

Before the Pennsylvania Public Utility Commission
En Banc Hearing: Implementation of Supplier Consolidated Billing
Docket No. M-2018-2645254

Testimony of the Low Income Advocates:

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)
The Tenant Union Representative Network (TURN)
Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance)

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Supplier Consolidated Billing (SCB) is legally unsound and ripe for consumer abuse. If approved, SCB would complicate enforcement of statutory billing, collection, and termination standards, and would undermine the accessibility and effectiveness of critical universal service programming. The Low Income Advocates urge the Commission to reject SCB, as it threatens the health, safety, and welfare of Pennsylvania's most vulnerable populations, including low income families, medically vulnerable consumers, and domestic violence victims.

SCB is not permitted by the Public Utility Code

SCB is inconsistent with the Electric Generation Customer Choice and Competition Act.

- The Choice Act expressly delegates customer service functions to Electric Distribution Companies (EDCs). This necessarily includes the billing, collections, and termination standards contained in Chapter 14 of the Public Utility Code and Chapter 56 of the PUC's regulations. 66 Pa. C.S. § 2807(d).
- The Choice Act requires the PUC to ensure universal service programming is adequately funded, cost-effective, and available to those in need. 66 Pa. C.S. § 2802(9), (10), (17). If approved, SCB would create significant barriers to and curtail the effectiveness of universal service programming.
- The legislative history of the Choice Act evidences a clear intent for EDCs to continue to perform residential billing functions. Pa. House Journal at 2566 (Nov. 25, 1996) ("The consumer will be dealing directly with the transmission and distribution, and that stays the same, and that is also still regulated. And the duty to serve is still there.").

SCB is inconsistent with the Responsible Utility Customer Protection Act (Chapter 14) and the Standards and Billing Practices for Residential Utility Service (Chapter 56).

- Chapters 14 and 56 do not apply to suppliers. Absent clear statutory authority imposing legal responsibility on suppliers and enforcement authority on the PUC, consumers could be deprived of essential utility services without notice or an opportunity to prevent the termination.
- Insufficient enforcement of Chapters 14 and 56 would most severely impact low income families, who are disproportionately likely to need assistance, as well as medically vulnerable consumers and victims of domestic violence who are entitled to enhanced Chapter 14 and 56 protections.
 - Confirmed low income customers make up just 12.6% of the residential electric customer class, yet they account for 57.2% of payment troubled customers, 48.9% of payment arrangements, and 46.5% of involuntary terminations. (2016 Universal Service Report at 7-11).
- The PUC is not permitted to delegate the statutory duties of a public utility to a supplier. Dauphin County Industrial Authority v. Pa. PUC, 123 A.3d 1124, 1134-35 (Pa. Commw. Ct. 2015).

SCB is not in the Public Interest

SCB is Dangerous for Vulnerable Low Income Families

- SCB is incompatible with critical universal service programming, including Customer Assistance Programs (CAP), Hardship Funds, and the Low Income Usage Reduction Program (LIURP).
 - *SCB Undermines the Accessibility of Universal Service Programming*

Public utilities have an express duty under Chapter 14 to refer payment troubled customers to available universal service programming. 66 Pa. C.S. § 1410.1 (1)-(2). But even with this express obligation, and despite overwhelming demonstrated need for the program, CAP reaches less than half (47%) of *confirmed* low income customers – and just 22% of the *estimated* low income customers. (2016 Universal Service Report at 7, 50). Suppliers are under no such obligation and, thus, SCB would likely further erode already-insufficient CAP penetration rates.
 - *SCB Distorts CAP Program Costs and the Affordability Generated by the Program*

CAPs calculate discounts and/or credits based on the price of default service, and provide arrearage forgiveness on debts accrued prior to entry in the program. Supplier pricing is, on net, more expensive than default service. If SCB were to proceed as proposed, debts deferrable through CAP are likely to include higher costs for the same basic electric service, as well as potential products and services that may be lumped into the commodity cost for electricity under SCB. This would either (1) disqualify economically vulnerable customers from participating in CAP, or (2) create artificially higher programmatic costs. Both results are untenable and contrary to the requirements of the Choice Act that universal services must be adequately funded, cost effective, and available to those in need.
 - *SCB Diminishes the Availability of Hardship Fund Grants*

Hardship Fund programs are funded primarily through voluntary ratepayer donations and other independent fundraising efforts, which are matched by utility shareholder dollars. SCB would diminish the pool of ratepayer donors, which would in turn erode Hardship Fund donations.
 - *SCB Undermines the Effectiveness of LIURP*

SCB not only would interfere with LIURP referrals, as mentioned above, it would also impede the ability of EDCs to target high users and/or payment troubled consumers for usage reduction services.
- Supplier Consolidated Billing would undermine the ability of households to receive cash or crisis grant assistance through the Low Income Home Energy Assistance Program (LIHEAP), as the Pennsylvania Department of Human Services explicitly forbids suppliers from serving as a LIHEAP vendor.
- Exclusion of universal service program participants from participating in SCB is insufficient to resolve these conflicts. As mentioned above, over half of *confirmed* low income customers are not currently enrolled in CAP, and the enrollment rate is even lower when you look at the *estimated* eligible population. Moreover, there are many consumers who experience an acute financial hardship, and find themselves newly eligible for assistance. Death of a primary wage earner, serious medical conditions, domestic violence, lay-offs or job losses can cause a household to face financial instability. Excluding only those who are currently participating in an assistance program would not address the thousands who may currently be eligible or who may be eligible for assistance in the future.