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VIA ELECTRONIC MAIL
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Carmen D. Diaz
Acting Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: In the Matter of the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic
BPU Docket No. AO20060471

Comments of Atlantic City Electric Company - Universal Service Fund and Fresh Start Programs: Review and Proposed Changes

Dear Acting Secretary Diaz:

The undersigned serves as Assistant General Counsel on behalf of Atlantic City Electric Company ("ACE"). Attached for filing please find ACE's Comments on the Universal Service Fund and Fresh Start Programs.

Pursuant to the Order issued by the New Jersey Board of Public Utilities ("Board" or "BPU") in connection with *In the Matter of the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations,* BPU Docket No. EO20030254, Order dated March 19, 2020, these documents are being electronically filed with the Acting Secretary of the Board. No paper copies will follow.

Thank you for your consideration. Feel free to contact me with any questions.

Respectfully submitted,

Philip J. Passanante
An Attorney at Law of the State of New Jersey

Enclosure

In the Matter of the New Jersey Board of Public Utilities'
Response to the Covid-19 Pandemic
BPU Docket No. AO20060471

Comments of Atlantic City Electric Company

Atlantic City Electric Company ("ACE" or the "Company") appreciates the opportunity to comment on potential modifications to the Board of Public Utilities' ("BPU" or "the Board") Universal Service Fund ("USF") and Fresh Start programs. In submitting these comments, the Company appreciates the Board's review and consideration of the issues in this proceeding.

Background

On June 24, 2021, the Board took action (the "June 2021 Order") to temporarily expand the USF and Fresh Start programs to help customers pay down their arrearages and reestablish payment compliance with their utility companies. The June 2021 Order directed utility companies to make the applicable changes to the Fresh Start program as necessary, practicable, and reasonably possible to reflect the temporary expansion to the Fresh Start program as reflected in the Order. The program changes were implemented by ACE on or by the October 1, 2021 program expansion date.

ACE provides the following comments in response to the questions about the details of the programs going forward, as posed by BPU Staff in its Public Notice dated January 23, 2023.

I. Program Parameters

A. USF

1) The USF income ceiling was temporarily set at 400 percent FPG, which is $111,000 for a family of four (4). Beginning October 1, 2023, should the USF income ceiling:

- Revert to the previous level of 185 percent of the FPG?
- Align with the federal Low Income Home Energy Assistance Program ("LIHEAP")?
- Be limited to a different amount?

Comments:
ACE supports continuing the USF income ceiling at 400% FPG. New Jersey families remain subject to increased inflationary pressures with the high costs of food and shelter. Allowing customers beyond the previous 185% FPG income limit to participate in the program helped relieve some cost burden from them and allowed families to reduce or eliminate their arrearages by way of the Fresh Start program.

2) Should the USF monthly benefit cap stay at $180 per month, or revert back to $150 per month? Would a different amount be more beneficial? Please consider both the impact to all ratepayers and the cost of gas and electric on low- and moderate-income households.

Comments:
ACE supports leaving the USF monthly benefit cap at $180. The additional benefit allows customers with the greatest need to receive additional dollars, enabling them to stay on track with their current monthly bill. The Company supports expanding programs that provide more support to customers struggling to manage their bills. As the Company continues to make the necessary investments to replace aging infrastructure and modernize and strengthen the electrical grid to meet customers' evolving needs and the clean energy and climate goals of the State, additional financial support through programs like this are important mechanisms for maintaining affordability for low- and moderate-income customers.

3) Should the USF affordability threshold remain two percent (2%) of annual income for gas and non-heating electric costs, or revert to three percent (3%)? Please provide any estimated cost considerations. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

Comments:
Although there is a lack of clarity on what is meant by "cost considerations", ACE supports the threshold remaining at 2%. The lower threshold allows more customers with the greatest need to receive the benefit, providing them with the assistance needed to stay on track with their current monthly bill.

4) Should the USF affordability threshold remain at four percent (4%) of annual income for electric heat or revert to six percent (6%)? Please provide any estimated cost considerations. USF covers any electric and gas costs over the affordability threshold up to the benefit cap.

Comments:
Although there is a lack of clarity on what is meant by "cost considerations", ACE supports the threshold remaining at 4%. The lower threshold allows more customers with the greatest need to receive the benefit, providing them with the assistance needed to stay on track with their current monthly bill.

5) Should the temporary minimum $5.00 USF monthly benefit be made permanent for any applicant who is income eligible for the program? Or should income eligible applicants who do not spend more than the specified percentage of annual income on gas and electric (affordability threshold) be denied USF benefits? What are the pros and cons of each scenario?

Comments:
The temporary $5.00 USF monthly benefit should be made permanent for income eligible applicants. USF enrollment affords customers eligibility for Fresh Start, which provides customers the opportunity to pay off past due arrears and alleviate the possibility of disconnection of service.

B. FRESH START

1) Enrollment:

- Should Fresh Start enrollment revert back to automatic enrollment for only first time USF customers?

Comments:
Fresh Start enrollment should *not* revert to automatic enrollment for first-time USF customers only. With the arrearage threshold being $60 or more, customers could potentially use their only Fresh Start enrollment opportunity for an amount they could pay. This could eliminate eligibility when met with a crisis in subsequent years.

- Should Fresh Start enrollment to any USF enrollee be extended an additional year or longer, due to economic factors and current arrearages?

Comments:
Fresh Start enrollment should *not* be extended beyond the current 15-month enrollment period. Fresh Start was designed to provide customers with the opportunity to have their arrears forgiven while establishing good payment habits. Three additional months are provided for customers to fully earn balance forgiveness if any payments are missed. Extending the enrollment period will only provide customers with the opportunity to further increase their arrears, will hinder customers in establishing good payment habits, and ultimately place them in jeopardy of shut-off in the non-Winter Termination Program months (November 15, 2022 and ending March 15, 2023).

- Should Fresh Start enrollment be conditional? If so, what conditions should be placed on the customer to be enrolled and/or remain in the program?

Comments:
No conditions, beyond the current program requirements, should be placed on a customer to be enrolled or remain in the program.

- Should enrollment in Fresh Start be made available to any USF enrollee once during a five or ten year period?

Comments:
ACE recommends allowing customers to enroll in Fresh Start five years after their last enrollment. Customers may find themselves in financial crisis more than once in their lives due to job loss, illness or other unforeseen occurrences. Allowing re-enrollment would provide customers with the opportunity to have their arrearage forgiven while re-establishing good payment habits. By way of illustration, the State of Maryland recently reduced the number of years between arrearage forgiveness enrollments to five years. Customer eligibility should be tracked by the Division of Consumer Affairs and the customer eligibility transmitted to the utilities in the current process. The State of Maryland has also ordered forgiveness enrollments during the pandemic not be counted against customers under consideration for re-enrollment. These provisions should be adopted in the Fresh Start eligibility requirements being considered. Fresh Start enrollments through September 30, 2023 should not be held against customers during future eligibility reviews.

- Please provide suggestions for Fresh Start enrollment eligibility criteria and/or factors that should be considered when determining a way forward with the Fresh Start program.

Comments:

ACE respectfully recommends removing the automatic enrollment and allowing the customer the ability to choose to enroll in Fresh Start. As stated above, customers with lower arrears may have the ability to pay off the arrears and could choose to enroll when/if their circumstances change. ACE also maintains that parties should continue to partner on how to modify and reduce the challenges with the application forms and extensive documentation requirements for the programs. This will aid in helping customers get the assistance they need in a timely manner.

2) The $100 cap on monthly Fresh Start forgiveness was removed during the program expansion period so that each month a customer pays their current bill in full, 1/12 of their overdue balance is forgiven, or ¼ of the overdue balance is forgiven each quarter. Should the $100 monthly cap ($300 quarterly cap) on Fresh Start forgiveness be reinstated or removed permanently?

Comments:
ACE supports removing the $100 monthly cap ($300 quarterly cap) on Fresh Start forgiveness. Seeing the reduction of arrears on their monthly bill would further incentivize customers to continue making monthly payments to eliminate their arrears.

3) The Board directed the gas and electric utilities to apply any available federal arrearage forgiveness to Fresh Start balances before current balances as the funds become available and in a manner consistent with the best interest of the customer in order to maximize federal American Rescue Plan ("ARP") funding during the program expansion period. Prior to this directive, the utilities applied federal funds, which only included LIHEAP funds, to current overdue balances. Should the utilities revert to the former practice of applying federal LIHEAP funds to current overdue balances? Please note that the application of LIHEAP funds to current balances helps customers comply with the Fresh Start program and earn forgiveness on Fresh Start balances.

Comments:

LIHEAP should continue to be applied to current and/or overdue balances. LIHEAP is designed to help low-income households meet current home heating and cooling costs. The LIHEAP payment will help customers stay current on their monthly bill which assists in earning forgiveness on Fresh Start balances.

II. Other: Please indicate any cost or societal benefits Staff should consider before making any proposed changes to the USF and Fresh Start programs

Comments:

ACE respectfully requests clarity to plan and implement system changes in the most efficient way possible. Changes to the USF and Fresh Start programs began October 1, 2021, with an end date provided at the time of September 30, 2023. Given the relatively short time period involved, the Company chose not to automate the monthly review process, given the likelihood of reversal needed in two years. Currently, the forgiveness review process is being performed manually. The manual review process is tedious and time consuming. The number of accounts needing manual review in the 2022 program year was significantly reduced by payments made under the ARP. Comments by Stakeholders on Staff's February 15, 2023 call recommended extending the program expansion until the end of the Legislative reporting period. ARP and similar COVID programs will not be available to customers in 2023. If the extension is adopted, ACE would need to automate the process to accommodate the increase in accounts requiring review. At the end of the Legislative reporting period – and dependent upon the specific changes required by the Board's final order – additional systematic, implementational, and administration changes may be necessary, and costs incurred.

III. **Please provide any further data that would be useful to Staff in drafting a proposal regarding the USF and Fresh Start programs (e.g. USF and Fresh Start impact)**

Comments:

Depending on the complexity of the changes to the programs that are approved, ACE respectfully requests that the BPU provide at least six to 18 months from the date of the order for substantial USF/Fresh Start program changes to allow for adequate system programming, testing, and implementation. Also, the Company requests that the Board approve a Regulatory Asset or other mechanism to provide full and timely recovery of costs associated with implementing the changes to the programs.

Additionally, ACE requests that any Fresh Start change order include guidance on treatment of accounts enrolled in Fresh Start at the time of change. Should those accounts with active enrollments be allowed to complete their current enrollment term or should they be restarted using the new program guidelines?