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June 24, 2020

Via Email

**Re: CARES Act Assistance for Utility Customers**

Dear Members of the House of Representatives and Senate:

On behalf of the Commonwealth's electric and natural gas utilities and the customers they serve, I am writing to seek your support for appropriating a portion of funds from the federal Coronavirus Aid, Relief and Economic Security (CARES) Act to help customers who are unable to pay their utility bills due to the COVID-19 pandemic and associated business closures.

Utilities in Pennsylvania have helped maintain community and economic stability since the outset of the pandemic. During a period of great uncertainty and with people under directives to remain at home, the continued availability of reliable utility services has been more important than ever. Early on, utilities recognized the difficult circumstances facing many customers and began to contact them to make them aware of existing assistance programs. Utilities also began a process of evaluating and modifying their policies on issues such as service terminations, reconnections, and late fees.

This was followed by the Order of the Public Utility Commission (PUC) on March 13, 2020 that put in place a statewide moratorium on terminations for the duration of the Governor's Emergency Proclamation. Since then, much of the economy has gradually been allowed to reopen, but utilities are continuing to abide by the termination moratorium despite uncertainty regarding its legal status due to litigation before the Courts regarding the Emergency Proclamation.

While most customers have continued to pay their monthly bills since the moratorium took effect, significant numbers of residential, small commercial and larger customers have suspended payments. We recognize that many of these customers have lost their sources of income as a result of the pandemic and business shutdowns.

Utilities recently responded to data requests from the PUC and described the nature and amount of customer arrearages that have accumulated since the moratorium began. The cost of these arrearages, and future unpaid customer bills, will either be repaid by customers who incurred them or at some point added to utility bad debt (also known as "uncollectible expense"). This will be true for both residential customers and commercial customers who are unable to restart their businesses, leaving behind unpaid utility bills. In the case of increased bad debt, those costs will ultimately be borne by the general body of utility customers, which of course includes many customers who have to work hard to make ends meet.

Providing utility customers with additional payment assistance as the economy recovers can help avoid substantial economic disruptions for the communities we serve. The use of flexible funds still available under the CARES Act to assist customers who lost all or part of their income as a result of the pandemic would be a “win-win” for all customers – those who have lost their incomes, those who will see higher bills due to increased bad debt expense, and communities looking to maintain their economic base.

To that end, Pennsylvania’s electric and gas utilities request that the Commonwealth consider allocating flexible funds available through the Federal CARES Act to:

- Provide additional utility assistance to low-income customers eligible for grants under the Low Income Home Energy Assistance Program (LIHEAP).
- Provide assistance to utility customers close to, but not within, income eligibility guidelines for LIHEAP through a mechanism to be established or identified.
- Provide assistance, through a mechanism to be established or identified, to small businesses that have had their operations interrupted as a result of the pandemic to pay back utility bills and stay current on their bills in the coming months as the economy recovers.

By providing additional financial assistance to utility customers, the Commonwealth can accelerate its return to normal utility operations while promoting community stability and avoiding increased bad debt expense for customers as a whole. Electric and gas utilities will be pleased to work with legislators, regulators and administrative agencies to structure this assistance in the most cost-effective manner.

Sincerely,

A handwritten signature in blue ink that reads "Terrance J. Fitzpatrick". The signature is written in a cursive style.

Terrance J. Fitzpatrick  
President & CEO