and qualifying Small Commercial Business applicants where appropriate.

B. *Basic services*

> **(i)** Services necessary for the physical delivery of **[Small Commercial Business and]** residential public utility service.

OSBA Recommendation:

The OSBA recommends expanding the definition of "Basic services" to include services necessary for the physical delivery of Small Commercial Business utility service. Reliable utility service is no less fundamental to the operation of a Small Commercial Business than it is to a residential customer. Electricity, natural gas, water and other regulated utility services may be essential for a Small Commercial Business to maintain its premises, operate equipment, serve customers and continue normal business operations. By including Small Commercial Business service within the definition of "Basic services," the Commission will recognize the essential nature of utility service to these customers and ensure that the protections applicable to the physical delivery of utility service are not unavailable merely because the service is provided to a qualifying Small Commercial Business rather than a residence.

C. *Customer*

(i) A natural person at least 18 years of age in whose name **[a Small Commercial Business or]** residential service account is listed and who is primarily responsible for payment of bills rendered for the service or an adult occupant whose name appears on the mortgage, deed or lease of the property for which the [**Small Commercial Business or**] residential public utility service is requested.

OSBA Recommendation:

The OSBA recommends amending the definition of "Customer" to include a person in whose name a Small Commercial Business utility service account is listed and /or who is primarily responsible for payment of that account. The protections contained throughout Chapter 56 frequently depend upon an individual's status as a "customer." Therefore, extending Chapter 56 protections to Small Commercial Businesses without correspondingly amending this definition could create uncertainty as to whether those protections apply once service has been established. Small Commercial Business customers face many of the same billing, payment, dispute and service-related issues addressed by Chapter 56, while the consequences of an unresolved utility matter may extend beyond the account itself and directly affect the business's ability to continue operating. Amending the definition will provide a clear and consistent basis for applying the appropriate Chapter 56 rights and responsibilities to qualifying Small Commercial Business customers.

D. *Medical certificate*

A written document, in a form approved by the Commission, and consistent with § 56.113 (relating to medical certifications), that:

(i) Certifies that a customer that is the representative of a [**Small Commercial Business**] or member of the customer's household is seriously ill or has been diagnosed with a medical condition which requires the continuation of service to treat the medical condition.

OSBA Recommendation:

The OSBA recommends amending the definition of "Medical certificate" to extend this important protection to qualifying Small Commercial Business customers. The need to protect an individual from the potentially serious health consequences of a termination of utility service does not necessarily depend upon whether the utility account is classified as residential or small commercial. A small business owner or other individual may spend a substantial portion of each day at the business premises and may have a serious illness or medical condition that requires the continuation of electric, natural gas, water or other utility services. In certain circumstances, the business premises may be the location where the individual must use medically necessary equipment, properly store medication, maintain medically necessary temperatures, or otherwise manage a serious medical condition.

The existing medical emergency provisions of Chapter 56 recognize that termination of utility service must be postponed when cessation of service could aggravate a serious illness or medical condition. Indeed, the regulations place the determination of whether a medical condition qualifies for protection with the licensed medical professional rather than the public utility. There is no apparent health or safety rationale for denying an otherwise qualifying individual this protection solely because the utility service upon which that individual depends is provided at the premises of a Small Commercial Business rather than at a residence.

OSBA's proposed amendment would not provide an automatic or indefinite exemption from the payment of utility bills, nor would the existence of a Small Commercial Business itself constitute a medical emergency. Rather, the protection would remain dependent upon a qualifying medical condition and the appropriate medical certification. The amendment would therefore preserve the safeguards and limitations already incorporated into Chapter 56 while ensuring that an individual with a documented medical necessity is not excluded solely because of the classification of the utility account.

Extending the medical certificate provision to qualifying Small Commercial Businesses also recognizes the potentially severe consequences of terminating essential utility service to a small business whose owner or representative has a serious medical condition. A temporary postponement of termination in these limited circumstances provides an opportunity to address the outstanding utility account without unnecessarily placing the individual's health at risk. Accordingly, the OSBA submits that the proposed amendment represents a reasonable and narrowly tailored extension of existing health and safety protection.

E. *Occupant*

> A natural person who resides [**<u>or is a representative of a Small Commercial Business</u>**] in the premises to which public utility service is provided.

<u>OSBA Recommendation</u>:

The OSBA recommends amending the definition of "Occupant" to include a natural person who is a representative of a qualifying Small Commercial Business at the premises to which public utility service is provided. The existing definition is limited to an individual who "resides" at the premises and therefore does not adequately account for individuals whose regular and substantial presence at a premises results from the operation of a small business. If Chapter 56 is amended to provide appropriate protections to Small Commercial Business customers, the definition of "Occupant" should likewise be expanded so that those protections are not inadvertently limited by a definition applicable only to residential premises.

The distinction is particularly important where other provisions of Chapter 56 provide protection based upon the presence or circumstances of an occupant rather than solely upon the identity of the named utility customer. A Small Commercial Business owner or operator may be physically present at the business premises for many hours each day and may be directly affected by the termination of utility service even though that individual does not reside at the location. Expanding the definition will therefore ensure consistent application of the protections afforded elsewhere in Chapter 56 and avoid a regulatory gap created merely by the residential nature of the existing definition.

F. *Premises* or *affected premises*

Unless otherwise indicated, the residence **[<u>or place of the Small Commercial Business</u>]** of the occupant.

<u>OSBA Recommendation</u>:

The OSBA recommends amending the definition of "Premises or affected premises" to include the place at which a qualifying Small Commercial Business is conducted. The current definition is expressly limited to the residence of an occupant. If the protections of Chapter 56 are expanded to qualifying Small Commercial Businesses, retaining a definition of "premises" that encompasses only residential property could create ambiguity regarding the location at which those protections apply.

The proposed amendment provides the necessary geographic counterpart to the inclusion of Small Commercial Business customers and occupants within Chapter 56. It makes clear that, when an applicable provision refers to the "premises" or "affected premises," the term includes the location receiving utility service for the qualifying Small Commercial Business. This clarification is particularly important in provisions governing termination, notice, restoration of service and emergency protections, all of which necessarily operate in relation to a specific service location. Expanding the definition will therefore promote consistency throughout Chapter 56 and prevent otherwise applicable protections from being defeated simply because the affected premise is a Small Commercial Business rather than a residence.

G. **[<u>*Small Commercial Business Consumer*</u>]**

[<u>A person or business entity that employs fewer than 250 employees and which receives public utility services under a small commercial, small industrial or small business rate classification</u>]

<u>OSBA Recommendation</u>:

The OSBA recommends adding "Small Commercial Business Consumer" to § 56.2 as a defined term because the proposed amendments extend specified Chapter 56 protections to this distinct class of utility customers. Establishing a clear definition at the outset is necessary to identify which commercial customers are entitled to those protections and to ensure that the provisions are applied consistently by public utilities throughout the Commonwealth.

OSBA's statutory mandate provides an appropriate and administratively workable basis for defining the class of Small Commercial Businesses covered by these amendments. The

OSBA is charged with representing the interests of small Business consumers in regulated utility matters and defines the small businesses it represents as those having 250 or fewer employees. Using the same threshold in Chapter 56 creates consistency between the customers represented by the OSBA and the customers intended to receive the Small Commercial Business protections proposed herein.

A defined term is also necessary to distinguish Small Commercial Businesses from larger commercial and industrial customers. Small Commercial Businesses generally have substantially fewer financial and administrative resources available to address unexpected utility bills, billing disputes, deposits, threatened termination of service, or other utility-related problems than larger commercial customers. At the same time, the interruption of an essential utility service can have immediate and significant consequences for a Small Commercial Business, including an inability to operate, loss of revenue, loss of inventory, interruption of service to customers, and, in some circumstances, permanent closure.

Including a uniform definition of "Small Commercial Business" in § 56.2 therefore establishes a clear boundary for the protections proposed by the OSBA. It provides utilities, customers and the Commission with an objective standard for determining eligibility, promotes consistent administration and enforcement of Chapter 56, and avoids uncertainty regarding which commercial customers are subject to the provisions applicable to Small Commercial Businesses.

IV. OSBA RECOMMENDS AMENDMENTS TO § 56.11 BILLING FREQUENCY.

A. **§56.11(a)** A public utility shall render a bill once every billing period to every [**<u>Small Commercial Business and</u>**] residential customer in accordance with approved rate schedules.

<u>OSBA Recommendation</u>:

The OSBA recommends extending the billing frequency requirements of § 56.11(a) to Small Commercial Businesses. Regular and predictable billing is particularly important to small businesses, which often operate with limited cash reserves and must closely manage monthly operating expenses. Requiring utilities to render a bill once every billing period provides small business customers with timely information concerning their utility usage and charges and allows them to identify unexpected increases, billing errors, or changes in consumption before substantial balances accumulate.

Small Commercial Businesses should not be placed at greater risk of receiving accumulated or delayed utility charges simply because their accounts are classified as commercial. Unexpected utility charges covering multiple billing periods can create significant financial hardship for a Small Commercial Business and interfere with its ability to budget for other necessary operating expenses, including payroll, rent, inventory and taxes. Extending § 56.11(a) to Small Commercial Businesses therefore promotes accurate, timely and predictable billing and provides these customers with a reasonable opportunity to manage their utility obligations before an arrearage develops.

B. **§56.11(b)** A public utility may utilize electronic billing in lieu of mailed paper bills. Electronic billing programs must include the following requirements:

> **§56.11(b)(6)** A customer **[~~may~~]** will [**not**] be required to pay an additional fee to receive and / or pay an electronic bill.

OSBA Recommendation:

The OSBA recommends amending § 56.11(b)(6) to prohibit a public utility from imposing an additional fee upon a Small Commercial Business consumer to receive or pay an electronic bill. Electronic billing has become a routine method of conducting business and provides efficiencies to both utilities and their customers. Electronic billing may reduce printing, postage, mailing and administrative costs for utilities while allowing customers to receive bills promptly and make payments efficiently. Customers should not be required to pay an additional charge for utilizing a billing and payment method that may also reduce the utility's costs of administering customer accounts.

This protection is particularly important for Small Commercial Businesses. Although an individual electronic billing fee may appear relatively modest, small businesses routinely incur numerous transactions and administrative expenses as part of their daily operations. Permitting regulated utilities to impose additional fees simply for receiving or paying a utility bill electronically unnecessarily increases the cost of essential utility service. Moreover, a customer should be able to pay the amount lawfully charged for utility service without being required to incur an additional fee merely to transmit that payment.

Prohibiting such fees also encourages the use of electronic billing and payment systems, which can facilitate timely payment, reduce the likelihood of lost or delayed bills, and provide both the customer and utility with a readily accessible record of billing and payment transactions. Accordingly, OSBA recommends that § 56.11(b)(6) clearly provide that Small Business Commercial customers will not be assessed an additional fee to receive or pay an electronic bill.

V. OSBA RECOMMENDS AMENDMENTS TO § 56.12 (5)(i) and (iv), and (8) METER READING; ESTIMATED BILLING; CUSTOMER READINGS.

A. **§56.12 (5)(i)** *Remote Reading Device*. When a gas, electric or water public utility uses readings from a remote reading device to render bills, the public utility shall obtain an actual meter reading at least once every 5 years to verify the accuracy of the remote reading device. If the customer of record at the dwelling [**or Small Commercial Business property**] changes during the 5-year period between actual meter readings, the public utility shall make a bona fide attempt to schedule an appointment with the departing customer and, if necessary, the new occupant, to secure an actual meter reading.

B. **§56.12 (5)(iv)** Nothing in this section may be construed to limit the authority of electric, gas or water utilities to gain access to a residence [**<u>or place of the Small Commercial Business</u>**] for the purpose of checking or reading a meter.

<u>OSBA Recommendation</u>:

The OSBA recommends extending the protections of § 56.12(5)(i) and (iv) concerning remote meter reading devices to Small Commercial Business properties. Accurate meter readings are fundamental to accurate utility billing, regardless of whether the service is provided to a residential or small commercial customer. When a utility relies upon a remote reading device for an extended period, periodic verification through an actual meter reading provides an important safeguard against equipment malfunction, inaccurate readings and the accumulation of billing errors.

This protection may be particularly significant for Small Commercial Businesses because their utility consumption and resulting bills may be substantially greater than those of residential customers. Consequently, an inaccurate remote reading that continues undetected for an extended period may result in a significant underbilling or overbilling. If an error is not discovered for several years, a subsequent billing adjustment could impose a substantial and unexpected financial obligation upon a small business. Conversely, prolonged overbilling may deprive a small business of funds that could otherwise have been used for ordinary business operations.

The requirement for an actual meter reading when the customer of record changes during the five-year period is equally important in the small commercial context. A change in the business occupying a property creates a natural point at which responsibility for utility consumption should be clearly established. Obtaining an actual meter reading helps ensure that usage attributable to a prior customer is not improperly assigned to a new Small Commercial Business customer and reduces the potential for subsequent disputes regarding responsibility for charges.

Extending these requirements to Small Commercial Business properties therefore promotes billing accuracy, accountability and transparency while reducing the likelihood that meter-reading errors will result in substantial retroactive charges or disputes. Small Commercial Businesses should receive the same reasonable verification of the accuracy of remote meter readings when their utility bills are calculated using such devices.

C. **§56.12 (8)** *Budget billing*. A gas, electric and steam heating public utility shall provide its [**<u>Small Commercial Business and</u>**] residential customers, on a year-round rolling enrollment basis, with an optional billing procedure which averages estimated public utility service costs over a 10-month, 11-month or 12-month period to eliminate, to the extent possible, seasonal fluctuations in public utility bills. The public utility shall review accounts at least three times during the optional billing period. At the conclusion of the budget billing year, a resulting reconciliation amount exceeding $100 but less than $300 shall be, at the request of the customer, amortized over a 6-month period. Reconciliation amounts exceeding $300 shall be amortized over at least a 12-month period at the request of the customer. Shorter amortization periods are permissible at the request of the customer.

OSBA Recommendation:

The OSBA recommends extending the budget billing provisions of § 56.12(8) to Small Commercial Businesses. Small Commercial Businesses, like residential customers, can experience significant seasonal fluctuations in utility costs, particularly for electric and natural gas services. These fluctuations can make it difficult for a Small Commercial Business to accurately anticipate monthly operating expenses and manage limited cash flow. Providing Small Commercial Businesses with the option to participate in budget billing would allow utility costs to be distributed more evenly throughout the year, providing greater predictability and stability without reducing the customer's responsibility for the actual cost of utility service.

Budget billing may be particularly valuable to Small Commercial Businesses because an unusually high utility bill can represent a significant portion of a business's monthly operating expenses. Unlike larger commercial customers, Small Commercial Businesses may have fewer financial resources or reserves available to absorb substantial seasonal increases in utility costs. Allowing these customers to spread anticipated utility expenses over a 10-, 11-, or 12-month period can reduce the likelihood that a temporary seasonal increase will create a payment difficulty, lead to an arrearage, or threaten continuation of essential utility service.

The account-review and reconciliation provisions contained in § 56.12(8) provide additional safeguards for both the customer and the utility. Periodic review allows the budget amount to reflect actual usage more accurately, while the amortization of significant reconciliation balances prevents an unexpectedly large year-end adjustment from immediately becoming due. Extending these protections to Small Commercial Businesses would provide a reasonable mechanism for managing utility expenses while ensuring that utilities ultimately recover the full amount properly owed.

Accordingly, the OSBA submits that there is no compelling reason to limit the availability of budget billing solely to residential customers. Extending this voluntary billing option to Small Commercial Businesses would promote payment stability, reduce the potential for arrearages, and assist small businesses in maintaining continuous utility service while imposing no forgiveness or reduction of legitimate utility charges.

VI. SUBCHAPTER B. BILLING AND PAYMENT STANDARDS PAYMENTS

A. § 56.23. Application of partial payments between public utility and other service. Payments received by a public utility without written instructions that they be applied to merchandise, appliances, special services, meter testing fees or other non-basic charges and which are insufficient to pay the balance due for the items plus amounts billed for basic public utility service shall first be applied to the basic charges for [**Small Commercial Business or**] residential public utility service.

OSBA Recommendation:

The OSBA recommends extending § 56.23 to Small Commercial Businesses so that, absent specific instructions from the customer, a partial payment is applied first to charges for basic public utility service rather than to merchandise, appliances, special services, fees, or other non-basic charges. The continuation of essential utility service should take priority when a Small Commercial Business has insufficient funds to pay all charges appearing on its account.

This protection is particularly important for Small Commercial Businesses experiencing temporary financial difficulty. A Small Commercial Business may make a good-faith payment intending to reduce the amount owed for essential utility service and avoid the accumulation of arrearages that could ultimately result in termination. If the utility instead applies that payment to non-basic charges, the business could remain delinquent on the very charges that place continuation of its essential utility service at risk. Applying partial payments first to basic service ensures that limited funds are directed toward the customer's most essential utility obligation.

The proposed amendment does not relieve the Small Commercial Business of responsibility for legitimate non-basic charges. Rather, it establishes a reasonable priority for the application of payments when the customer has not provided contrary instructions. Extending this protection to Small Commercial Businesses will promote continuity of essential utility service, reduce the potential for avoidable termination, and ensure that customer payments are applied first to the services most critical to continued business operations.

B. **§ 56.33. Third-party guarantors.** If an applicant does not establish credit under § 56.32 (relating to security and cash deposits), the public utility shall provide [**Small Commercial Business or**] residential service when one of the following requirements is satisfied:

(1) *Cash deposit.* The applicant posts a cash deposit.

(2) *Third-party guarantor.* This section does not preclude an applicant from furnishing a third party guarantor in lieu of a cash deposit. The guaranty must be in writing and state the terms of the guaranty. The guarantor shall be responsible for all missed payments owed to the public utility. For the purposes of this section, the term ''guarantor'' means a third-party who has or can establish credit under § 56.32.

OSBA Recommendation:

The OSBA recommends extending § 56.33 to Small Commercial Business applicants so that an applicant that has not independently established satisfactory credit may obtain utility service by posting a cash deposit or furnishing a qualified third-party guarantor. A Small

Commercial Business should not be denied access to essential utility service solely because the business itself lacks an established credit history when another financially responsible party is willing and able to guarantee the account.

This protection may be particularly important for newly established Small Commercial Businesses. A new business may have little or no credit history in its own name even though its owner, investor, parent entity, or another third party has sufficient creditworthiness to guarantee payment. Requiring such a business to establish credit solely through its own operating history can create a significant barrier because utility service is frequently necessary before the business can begin operations and develop that history. Allowing a third-party guarantor provides an alternative means of demonstrating financial responsibility and facilitates the establishment of essential utility service.

Importantly, extending this provision does not require the utility to assume additional unreasonable financial risk. The guarantor must independently satisfy the applicable credit requirements, the guarantee must be in writing and state its terms, and the guarantor remains responsible for missed payments in accordance with the guarantee. The provision therefore balances the utility's legitimate interest in securing payment with the Small Commercial Business applicant's need for a reasonable means of obtaining service.

Providing this alternative is consistent with the broader purpose of ensuring that credit and deposit requirements do not create unnecessary obstacles to the establishment of essential utility service. For a Small Commercial Business, inability to obtain electric, gas, water, or other necessary utility service may prevent the business from opening its doors at all. Extending § 56.33 therefore provides a practical pathway to service while preserving appropriate financial protections for the public utility.

C. § 56.35. Payment of outstanding balance.

> **(b)(3)** Any outstanding [**<u>Small Commercial Business or</u>**] residential account with the public utility may be amortized in accordance with § 56.191 (relating to payment and timing).

<u>OSBA Recommendation</u>:

The OSBA recommends extending § 56.35(b)(3) to Small Commercial Businesses so that an outstanding balance may be amortized in accordance with the payment arrangement provisions of § 56.191. Requiring a Small Commercial Business experiencing financial difficulty to satisfy a substantial outstanding utility balance in a single payment may create an unnecessary barrier to maintaining or restoring essential utility service.

Allowing an outstanding balance to be amortized provides the Small Commercial Business with a reasonable opportunity to satisfy its obligation over time while continuing to pay for current utility service. This is particularly important for Small Commercial Businesses because cash flow may fluctuate significantly as a result of seasonal operations, unexpected expenses, delayed customer payments, or temporary declines in revenue. A business may therefore be capable of paying its utility obligation over a reasonable period even though it cannot immediately pay the entire outstanding balance.

Importantly, amortization does not forgive or reduce the amount properly owed to the utility. Rather, it establishes a structured mechanism through which the customer can satisfy the outstanding obligation. Providing Small Commercial Businesses with this option may increase the likelihood that utilities ultimately collect outstanding balances while reducing avoidable service terminations that could jeopardize the continued operation of an otherwise viable Small Commercial Business.

VII. SUBCHAPTER E. TERMINATION OF SERVICE NOTICE PROCEDURES PRIOR TO TERMINATION

A. § 56.95. Deferred termination when no prior contact.

~~**[During the months of December through March,]**~~ **[U~~u~~]**nless personal contact has been made with the customer or responsible adult by personally visiting the customer's place of [**Small Commercial Business or**] residence, a public utility shall, 48 hours prior to the scheduled date of termination, post a notice of the proposed termination at the service location **[, provide notice through telephone calls, through text message if available, and send notice to all addresses on file, of the account holder, until the account holder can be reached.**]

OSBA Recommendation:

The OSBA recommends extending the additional notice protections of § 56.95 to Small Commercial Businesses. Termination of utility service is a significant action, and a Small Commercial Business should receive a meaningful final opportunity to learn of and address a pending termination when the utility has been unable to make prior personal contact with the customer.

Written notices sent to a billing or mailing address do not necessarily ensure that the individual responsible for a Small Commercial Business has actual knowledge that termination is imminent. Requiring the utility to attempt personal contact at the business premises, and, when such contact is unsuccessful, to telephone and text the account holder, post notice at the service location as well as at all the addresses on file for the account holder at least 48 hours before termination provides an additional safeguard against termination occurring without meaningful notice.

The protection should be available year-round. Although, it is particularly important during the months of December through March, and between the months of June and through September when termination of electric or natural gas services may have serious consequences. Loss of heat, air conditioning, or electricity can force a Small Commercial Business to cease operations, damage inventory or equipment, create unsafe conditions at the premises, and result in significant financial losses that may far exceed the underlying utility arrearage.

The proposed amendment does not prohibit termination or excuse the Small Commercial Business from paying amounts properly owed. It simply provides an additional notice safeguard before the significant step of terminating essential utility service. Providing a brief final opportunity for the customer to contact the utility, make payment, dispute an error, or seek an available payment arrangement may avoid unnecessary termination while preserving the utility's ability to terminate service when appropriate.

B. § 56.96. Post-termination notice.

When service is actually terminated, notice that reflects the requirements in § 56.91 (relating to general notice provisions and contents of termination notice) as well as a medical emergency notice in the form which appears in Appendix B (relating to medical emergency notice) shall be conspicuously posted or delivered to a responsible adult person or occupant at the residence of the customer and at the affected premises, [**including but not limited to, their Small Commercial Business location.**]

OSBA Recommendation:

The OSBA recommends extending the post-termination notice requirements of § 56.96 to Small Commercial Business premises. Once utility service has actually been terminated, clear and conspicuous notice at the affected premises is necessary to ensure that the customer and other affected individuals understand that service has been terminated and are informed of the procedures and protections that may be available to obtain restoration of service.

This amendment is particularly important in conjunction with the OSBA's proposed extension of the medical emergency provisions of Chapter 56 to Small Commercial Businesses. If an account holder of a Small Commercial Business premise has a qualifying serious illness or medical condition, that individual should receive the same meaningful notice of the medical emergency procedures following termination that would be provided when the affected premises is a residence. Extending the underlying medical protection without also extending the notice designed to inform affected individuals that protection would substantially diminish its effectiveness.

Posting or delivering the notice at the Small Commercial Business location as well as the account holder's residence is also important because the individual responsible for the utility account may not have immediately known that service has actually been terminated. A conspicuous notice at the affected premises provides direct information at the location where the consequences of termination are being experienced and may permit the customer to act promptly to address the termination and seek restoration of service.

Accordingly, extending § 56.96 to Small Commercial Businesses complements the OSBA's proposed amendments concerning medical certificates, occupants, affected premises, and termination procedures and ensures that those protections operate together as a coherent regulatory framework.

C. § 56.100. Winter [<u>and Summer</u>] termination procedures.

> **(b)** *Electric distribution and natural gas distribution utilities.* Unless otherwise authorized by the Commission, during the period of December 1 through March 31, [**<u>and during the period of June 1 through September 1</u>**,] an electric distribution utility or natural gas distribution utility may not terminate service to [**<u>a Small Commercial Business consumer or</u>**] customers with household incomes at or below 250% of the Federal poverty level except as provided in this section or in § 56.98. The Commission will not prohibit an electric distribution utility or natural gas distribution utility from terminating service in accordance with this section to customers with household incomes exceeding 250% of the Federal poverty level.

<u>OSBA Recommendation:</u>

The OSBA recommends extending the protections of § 56.100 to Small Commercial Businesses. The consequences of termination during periods of extreme weather are not limited to residential customers. Many Small Commercial Businesses depend upon continuous electric or natural gas services to maintain safe temperatures, protect property and inventory, operate essential equipment, and provide goods and services to the public. Termination during periods of extreme heat or cold may therefore create health and safety risks not only for the Small Commercial Business owner and employees, but also for customers and other members of the public who depend upon the Small Commercial Business.

The OSBA further recommends enhanced termination protections for Small Commercial Businesses that provide essential goods or services, including businesses involved in food safety and food supply, health care, childcare, assisted living, agriculture, and similar operations where loss of utility service may create an immediate threat to health or safety. For these businesses, termination of electric or natural gas services can have consequences extending well beyond the financial interests of the individual customer. Loss of refrigeration may result in food or medication spoilage; loss of heating or cooling may create unsafe conditions for children, older adults, patients, employees, or customers; and interruption of utility service to agricultural operations may threaten animals, crops, food production, or other temperature-sensitive operations. The Commission should therefore consider whether additional safeguards against termination are appropriate when discontinuance of utility service could reasonably threaten public health or safety.

The OSBA also recommends that the Commission consider termination protections during periods of extreme cold as well as heat and other dangerous weather conditions rather than limiting weather-related protections exclusively to the traditional December through March winter period. Extreme heat can present health and safety risks comparable to extreme cold, particularly when electric service is necessary for air conditioning, refrigeration, ventilation, medical equipment, or other temperature-sensitive operations. A temperature-based or emergency-weather standard would permit protections to respond to actual conditions rather than solely to the calendar.

Extending appropriate weather-related termination protections to Small Commercial Businesses does not eliminate the customer's obligation to pay for utility service. Rather, it temporarily delays termination when immediate discontinuance of service could create disproportionate health, safety, or economic consequences. The OSBA submits that protecting essential utility service during periods of dangerous weather, while preserving the utility's ability to collect amounts properly owed, provides a reasonable balance between the interests of Small Commercial Business customers, utilities, and the public.

D. **(j)** *Reporting of deaths at locations where public utility service was previously terminated.*

> Throughout the year, public utilities shall report to the Commission when, in the normal course of business, they become aware of [**a Small Commercial Business or**] household fire, incident of hypothermia or carbon monoxide poisoning or other event that resulted in a death and that the public utility service was off at the time of the incident. Within 1 business day of becoming aware of an incident, the public utility shall submit a telephone or electronic report to the Director of the Bureau of Consumer Services including, if available, the name, address and account number of the last customer of record, the date of the incident, a brief statement of the circumstances involved and, if available from an official source or the media, the initial findings as to the cause of the incident and the source of that information. The Bureau or Commission may request additional information on the incident and the customer's account. Information submitted to the Commission in accordance with this subsection will be treated in accordance with *66 Pa.C.S. § 1508* (relating to reports of accidents) and may not be open for public inspection except by order of the Commission, and may not be admitted into evidence for any purpose in any suit or action for damages growing out of any matter or thing mentioned in the report.

OSBA Recommendation:

The OSBA recommends extending the reporting requirements of § 56.100(j) to incidents occurring at Small Commercial Business premises where public utility service was terminated at the time of an incident resulting in death. The Commission's ability to evaluate the effectiveness and consequences of its termination policies depends upon having complete and accurate information regarding serious incidents occurring following termination of utility service.

The location of an incident at a Small Commercial Business rather than residential premises should not, by itself, exclude the incident from the Commission's review. A fire, incident of hypothermia or hyperthermia, carbon monoxide poisoning, or other fatal event occurring at a Small Commercial Business following termination may raise the same public health and safety concerns as an incident occurring at a residence. This may be particularly significant where individuals remain at the premises for extended periods or where the Small Commercial Business provides services to vulnerable populations.

Requiring reporting does not establish that termination of utility service caused or contributed to the death, nor does it impose liability upon the utility. Rather, it ensures that the Commission receives information necessary to identify potential patterns, evaluates whether existing termination safeguards are adequate, and determines whether additional regulatory action may be warranted. Including Small Commercial Business premises in this reporting requirement will therefore provide the Commission with a more complete record concerning the potential health and safety consequences associated with termination of essential utility service.

VIII. SUBCHAPTER F. DISPUTES; TERMINATION DISPUTES; INFORMAL AND FORMAL COMPLAINTS

A. § 56.111. General provision.

> A public utility may not terminate service, or refuse to restore service, to a premises when a licensed physician, physician assistant, or nurse practitioner has certified that the customer or an applicant seeking restoration of service under § 56.191 (relating to payment and timing) or a member of the customer's or applicant's [**<u>Small Commercial Business or</u>**] household is seriously ill or afflicted with a medical condition that will be aggravated by cessation of service. The customer shall obtain a letter from a licensed physician, physician assistant or nurse practitioner verifying the condition and promptly forward it to the public utility. The determination of whether a medical condition qualifies for the purposes of this section resides entirely with the physician, nurse practitioner, or physician assistant and not with the public utility. A public utility may not impose any qualification standards for medical certificates other than those specified in this section.

<u>OSBA Recommendation</u>:

The OSBA recommends extending the medical emergency protections of § 56.111 to Small Commercial Businesses. The underlying purpose of the medical certification provision is to prevent termination of essential utility service when cessation of that service would aggravate a serious illness or medical condition. That health and safety concern does not disappear merely because the individual requiring continued utility service is located at, or operates, a Small Commercial Business rather than at a residence.

Small Commercial Business owners and operators may spend a substantial portion of their day at their business premises, and some may have serious medical conditions that require continued access to electricity, natural gas, water, temperature control, refrigeration of medication, medical equipment, or other utility-dependent necessities. In addition, certain Small Commercial Businesses may provide services to individuals with serious medical conditions or other vulnerabilities. Termination of utility service under these circumstances could create consequences substantially more serious than the temporary interruption of ordinary business operations.

OSBA's proposed amendment would not permit a Small Commercial Business to avoid termination merely by asserting that continued utility service is necessary. The existing safeguards of § 56.111 would continue to apply. A licensed physician, physician assistant, or nurse practitioner must certify the existence of the serious illness or medical condition and determine that cessation of utility service would aggravate that condition. Thus, the medical determination remains with a qualified medical professional and not with the Small Commercial Business account holder.

Nor would a medical certification eliminate the customer's underlying financial obligation to the utility. Rather, the provision temporarily protects continued service because of a documented medical necessity while the customer addresses the outstanding account through the procedures otherwise available under Chapter 56. This appropriately balances the utility's legitimate right to collect amounts owed with the potentially grave consequences of terminating service where a qualified medical professional has determined that cessation of service would aggravate a serious medical condition.

Accordingly, the OSBA submits that the location or commercial classification of a utility account should not determine whether an individual receives protection from a medically dangerous termination of service. Where the statutory and regulatory requirements for a medical certification are otherwise satisfied, a qualifying individual at a Small Commercial Business premises should be afforded the same protection against termination or refusal to restore service.

B. § 56.201. Public information.

(a) In addition to the notice requirements in this chapter, the Commission will, within 6 months of the effective date of a change to a regulation in this chapter, prepare a summary of the rights and responsibilities of the public utility and its customers affected by the change. Summaries will be mailed by the public utility to each [**<u>customer's residence as well as the Small Commercial Business premises</u>**] of the public utility affected by the change. These summaries, as well as a summary of the rights and responsibilities of the public utility and its customers in accordance with this chapter, shall be in writing, reproduced by the public utility, displayed prominently, available on the public utility's web site [**<u>and social media sites, if available</u>**] as well as available at all public utility office locations open to the general public. The public utility shall inform new customers of the availability of this information and direct where to locate it on the public utility's web site. The public utility shall deliver or mail a copy upon the request of a customer or applicant.

OSBA Recommendation:

The OSBA recommends amending § 56.201(a) to require public utilities to make information concerning customers' rights and responsibilities readily available through the utility's website and, where maintained by the utility, its social media platforms. The methods by which customers obtain information have changed significantly, and customers increasingly rely upon electronic sources as their first means of obtaining information regarding billing, payment options, service interruptions, termination procedures, and other utility matters. The regulations should recognize these commonly used methods of communication.

Requiring this information to be prominently available online provides customers with immediate access to important information without requiring them to contact the utility during regular business hours or travel to a utility office. This may be particularly beneficial to Small Commercial Business owners who are managing their businesses during the same hours that utility offices and customer service centers are generally operating.

Social media may also provide an effective means of directing customers to important information, particularly during widespread outages, extreme weather events, changes in utility procedures, or other circumstances affecting large numbers of customers. Where a utility maintains social media accounts to communicate with its customers, those platforms should also be utilized to make customers aware of significant information concerning their rights and responsibilities and to direct customers to the utility's website for more detailed information.

The proposed amendment does not replace existing written notice requirements or other required methods of communication. Rather, it supplements those protections by ensuring that important customer information is readily accessible through the communication methods commonly used by customers today. Providing multiple avenues of access promotes transparency, customer awareness, and meaningful access to the protections afforded by Chapter 56.

C. **(b)** A public utility [~~**which serves a substantial number of Spanish-speaking customers**~~**]** shall provide billing information in English and in Spanish. The written information must indicate conspicuously that it is being provided in accordance with this title and contain information concerning, but not limited to, the following:

OSBA Recommendation:

The OSBA recommends removing the qualification that the Spanish-language requirements of § 56.201(b) apply only to a public utility "which serves a substantial number of Spanish-speaking customers." Access to understandable billing information should not depend upon whether an undefined threshold number of other customers within a utility's service territory speak the same language.

The phrase "substantial number" is inherently uncertain and may result in inconsistent application of the regulation among public utilities. The regulation does not provide an objective numerical or percentage threshold for determining when the number of Spanish-speaking customers becomes "substantial." As a result, similarly, situated Spanish-speaking customers may receive different levels of access to billing information based solely upon the utility that serves them or the demographic composition of a particular service territory.

Billing information concerning essential utility service may include amounts due, payment deadlines, arrearages, payment options, and information that could ultimately affect continuation of service. A customer's ability to understand this information is therefore important regardless of how many other Spanish-speaking customers the utility serves. Requiring utilities to provide billing information in both English and Spanish establishes a clear and uniform statewide standard and eliminates uncertainty regarding when the requirement applies.

Advances in electronic billing, standardized forms, websites, and other digital communications also make multilingual information substantially easier to provide and distribute than when many traditional notice requirements were originally developed. A uniform requirement would therefore improve meaningful access to essential billing information while providing utilities with a clear and predictable compliance obligation.

Accordingly, the OSBA submits that the availability of Spanish-language billing information should be based upon the customer's need for understandable information rather than upon whether the utility determines that it serves a "substantial number" of Spanish-speaking customers.

D. § 56.231. Reporting requirements.

(a) Within 15 days after the end of each month, each electric distribution utility, natural gas distribution utility and class A water distribution utility shall file with the Commission a report containing all of the following information concerning Small Commercial Business and residential accounts for that month:

(1) The total number of [**<u>Small Commercial Business or</u>**] residential heating customers.

(2) The total number of [**<u>Small Commercial Business or</u>**] residential non-heating customers.

(3) The total number of active [**<u>Small Commercial Business or</u>**] residential accounts in arrears not on a payment arrangement.

(4) The total dollar amount in arrears for active [**<u>Small Commercial Business or</u>**] residential accounts in arrears and not on a payment arrangement.

(5) The total number of active [**<u>Small Commercial Business or</u>**] residential accounts in arrears and on payment arrangement.

(6) The total dollar amount in arrears for active [**Small Commercial Business or**] residential accounts in arrears and on a payment arrangement.

(7) The total number of inactive [**Small Commercial Business or**] residential accounts in arrears.

(8) The total dollar amount of inactive [**Small Commercial Business or**] residential accounts in arrears.

(9) The total number of 10-day termination notices sent out by company.

(10) The total number of [**Small Commercial Businesses**] and dwellings receiving termination notices sent to occupants other than the customer.

(11) The total number of 3-day termination notices completed by contact in person.

(12) The total number of 3-day termination notices completed by telephone.

(13) The total number of 3-day termination notices completed by electronic messaging formats.

(14) The total number of 48-hour termination notices posted.

(15) The total number of terminations for nonpayment.

(16) The total number of terminations for reasons other than nonpayment.

(17) The total number of terminations for nonpayment and for reasons other than nonpayment categorized by the first three digits of each account's postal code.

(18) The total number of reconnections for full customer payment, partial payment or payment arrangement.

(19) The total number of reconnections for customer submission of medical certification.

(20) The total number of reconnections for reasons other than customer payment or medical certification.

(21) The total number of applicants that are requested to pay or are billed a security deposit.

(22) The total dollar amount in security deposits that are requested of or billed to applicants.

(23) The total number of customers that are requested to pay or are billed a security deposit.

(24) The total dollar amount in security deposits that are requested of or billed to customers.

OSBA Recommendation:

The OSBA recommends expanding the reporting requirements of § 56.231 to require public utilities to separately report the information required by this section for Small Commercial Business customers. The Commission cannot meaningfully evaluate the experiences of Small Commercial Business utility customers, or determine whether the protections afforded to those customers are operating effectively, without reliable and comprehensive data concerning arrearages, payment arrangements, termination and reconnection activity, medical certifications, and security deposits.

OSBA recommends that Small Commercial Business information be reported separately from residential customer information rather than combining the two customer classes. Combining Small Commercial Business and residential data would obscure meaningful differences between the two groups and make it difficult to determine whether particular trends or problems disproportionately affect Small Commercial Businesses. Separate reporting would preserve the usefulness of existing residential data while providing the Commission, the OSBA, and other interested parties with a comparable body of information concerning Small Commercial Business customers.

The monthly reporting requirements concerning arrearages and payment arrangements would provide important information regarding the extent and severity of payment difficulties experienced by Small Commercial Businesses. The number of active and inactive accounts in arrears, the total dollar amounts associated with those arrearages, and the number of customers participating in payment arrangements would allow the Commission to evaluate not merely how many Small Commercial Businesses are experiencing difficulty paying their utility bills, but also the magnitude of those difficulties.

The OSBA further recommends reporting on the number of Small Commercial Business payment arrangements offered, accepted, successfully completed, and defaulted upon or otherwise unsuccessfully completed. The number of customers currently participating in payment arrangements, standing alone, does not establish whether those arrangements are reasonably structured or effective. Outcome data would allow the Commission to evaluate whether payment arrangements actually assist Small Commercial Businesses in resolving arrearages, maintaining current payments, and avoiding termination of essential utility service.

Termination and reconnection data are equally important. Reporting the number of termination notices issued, actual terminations, the reasons for termination, and terminations categorized geographically by postal code would allow the Commission to identify patterns and determine whether Small Commercial Businesses in particular areas are experiencing unusually high levels of utility-service disruption. Reconnection data would further demonstrate how terminated Small Commercial Businesses ultimately regain service, including whether reconnection occurs through full payment, partial payment, a payment arrangement, medical certification, or another basis. Considered together, termination and reconnection data provide a more complete picture than termination statistics alone and may identify circumstances in which earlier intervention could have prevented a disruption of service.

The proposed reporting concerning medical certifications is particularly important in light of the OSBA's recommendation to extend medical emergency protections to qualifying Small Commercial Businesses. Information concerning reconnections resulting from medical certifications would permit the Commission to determine the extent to which these protections are utilized and whether the procedures are functioning as intended. Such information would also assist the Commission in evaluating the continuing need for and effectiveness of medical emergency protections for Small Commercial Business customers.

The OSBA also supports collecting information concerning security deposits imposed upon Small Commercial Business applicants and existing customers, including both the number of deposits requested or billed and the total dollar amount of those deposits. Security deposits can represent a significant upfront financial obligation for a Small Commercial Business, particularly for a new business attempting to establish utility service before operations and revenue have begun. Separate reporting will allow the Commission to evaluate the frequency and financial magnitude of deposit requirements and identify whether those requirements create unnecessary barriers to obtaining or maintaining essential utility service.

Annual reporting should likewise separately identify Small Commercial Business information. Maintaining separate annual data concerning security deposits and other relevant collection activity will allow the Commission to evaluate trends over time and determine whether regulatory changes are producing their intended results.

Comprehensive and separately reported Small Commercial Business data will provide the Commission with an empirical basis to evaluate the effectiveness of Chapter 56 protections rather than relying upon individual complaints or anecdotal information. It will allow the Commission to identify emerging problems, evaluate the effectiveness of payment arrangements and termination protections, assess barriers to reconnection and service initiation, and determine whether future regulatory modifications are warranted. Accordingly, the OSBA submits that separate Small Commercial Business reporting is necessary to promote transparency, informed policymaking, and meaningful Commission oversight.

E. **(b)** Within 90 days after the end of each year, each electric distribution utility, natural gas distribution utility and class A water distribution utility shall file with the Commission a report containing all of the following information concerning [**<u>Small Commercial Business and</u>**] residential accounts for the previous year:

(1) The total number of security deposits on hand.

(2) The total dollar amount in security deposits on hand.

(3) The total dollar amount of annual collection operating expenses.

(4) The total dollar amount of annual [**Small Commercial Business or**] residential billings.

(5) The total dollar amount of annual gross [**Small Commercial Business or**] residential write-offs.

(6) The total dollar amount of annual net [**Small Commercial Business or**] residential write-offs.

(7) The average monthly bill for the previous year for a heating customer.

(8) The average monthly bill for the previous year for a non-heating customer.
(9) The average monthly usage for a heating customer.

(10) The average monthly usage for a non-heating customer.

(11) The total number of medical certificates and renewals that have been submitted by customers.

(12) The total number of medical certificates and renewals that have been accepted by the public utility.

OSBA Recommendation:

OSBA recommends requiring utilities to separately report the information required by § 56.231(b) for Small Commercial Business customers. Annual reporting provides the Commission with information that cannot be fully evaluated through monthly termination and arrearage statistics alone and will permit the Commission to examine longer-term trends affecting Small Commercial Businesses.

Separate reporting of security deposits is particularly important because deposits can represent a significant financial burden for Small Commercial Businesses. For a new or financially constrained business, a substantial security deposit may divert funds from payroll, rent, inventory, equipment, and other necessary operating expenses. Reporting both the number and total dollar amount of Small Commercial Business security deposits will allow the Commission to evaluate the frequency and magnitude of these requirements and determine whether deposit practices are creating unreasonable barriers to obtaining or maintaining utility service.

Information concerning annual billings and gross and net write-offs will provide additional context concerning the financial experience of Small Commercial Business customers. These figures will allow the Commission to evaluate arrearages and write-offs in relation to the overall amount billed to the customer class rather than viewing delinquency figures in isolation. Over time, the data may also demonstrate whether payment arrangements and other protections are increasing collections and reducing uncollectible balances.

Average monthly bills and usage data are similarly important because Small Commercial Business utility obligations may be substantially greater than residential obligations. These data will assist the Commission in evaluating the relative financial burden of utility service and provide necessary context when considering the reasonableness of payment arrangements, security deposits, termination practices, and other customer protections.

Finally, the OSBA recommends separately reporting the number of medical certificates and renewals submitted by Small Commercial Business customers and the number accepted by utilities. Because the OSBA proposes extending medical emergency protections to Small Commercial Businesses, the Commission should have sufficient data to evaluate the use and administration of those protections. Reporting both submissions and acceptances will allow the Commission to identify significant disparities between certificates submitted and accepted and determine whether additional review of utility practices is warranted.

Collectively, these annual reporting requirements will provide the Commission with objective information necessary to evaluate the financial circumstances of Small Commercial Business customers and the effectiveness of the protections provided by Chapter 56. The OSBA therefore recommends that all information required by subsection (b) be separately reported for residential and Small Commercial Business customers.

F. **(c)** Within 90 days after the end of each year, each electric distribution utility, natural gas distribution utility and class A water distribution utility shall file with the Commission a report containing all of the following information concerning all active individual and [**<u>Small Commercial Business</u>**] accounts for the previous year except accounts when someone has presented a protection from abuse order or a court order issued by a court of competent jurisdiction in this Commonwealth which provides clear evidence of domestic violence. Each account reported must be identified to the Commission with a unique account identifier that the public utility can match to the account. The unique identifier for an account shall be used in any subsequent reporting to identify that account. Customer names, addresses, account numbers, phone numbers, e-mail addresses, Social Security numbers or any other information that could be used to identify the customer may not be included.

<u>OSBA Recommendation:</u>

The OSBA recommends extending the individual account reporting requirements of § 56.231(c) to active Small Commercial Business accounts. Aggregate reporting provides important information concerning overall trends, but account-level data using unique, nonidentifying customer identifiers permits the Commission to evaluate how arrearages, payment arrangements, deposits, termination notices, terminations, and reconnections interact over time for individual Small Commercial Business accounts.

This information would allow the Commission to conduct a more meaningful evaluation of the effectiveness of Chapter 56 protections. For example, account-level information could assist in determining whether Small Commercial Businesses that enter payment arrangements are more likely to avoid termination, whether particular levels of arrearage are associated with increased termination risk, whether businesses are repeatedly entering and defaulting from payment arrangements, and how frequently terminated businesses ultimately obtain reconnection. Such information may also assist the Commission in determining whether existing payment arrangements provide sufficient time for Small Commercial Businesses to successfully resolve substantial arrearages.

The use of a unique account identifier allows this analysis to occur without requiring disclosure of the identity of the Small Commercial Business customer. The OSBA supports maintaining the existing protections prohibiting the inclusion of customer names, addresses, account numbers, telephone numbers, email addresses, Social Security numbers, or other information that could identify the customer. The regulatory value of the information lies in identifying patterns and outcomes, not in identifying individual businesses.

Extending subsection (c) to Small Commercial Businesses will therefore provide the Commission with a valuable analytical tool for evaluating whether the protections established by Chapter 56 are functioning as intended. It will permit data-driven assessment of payment arrangements, termination practices, reconnections, deposits, and other customer protections while preserving customer confidentiality. The resulting information can assist the Commission in identifying systemic concerns and determining whether future regulatory modifications are necessary.

IX. CONCLUSION

The OSBA appreciates the opportunity to provide Recommendations concerning Chapter 56 and its Small Commercial Business issues and looks forward to continuing to work with the Commission and other stakeholders on this important matter.

Respectfully Submitted,

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