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Pa. utilities urge a resumption of shutoffs as pandemic subsidies and unpaid bills soar

Andrew Maykuth

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About a million Pennsylvania customers are [late on their utility bills](#) due to the pandemic, and their overdue bills are mounting fast: The state's largest electric and gas utilities alone are owed more than \$743 million, up about 76% from a year ago.

At the same time, fewer customers are applying for help. Statewide payments from federal Low-Income Home Energy Assistance Program to electric and gas utilities are down 40% from a year ago, according to data filed last week with the Pennsylvania Public Utility Commission.

Utilities say that a statewide moratorium on shutting off nonpaying customers, put in place almost a year ago at

the start of the pandemic, has made it easier for customers to ignore pleas to pay up — or even to sign up for assistance.

“Unfortunately, customers are not motivated to act until receipt of a termination notice,” the Energy Association of Pennsylvania, the trade group that represents energy utilities, [said in comments filed with the PUC](#).

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The utilities asked the PUC to allow them to resume normal service shutoffs on March 31, when the state’s annual winter moratorium is set to expire.

But low-income advocates and some elected officials, including Gov. Tom Wolf, have asked the PUC to keep protections in place until \$848 million in federal pandemic assistance for rents and energy bills is expected to arrive in the next few months.

“I recognize that the utility termination moratorium cannot continue indefinitely,” Wolf said [in a letter to the PUC](#). But, he added, the shutoff ban should remain for now because of “the strong likelihood that more utility specific assistance will become available shortly.”

The issue poses a quandary for the PUC, which spent much of last year in a 2-2 partisan stalemate over how to protect families and small businesses harmed by the COVID-19 recession. The PUC allowed utilities to resume shutoffs in November, but added so many new consumer protections that utilities terminated few customers.

All told, utilities have cut off service to only about 1,000 nonpaying customers since November, or less than 1%.

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Philadelphia Gas Works says that nearly 60% of its 500,000 customers are shielded from shutoffs under any circumstances because of the PUC's enhanced protections. The city-owned utility says it mailed 45,700 letters to at-risk customers in November, but only 22% responded.

"PGW customers have not been contacting PGW for assistance, and they need an incentive to do so," the company said, calling for a resumption of shutoffs.

A similar debate is playing out in New Jersey, where

the state Board of Public Utilities is scheduled to hold [two online public hearings](#) on Thursday on whether it should lift its moratorium on shutoffs on March 15.

Unlike Pennsylvania, where utilities have been filing [regular reports](#) on unpaid bills for months, the issue in New Jersey has been less contentious.

Low-income advocates, represented by the Pennsylvania Utility Law Project and Community Legal Services in Philadelphia, [urged the PUC](#) to keep shutoff prohibitions in place, saying the moratoriums provided some relief to residential customers and small businesses hit hard by the pandemic. That includes families that have experienced higher bills because they are living and working at home under lockdown.

The Philadelphia Water Department, which has put a coronavirus shutoff moratorium in place even though its operations do not come under PUC jurisdiction, [last week filed for a rate increase](#) and cited growing unpaid balances from customers.

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Consumer advocates urged the PUC to put policies in place to restrict utilities' ability to recover costs of

uncollectible accounts from customers at large in the form of higher rates.

The commission should not place the full responsibility for repayment of these arrears solely upon the shoulders of residential utility ratepayers,” a group of 22 Democratic state representatives from counties surrounding Philadelphia [said in a letter to the PUC](#).

They suggested the costs be shared “across all sectors of our society,” an apparent reference to government assistance or the utility’s owners.

While Gov. Wolf and the state Department of Human Services cited the pending money as a reason to keep the moratorium, some utilities turned that argument around. They said the moratorium was an “unintended disincentive” for customers to sign up for the grants.

“A normal collections process is critical to ensure that the incentive is in place for eligible customers to apply timely and benefit from this federal relief program,” said [UGI Utilities](#), which operates several gas and electricity distribution systems.

Utilities said that while the number of customers who are behind in payments has increased modestly during the pandemic, the amounts owed rose dramatically.

The Energy Association of Pennsylvania said that the number of residential customers with past-due bills increased 14% from a year before, but the total amount owed jumped 76%.

“These figures imply that a subset of customers is continuing to build up arrearages, some who may have not made a utility payment since the winter moratorium of 2019-2020,” the association said.

Several utilities reported that customers previously enrolled in low-income support programs that peg their energy bills to household income had neglected to update their household data. Peco said that only 9% of customers who were past due responded to their pleas to sign up for payment programs, even when offered advantageous terms.

The PUC on Nov. 9 allowed utilities to shut off nonpaying customers, but still protected customers whose income is less than 300% of the [Federal Poverty Guidelines](#). The poverty guidelines are set at \$26,200 for a family of four, so PUC’s limit for such a family would be \$78,600.

Those added protections are now set to expire on March 31, and if the PUC takes no action at either of its

next two meetings — set for March 11 and 25 — utilities will be allowed to resume sending out shutoff notices on April 1, when the state's four-month winter moratorium on shutoffs expires. The winter shutoffs are in place every year, regardless of the pandemic.

Gladys Brown Dutrieuille, a Democrat who chairs the PUC, faces a difficult challenge forging a consensus on the board, which is evenly divided between two Democrats and two Republicans (Gov. Wolf has nominated Democrat Haley Book to fill the vacant seat, but the [Republican Senate has not yet acted on the appointment](#)).

“The moratorium on utility service terminations was the right decision to make in March, but the moratorium cannot be the sole solution for assisting vulnerable utility customers,” Dutrieuille said in October [when the commission agreed](#) to partially lift the ban on shutoffs in November.

The Democrats will need to enlist at last one Republican commissioner to extend the shutoff moratorium, but the Republicans last year had endorsed allowing utilities to resume terminations before customers got swamped by insurmountable unpaid bill balances. The GOP members said that

existing PUC regulations protecting low-income customers would protect the most vulnerable customers.

“No one benefits from terminating a customer,” said John F. Coleman Jr., a veteran Republican commissioner. “Certainly the utility does not benefit. The customer does not benefit, and this commission does not benefit from that. So I think it’s important to understand that I think we all share the objective of minimizing terminations in this process.”