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A FirstEnergy Company

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VIA ELECTRONIC MAIL ONLY

Carmen Diaz, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Ave.
Trenton, NJ 08625
Board.secretary@bpu.nj.gov

Re: Comments of Jersey Central Power & Light Company on Stakeholder Notice
In the Matter of the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic, Universal Service Fund & Fresh Start Programs: Review & Proposed Changes
Docket No. AO20060471

Dear Acting Secretary Diaz:

On behalf of Jersey Central Power & Light Company ("JCP&L" or the "Company"), please accept this letter as JCP&L's comments on the Notice and associated questions issued on January 23, 2023, concerning "the Universal Service Fund and Fresh Start Programs: Review & Proposed Changes." JCP&L appreciates the opportunity to offer its input to the Board of Public Utilities ("Board" or "BPU") and its Staff as it determines the future of the Universal Service Fund ("USF") and Fresh Start programs.

As a general matter, the USF and Fresh Start Programs have served as a vital lifeline for our customers during the difficult pandemic and post-pandemic periods. The Board acted prudently and with compassion when it took steps to temporarily increase the eligibility and benefit provided to customers under its June 2021 Order.[1] Along with the Low-Income Home Energy Assistance Program ("LIHEAP"), these programs direct assistance where it is needed most, to our customers who face the greatest financial challenges in times of difficulty.

Questions Under Program Parameters, USF

This section of the Notice asks a series of questions about whether to revert to the USF eligibility criteria in place before the June 2021 Order. JCP&L believes it makes sense to maintain, for an additional but limited time, the expanded eligibility criteria and benefits established pursuant to the June 2021 Order. As Board Staff is well aware, customer arrearages remain elevated above "normal" levels, driven by the effects of the pandemic and the various moratoria on shutoffs for non-payment, which ultimately drove many customers into unmanageable levels of arrears. For example, in December 2022, JCP&L had *total* customer arrearages of approximately $62.3 million that were more than 30 days overdue. While this amount is less than the $76.5 million that was more than 30 days past due in December 2021, it is still significantly above the $32.7 million that was more than 30 days past due in December of 2019.[2]

[1] In the Matter of the Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order Dated June 24, 2021.
[2] Note these figures include active customers only.

These figures clearly demonstrate there remains an overhang of arrearages from the pandemic on JCP&L's customers. Thus, the Company supports maintaining the increased USF income eligibility limit and monthly cap, as well as the decreased USF affordability threshold. Rather than eliminating the expanded eligibility and benefits for these programs at this time, the Board should take the opportunity over the next few years to monitor customer arrearage levels and adjust USF when the pandemic's lingering impacts are more clearly behind customers. For this reason, the Board may wish to either conduct an annual assessment, using objectively measurable criteria such as the reduction of total arrearages to pre-June 2021 Order levels, and make its determination on that basis, or consider a "phase out" approach to expanded program eligibility in which the eligibility criteria and benefits are gradually reduced to the pre-June 2021 Order levels. At a minimum, JCP&L believes that eligibility for USF should not fall below the current eligibility threshold for LIHEAP, which requires a gross income that falls at or below 60 percent of the State median income level.

The Notice also poses the question: "[S]hould the temporary minimum $5.00 USF monthly benefit be made permanent for any applicant who is income eligible for the program?" JCP&L supported this change under the June 2021 Order and believes that the temporary minimum $5.00 USF monthly benefit should either be made permanent or continue for some Board-determined period as a means of qualifying customers for the Fresh Start program.

Questions Under Program Parameters, Fresh Start

The June 2021 Order provided that "[T]he utilities shall enroll any USF participant with $60 or more in arrearages into the Fresh Start program regardless of the customer's past participation in the USF program at the time of the customer's enrollment or re-enrollment in USF…"[3] The Notice asks a series of questions about whether to maintain this enhanced level of eligibility, revert to the pre-June 2021 Order criteria, or essentially set re-enrollment eligibility somewhere in between these two options.

JCP&L supports reestablishing a limit on the frequency of customer reenrollment in Fresh Start, though an immediate reversion to the pre-June 2021 Order restrictions would be overly restrictive. Under the current paradigm, customers are able to re-enroll in Fresh Start despite previously not complying with the program's payment requirements. Ultimately, allowing customers to take advantage of the ability to re-enroll in this manner without following program requirements results in higher costs for all customers and should be limited.

In accordance with the above, the Board should consider precluding customers who participated in Fresh Start, but did not comply with payment requirements within the past year, from being allowed to reenroll during that one-year period. In the alternative, as suggested in the Notice, the Board may wish to allow enrollment only once during a specified period (*e.g.*, every three years). Even so, an immediate return to a "one time only" policy may unnecessarily hamper efforts to assist customers who legitimately fall onto hard times on multiple occasions.

Along these lines, JCP&L also encourages the Board not to reinstate the monthly and quarterly caps on Fresh Start forgiveness, at least for a period of time as the utilities continue to see overhang from the pandemic on our customers, as noted earlier. Thus, we support continued forgiveness of 1/12 of the overdue balance each month the customer pays their monthly charges in full. The Company believes that the impact of a temporary extension of the elimination of the forgiveness caps on program cost could be offset to some extent by restricting the ability to reenroll in the program, as suggested earlier.

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[3] In the Matter of the Board of Public Utilities' Response to the COVID-19 Pandemic, BPU Docket No. AO20060471, Order Dated June 24, 2021.

As explained in the Notice, the Board directed the utilities in the June 2021 Order to apply federal arrearage forgiveness to Fresh Start balances before current balances, in contrast to prior practice, where the utilities applied federal funds to current overdue balances. The Notice asks whether the utilities should revert to the former practice of applying federal LIHEAP funds to current overdue balances. JCP&L believes that the Board should revert to the prior practice with HEAP funds applied to past due amounts and current bills. The temporary process was established while additional American Rescue Plan ("ARP") funds were being made available with a focus on reduction of arrears. As availability of ARP funding for utility customers is ending, this temporary process should be allowed to expire. This will allow LIHEAP received by affected customers to go towards maintenance of their service and eliminate the need for manual, administrative labor by the Company.

Questions about Societal Benefits and Data

It is clear that every dollar of USF assistance or Fresh Start forgiveness that can be provided to customers will reduce their arrearages. It is also clear that for some customers, the pandemic and associated shutoff moratoria have left them with insurmountable arrearages. Continuing a more generous level of eligibility under USF may allow more of those customers the opportunity to work through their present circumstances. However, given that each customer's circumstances are different, and what is insurmountable to one customer may not be to another customer of similar means, it is difficult to draw more complex conclusions about the impact of the USF and Fresh Start expansions.

In furtherance of this point, JCP&L notes that it had $62.6 million in *residential* customer arrears more than 30 days past due in December 2021. This amount decreased to $45.6 million in December 2022. During 2022, approximately $22.5 million in assistance through American Rescue Plan ("ARP") was provided to JCP&L customers, as well as approximately $21 million through USF and Fresh Start. Unquestionably, the reduction in residential arrears from 2021 to 2022 can be attributed in part to the assistance provided through these programs, but there is not a direct correlation that can be drawn and that can account for numerous other variables that may have affected individual customers' circumstances during this period.

JCP&L thanks Staff for the opportunity to comment in this proceeding. The Company again notes that the eligibility and benefit enhancements to the USF and Fresh Start Programs under the June 2021 Order were prudent and appropriate. The Company believes that there is benefit to continuing a number of those enhancements for an additional period, as the lingering impact of the pandemic continues to elevate customer arrears.

Sincerely,

Andrew D. Hendry
Senior Advisor