

Prepared Testimony of

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*before the*

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Good afternoon Chairman Delozier, Chairman Galloway, and members of the House Commerce Committee. I am Gladys Brown Dutrieuille, Chairman of the Public Utility Commission (Commission). With this testimony I will provide a summary of how the COVID-19 pandemic has affected the Commission, the utilities we regulate, and utility customers. Further, I will provide a summary of how the Commission, the utilities we regulate, and utility customers have responded to said affects. Of important note is the existence of pending litigated proceedings at the Commission related to these topics. Under the ethics rules of *ex parte* I will focus my remarks in general manner so as to be insightful but not to prejudge these referenced proceedings.

### **The Commission**

As no one will be surprised, the COVIC-19 pandemic has significantly altered the everyday operations of the Commission. Our 500 plus employee workforce is now almost entirely remotely commuting, with a skeleton workforce managing vital responsibilities at our office locations on a limited basis. Such responsibilities include information technology management and mail management. Our employees have done a yeoman's job adjusting to the circumstances and equipping the Commission with the necessary processes and procedures to continue providing our key regulatory oversight. The Commission now holds its Public Meetings telephonically and all other meetings and trainings virtually. have revised our filing procedures to accommodate electronic mail receipt of all manner of applications, petitions, complaints, etc...

### **Regulated Utilities**

Each industry the Commission regulates; including electricity, water, wastewater, natural gas, telecommunications, steam, and transportation has been adversely affected by the pandemic. Of utmost significance is how the fixed utility industries' infrastructure improvement plans have been affected. These plans require significant expenditures in labor to facilitate the rehabilitation of key infrastructure, including at-risk natural gas mains, failing electric conductors, and lead water service lines. The Commission monitors the performance of fixed utilities' infrastructure replacement either through general regulatory oversight or through the implementation of long-term infrastructure improvement plans, as prescribed by the Public Utility Code. This monitoring primarily entails the review of actual metrics achieved versus those benchmarked by the Commission. The Commission is pleased to report that the fixed utilities have taken extraordinary steps to protect their workforce and the public while still appearing to be on track to largely meet their benchmark infrastructure improvement metrics. I note that the Commission has not

received any requests for relief from an electric, natural gas, water, or wastewater utility seeking to revise its infrastructure replacement targets for this year.

Additionally, the regulated utilities continue to respond productively to outages and adverse weather. Recent history exhibits an increase in the number of significant weather events occurring in Pennsylvania. This trend has brought challenges to the regulated utility community to maintain safe and reliable service. Adding the pandemic atop this trend only compounds such challenges. However, the industry has responded well to the adverse conditions this year, managing outages while maintaining the safety of its employees and the public. We have even had Pennsylvania utility workers sent across state lines to assist other utilities in their response to major events, including recently helping the response in Texas to Hurricane Laura.

Additionally, a number of our smaller utilities have availed themselves to funds under the Federal Small Business Administration's Paycheck Protection Plan. These funds are being utilized to ensure utilities with less working capital can meet their payroll without having to terminate or furlough employees.

Further, the regulated transportation utilities have revised procedures and rules in line with guidance from the Department of Health. Such revisions include mandates that taxi and transportation network company drivers wear masks and do not permit passengers in the front seat.

To date, the Commission has observed a fairly robust and effective response to the pandemic from regulated utilities that is to be commended. Further, of important note is the limited cases of COVID-19 affecting utility employees and contractors. While the Commission cannot provide official figures, we can communicate that the number is nominally low. I believe this is a testament to the effective response measures taken by utilities.

Finally, many utilities are experiencing lower revenues due to the pandemic. While the circumstances manifesting this differ from industry and utility, there are a number of key trends at the root cause of this. These trends include a decrease in industrial and commercial operations in the economy and an increase in customers' inability to pay due to income reductions. In response to the latter, the Commission ratified an Emergency Order which placed a moratorium on the disconnection of customers. This moratorium presently remains in place. It is logical to assume that this policy will increase the uncollectible expenses realized by utilities. Consequently, the Commission took complementary action which provides utilities a potential avenue to recover incremental costs associated with uncollectible expenses realized

due to the moratorium on service disconnections. As we continue to navigate the pandemic, the Commission is committed to working cooperatively with all utilities to ensure safe and reliable service is maintained.

### Utility Customers

Utility customers have been a central focus of the Commission throughout the pandemic, as exhibited by the termination moratorium. Given the adverse effects realized by the labor market, there has been an increase in the number of utility customers at-risk of termination (assuming there was no moratorium in place).

In preparation of this hearing the Commission collected data from the Energy Association of Pennsylvania, which is comprised of each of the major electric and natural gas distribution utilities. The data includes the number of customers with arrearages and the total amount of those arrearages through August of this year compared to such figures from last year. Review of the data shows an increase for all categories of customers in both figures.

	2019 Customers in Arrears	2020 Customers in Arrears	% Change	\$ Owed 2019	\$ Owed 2020	% Change
<b>Residential</b>	599,696	637,245	6%	268,787,413	466,149,386	73%
<b>Residential - Low Income</b> <i>(subset of Residential Figures and non-additive)</i>	148,313	181,798	23%	121,442,536	220,823,374	82%
<b>Non- Residential</b>	39,008	50,254	29%	44,471,442	70,817,859	59%

The Commission is a proponent of utilizing all tools available to assist at-risk customers in getting back on track with their utility bills. A significant number of regulated utility customers have access to utility run programs and state-run programs that can provide such assistance. These include Customer Assistance Programs (CAP), Low-Income Usage Reduction Programs (LIURP), Hardship Programs, and the Low-income Home Energy Assistance Program (LIHEAP).

Nonetheless, we note that not all customers may be eligible for these programs, especially programs that are specifically tailored to low-income customers or those that are tailored to residential customers and not available to small businesses. I note that small businesses appear to be affected substantially by the COVID-19 pandemic, which is likely a significant component of the increases in at-risk accounts shown above in the commercial category.

Moving forward the Commission remains committed to evaluating all options to help utility customers 'weather the storm' that is COVID-19.

### **Conclusion**

The Commission wishes to conclude in noting its support for the utilization of Federal Corona Virus Aid, Relief, and Economic Security Act (CARES) dollars to assist customers in arrears. The Commission has communicated this support via correspondence sent to the General Assembly. We further note that we are here to provide any assistance and information necessary to assist this Committee and the Legislature as it seeks to implement policies that can best aid the Commonwealth's recovery from this pandemic.

I thank you and am happy to answer any questions.