National Consumer Law Center
Fighting Together for Economic Justice

PULP
PENNSYLVANIA UTILITY LAW PROJECT

What Pennsylvania Can Do to Improve Energy Affordability

November 2026

Executive Summary

Pennsylvania's next governor will have an immediate opportunity to strengthen the affordability, reliability, and accessibility of essential electric, gas, water, and wastewater service. Pennsylvania's universal service programs provide vital bill assistance, arrearage forgiveness, energy-efficiency services, hardship grants, and referrals, but enrollment remains well below the eligible population and existing protections do not adequately meet the need. Fragmented applications, repeated documentation requirements, uneven use of benefit-program data, and artificial limits on annual levels of assistance create avoidable barriers. While assistance programs are required for electric and gas customers, the Public Utility Commission (PUC) has required residential customers to bear nearly all program costs. Water and wastewater customers lack comparable statewide protections.

This brief recommends a coordinated reform agenda centered on the following priorities:

- **Modernize and expand utility assistance.** Require a common application, facilitate cross-utility enrollment, use LIHEAP data for automatic enrollment and recertification, lengthen recertification periods, eliminate or automatically adjust electric CAP credit limits, and allocate universal service costs across customer classes.
- **Reform billing, collection, and disconnection rules.** Use Chapter 56 rulemaking to establish affordable payment arrangements; broaden and lengthen medical protections; adopt stronger winter and summer shutoff safeguards; eliminate security deposits and reconnection fees; improve multilingual termination notices; and protect survivors of domestic violence.
- **Extend protections to water and wastewater customers.** Establish consistent affordability, universal service, and collection standards across essential utility sectors.
- **Measure and address inequity.** Require granular reporting on terminations, arrearages, assistance, and outcomes; analyze racial and geographic disparities while controlling for income, and; publish an annual utility shutoff equity report.
- **Protect residential customers in retail energy markets.** Pursue legislative repeal or substantial reform of residential retail choice and, require affirmative renewal consent, prohibit variable-rate and short-term fixed-price products, eliminate purchase-of-receivables programs, and restore meaningful refund authority.

These measures would reduce avoidable disconnections and household debt, improve program participation and payment outcomes, distribute assistance costs more fairly, and strengthen accountability. They provide a practical roadmap for using appointments, regulatory leadership, budget priorities, and targeted legislation to ensure that every Pennsylvania household can maintain safe and affordable essential utility service.

Introduction

The Importance of Access to Safe and Reliable Utility Service

Access to safe, affordable, and reliable utility service is essential to ensure that individuals and communities can thrive. As recognized by NCLC in its recent Policy Roadmap for State Action, families in most states, including Pennsylvania, are facing unaffordable utility bills driven by steep cost increases to the essential utilities they rely on each day to heat and cool their homes, power medical devices, cook food for their family, and connect with employers, schools, and loved ones. They need access to clean water and sanitation. Yet as overall utility costs rise sharply across the state, an increasing number of families are unable to afford their bill.

The utility bill is one of a household's most important bills, and the loss of utility service has profoundly negative effects on individuals and communities. Households who cannot afford utility services have increased rates of health complications and hospitalization, eviction, and food insecurity.[1] For children in low income households, utility insecurity has been linked to developmental delays and adverse impacts on long-term health.[2] Communities of color also experience utility insecurity at disproportionate levels.[3] The lack of stable utility services interrupts family unity, hinders child learning and development, and has a long-term impact on consumer credit and housing stability – making it difficult to connect to utility service in the future.[4] The loss of electricity renders homes unsafe to live in during both the cold winters and hot summers of Pennsylvania. It means that kids can't participate in remote learning or have access to the internet for school or recreation. Parents may not be able to work or look for work. Critically, the loss of water and wastewater service prevents proper sanitation necessary to protect occupants' health and safety and can result in the immediate condemnation of properties. Without running water and wastewater, you cannot wash your hands, shower, clean your home, wash dishes, flush a toilet, or do any of the activities necessary to protect against the spread of illness. This is why effective regulators and effective regulation of critical utility service is so important.

The Role and Purpose of the Public Utility Commission

PUCs have mostly operated in obscurity, but they have significant and profound impact on the lives and wellbeing of all Pennsylvanians. Established in 1937 by the Pennsylvania General Assembly, the Pennsylvania PUC's purpose is to regulate the economic activity of public utilities.

"Public" utilities often are not in fact public, in the sense of being owned or operated by the public, but instead are owned by private stockholders.[5] They are referred to as "public" not

because of the nature of the ownership of the utility, but because the utility must offer service to the public on a nondiscriminatory basis. Thus, at its core, the PUC's function is to ensure that the public benefits from the economies of scale that can occur by granting one utility provider an exclusive right to serve customers within a specific geographic area– in other words, a monopoly. If done correctly, this benefits the utility, its shareholders, and the public.[6]

The PUC's primary role is in determining how much a utility can charge the public for service for which there is no competition. The PUC also looks at how those charges are divided among various groups of customers, and sets the rules around quality and reliability of service, and termination of service for nonpayment. In Pennsylvania, the Public Utility Code mandates that the PUC ensure jurisdictional utilities provide adequate, efficient, safe, and reasonable service to consumers at just and reasonable rates.[7] The Public Utility Code is also explicit that the Commission's oversight of public utilities must account for the unique vulnerabilities of all Pennsylvanians – including low income households and other economically fragile customer groups – to ensure service is universally accessible.[8]

Utility Affordability Programs

Overview of Existing Programs

A report released by NCLC, and performed by Synapse Energy Economics, found that Pennsylvania has a long and robust history of working to assist low income and other vulnerable customers through bill assistance programs.[9] The current portfolio of low income assistance programs is known in Pennsylvania as the "universal service programs" and consists of four separate yet complementary components:

- Customer Assistance Program (CAP)
- Low Income Usage Reduction Program (LIURP)
- Hardship Funds
- Customer Assistance Referral and Evaluation Service (CARES).

These programs play a critical role in alleviating utility insecurity while offering an alternative path to traditional collections for low income consumers who cannot afford service at full rates. However, existing programs are severely undersubscribed and can be difficult to access, and the programs are only required for large utility providers

The term "low income customer" is defined in the PUC's regulations and includes any residential customer whose household income is at or below 150% of the Federal Poverty Level (FPL).[10] **Low-Income Usage Reduction Program (LIURP)** eligibility can go up to 200% FPL. In 2026, a family of four with household income of exactly 150% FPL has a gross annual income of $49,500 (4,125/month).[11]

There are also currently no statutory requirements that PUC-regulated water and wastewater utilities develop and maintain universal service programs, nor are there any specific regulatory

standards governing oversight of water and wastewater programs. While a few large water utilities have developed rate assistance programs through the course of individual utility rate proceedings to address broad unaffordability, the programs are in their infancy and lack the comprehensiveness necessary to address the multifaceted issues that arise in addressing water insecurity.

The focus of this section describes the existing programs that apply to large electric and gas utilities. The following definitions from the Public Utility Commission's Universal Service Programs and Collections Performance Report provide a helpful overview of each of these programs:[12]

- **Universal Service** is a collective name applied to the policies, protections, and services that help low-income customers maintain electric and natural gas service and includes payment assistance programs, termination of service protections, energy reduction programs, and consumer education.
  - Each large gas and large electric utility files a Universal Service and Energy Conservation Plan (USECP) every 5 years that must be approved by the PUC. These plans set out the terms and conditions of the utility's plan. These plans are subject to internal review by the PUC's Bureau of Consumer Services and are issued for comment by interested parties.
  - **The Low-Income Usage Reduction Programs (LIURPs)** are energy conservation and education programs. Qualifying households receive an energy audit to assess household condition and energy usage; free installation of energy conservation and energy efficiency measures such as insulation, air sealing and appliance installation if cost effective; and free education on energy conservation and usage reduction.
- **Customer Assistance Programs (CAPs)** are payment assistance and debt forgiveness programs for low-income households. CAPs are intended to provide more affordable monthly bills based on a set energy burden standard.
  - CAP charges may take the form of a discounted price on actual usage on either all or a portion of the usage, a percentage of the monthly bill, or a monthly amount that is calculated upon a percentage of the household income. Percentage of income plans correlate directly to the household's income and the public utility's energy burden targets.
  - CAP's debt forgiveness feature freezes a household's unpaid past debt upon entry into the program. If the household pays their CAP bill, the past debt is not collected and is forgiven in incremental amounts (from 12-36 months depending on the utility) over time.
- **Customer Assistance and Referral Evaluation Services (CARES)** are social service and referral programs for households encountering some form of extenuating circumstance or emergency that results in the household's inability to pay for public utility

service. Qualifying households may receive counseling and/or direct referrals to community resources that can aid in resolving the emergency.

- **Hardship Funds** are programs that make cash grants available to qualifying households to assist in the payment of outstanding energy debt. They are paid directly to the energy provider and generally funded through contributions made by the public that are matched by the public utility.

These programs are undersubscribed relative to need. In 2024, there were 1.3 million estimated households with total income at or below 150% of the federal poverty level.[13] This is approximately 25% of all households. Despite this level of need, participation rates were very low:

	Participants by Program (2024) (Electric)		
	CAP[14]	**LIURP**[15]	**Hardship Fund**[16]
Number	301,718	14,996[17]	7,347
Percentage[18]	24%	1.2%	.01%
	Participants by Program (2024) (Gas)		
	CAP[19]	**LIURP**[20]	**Hardship Fund**[21]
Number	159,927	3,087	8,454
Percentage[22]	23%	.004%	.011%

The average size of households participating in any Universal Service Program was 2 persons and the average income for these households was $19,344 (gas) and $22,362 (electric), which puts these households at 82%- 95% of FPL for that year.[23]

Streamline Application and Eligibility Determination Processes

Enrollment in eligible programs is decentralized, fragmented, and utility-controlled, often requiring multiple applications or contacts from a customer to access services, even within the same utility. Cross utility enrollment is even more difficult. While the PUC has recently developed a Common Application Form,[24] it has not required utilities to use this form and has only taken half-measures to implement its adoption– there is no required, universal application. Organizations that serve low income households, including legal aid and other community based organizations, have pointed out that this fragmented system works against the interests of utility consumers, their communities, and utilities because it creates unnecessary barriers to customers enrolling and remaining in assistance programs.

Additionally, these programs require households to document and verify their eligibility by disclosing information about all occupants in the household and providing 30 days' worth of income documentation for all adult occupants. While households can often qualify for multiple

programs within a specific utility without providing additional documents, households must document their eligibility each time they apply.

In 2024, the Commission issued an Order encouraging energy utilities to participate in the Department of Human Services (DHS) LIHEAP data sharing program,[25] but each utility uses that data in different ways, from mere outreach to enrollment. So far, this program has been a modest success, but the PUC's failure to require use of the LIHEAP information and reluctance by utilities to fully use the information received has created unnecessary barriers.

More work is needed to ensure streamlined and facilitated enrollment:

- **The PUC should require Electric and Gas utilities to use the Common Application Form and share information across utilities.** With appropriate customer consent, low income households could provide information once to enroll in all programs. This would require coordination between utilities and could lead to the development of a statewide portal or statewide implementation provider.
- **The PUC should require all utilities to use LIHEAP data received for enrollment and recertification.** Utilities and the PUC have placed unnecessary barriers to the utilization of this data, including minor timing and income reporting inconsistencies between LIHEAP and CAP. This creates needless complexity and deprives eligible households of benefits. The PUC should order all utilities to consider receipt of LIHEAP and the information received from LIHEAP data sharing to be sufficient documentation of income and household size and composition for purposes of CAP enrollment and recertification.
- **Lengthen recertification timelines and improve process.** Most utilities require recertification every 1-3 years to demonstrate the households remain eligible for CAP. The PUC should never require a household who annually receives LIHEAP to recertify CAP eligibility as receipt of LIHEAP should categorically demonstrate ongoing income eligibility. In addition, the PUC should require utilities to facilitate streamlined recertification processes whereby the utility provides the last information that was provided by the household so that the household can affirm that it remains accurate or make corrections. Recertification should be based on a household's attestation that the information is correct or needs to be modified and should not require re-documentation of the information. The PUC should also consider text or electronic based recertification rather than relying exclusively on the mail.

Improve Outcomes by Eliminating Artificial Maximum Assistance Limits for Electric CAP Customers

Customers enrolled in CAP pay a reduced bill that is based on the selected CAP rate (percentage of income payment, average bill, or minimum bill). The difference in cost between the customer's CAP rate and their full tariff residential rate is known as the CAP revenue shortfall or CAP credit. In aggregate, the CAP shortfall is currently collected only by residential

customers through the Universal Service Rider (USR). All electric utilities limit the amount of annual assistance provided each year to any one CAP customer by applying a maximum CAP credit limit. These limits are expressed and calculated as a fixed dollar amount and are not automatically adjusted to account for changes in distribution or generation rates. The limits are tiered such that CAP customers with lower incomes receive higher cap credits because their CAP bills are lower and, thus, the difference between that payment and the full tariff bill is more. The same is true of customers who heat with electricity – they receive higher cap credits than those who heat with another fuel source.

If a household exceeds their limits in a 12-month period, they must pay their full tariff bill for the remainder of the year. This policy is counter to the goals of the program, leads to increased arrearages for low income households, uncollectible expenses for other ratepayers, and increased terminations of service. Recent data demonstrates that as many as 15% of all enrolled CAP households exceed their credits each year and have termination rates that are as high as 22%.[26]

There is no evidence demonstrating that households use more energy once enrolled in CAP. And because the credits are set at a fixed dollar amount, and wholesale and retail energy costs have sharply risen since 2024, due in large part to data centers,[27] the number of households exceeding their credits each year is growing. While utilities are required to have exemptions from CAP maximums, these exemptions are cumbersome, not well understood, and inconsistently applied. To improve outcomes for CAP customers, the PUC should take the following immediate actions:

- **The PUC should eliminate maximum CAP credits for all electric utilities.** CAP credits are permitted but not required.[28] To improve affordability of rates for CAP customers, the PUC should require all utilities that have CAP maximums to eliminate them. While this could increase the costs of the program, it would yield immediate benefits because households would reduce disconnections and maintain access to service. The Commission should continue to require CAP participants to receive LIURP services to reduce their overall energy usage, which will bring down overall CAP costs. In addition, as outlined below, the Commission should spread the costs of the CAP program across all rate classes which would have an immediate impact of reducing residential customer rates.

- **In the absence of full elimination, the PUC should require all utilities to automatically increase their CAP credit maximums** commensurate with any future increases in default service and base rates. These limits must be required to accommodate the cost increases on a total bill basis for all the components of utility bills. In addition, the PUC should require:

    - Utilities to preemptively screen customers at risk of exceeding their CAP credit limits and educate these customers and the Community Based Organizations who administer their CAP about the availability of CAP credit exemptions.

- Utilities to flag accounts *that are known to be eligible* for an exemption before they exceed the limits and automatically apply the exemption if the customer subsequently exceeds the CAP credit limits.
- Utilities to automatically apply an exemption to households who previously were granted an exemption in a prior year as well as households for whom utility has information indicating that it is reasonably likely the household meets one of the eligible exemption criteria.

Require All Ratepayers to Pay for Universal Service Programs

Under current approved tariffs, the cost of all universal service programs are paid for exclusively by residential customers.[29] The PUC recently approved a settlement in a rate case that will require PPL Electric Utilities to begin assigning a portion of its universal service costs to a newly formed large load rate class.[30] Additionally, the PUC's recent Large Load Model Tariff[31] imposed modest, suggested contributions by large loads, but this model tariff is neither binding nor sufficient. These are limited exceptions and, for the most part, the PUC has not required jurisdictional utilities to propose specific allocations to other rate classes.

However, the Commission has indicated its policy preference that it is appropriate to consider recovery of the costs of customer assistance programs from all ratepayer classes because "poverty, poor housing stock, and other factors that contribute to households struggling to afford utility service are not just 'residential class' problems."[32] The Commission explained that the provision of universal services to help low income families maintain service to their homes is "a benefit to the economic climate of a community."[33] The Commission directed utilities and stakeholders to address CAP cost recovery in utility-specific rate proceedings, indicating that "*the Commission will no longer routinely exempt non-residential classes from universal service obligations*."[34] So far, this has not come to fruition.

To expand access and distribute costs more fairly, the Commission should *require* all utilities to propose recovery of program costs across customer classes in their next distribution rate case. Pennsylvania is an outlier in only requiring residential customers to pay for these programs,[35] which work to address the consequences of poverty and utility insecurity that have long-term and far-reaching effects on low-income households and the communities where they live and work.[36] Residential customers do not cause poverty or the hardships that make assistance necessary. 30.7% of CAP customers, 44.2% of LIURP recipients, and 54.3% of hardship fund recipients are employed but still do not earn enough to meet basic household needs.[37] It is unreasonable to require residential customers to bear these costs alone.

Reform Chapter 56 so Disconnection Protections Work to Keep More Households Connected to Service

The PUC recently began a rulemaking to update its billing and collection standards for public utilities, following the December 31, 2024, sunset of Chapter 14 of the Public Utility Code.[38] For

20 years, Chapter 14 limited the PUC's discretion over service terms and restricted its ability to approve payment arrangements tailored to household circumstances and ability to pay. Before Chapter 14, Pennsylvania's Chapter 56 regulations provided some of the nation's strongest consumer protections, but those protections were largely displaced by more restrictive statutory requirements. With Chapter 14 now expired, the PUC has an opportunity to restore a better balance between utilities and consumers.

Unfortunately, the PUC's Notice of Proposed Rulemaking would largely convert the expired statutory rules into regulations. That approach would preserve a status quo marked by record utility terminations and growing consumer debt. Instead, the Commission should use this moment to reform Chapter 56 and establish billing and collection standards that are just, reasonable, and sufficient to ensure universal access to essential utility service, as required by the Public Utility Code. Those reforms should prioritize payment terms that support regular customer payments, improve bill payment and coverage rates, and reduce write-offs driven by high termination rates.

The PUC should adopt the proposals for reform that were recommended by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Tenant Union Representative Network (TURN) in their Joint Comments submitted August 28, 2026, as well as those submitted by the Office of Governor Shapiro that same date. While more detail is in the comments, the following is a list of necessary reforms consistent with the best practices across the country:[39]

- **Improve access to equitable utility payment arrangements.** Payment arrangement standards should be aligned with real-life, practical hardships and financial obstacles facing low and moderate income households. It is critical that the Commission propose regulations that allow for longer-term payment arrangements when necessary to ensure payments are reasonable.
  - Increase the default length of payment arrangements to at least 6 years for households with income less than 150% of poverty threshold to better reflect the financial realities facing both low and moderate income households.
  - Allow Commission flexibility to extend the length of default payment arrangement terms if a customer's monthly additional payment would exceed 20% of their average monthly bill.
  - Ensure that low income consumers can access a payment arrangement if they fall behind – even if they are enrolled in a utility's Customer Assistance Program.
  - Require that the Commission establish a second payment arrangement for consumers who default on their first Commission-issued arrangement, and to allow the Commission to establish subsequent arrangements if the customer experienced a change in income or a significant change in circumstance.

- **Expand access to necessary medical protections.** Utility service is medically necessary for utility customers undergoing treatment for a variety of significant health conditions. Access to medical certificates therefore must be expanded from the current level of 30 days to at least 90 days and, for households with chronic illness, should be extended to 180 days. In addition to the core actions recommended in NCLC's serious illness report, the PUC should also:
  - Expand the duration of certificates indefinitely when customers are paying their current bills, and utilities. The PUC should be required to issue payment arrangements or special exceptions to CAP enrollment for medically vulnerable households.
  - Diversity of certifiers: currently, physicians, nurse practitioners, and physicians' assistants can sign medical certificates in Pennsylvania. To reflect the limited access to health care and health care providers that many low-income consumers encounter, the group of signers should be expanded to include other medical professionals who can attest to the customer's health, including for example: registered nurses, psychologists, and licensed clinical social workers.
  - Affirmative outreach: utilities should act affirmatively to identify medically fragile customers and avoid terminating their service. The PUC should ensure that customer service representatives are trained to identify when a customer may qualify for protection, discuss the issue , and postpone terminations pending certification of the illness.
- **Keep Pennsylvanians connected to life-sustaining utility service in the hottest and coldest months.** The winter utility service moratorium keeps customers connected to utility service during the coldest months of the year, avoiding preventable death resulting from being denied access to home heating.
  - Pennsylvania's winter moratorium currently applies from December 1 – March 31 each year for households with income at or below 250% FPL. The Commission should increase the income threshold to at least 300% of the federal poverty level. This level is more reflective of the income at which Pennsylvanians can meet at least their basic needs.[40]
  - With summer heat intensifying, a similar moratorium applied during the hottest summer months could prevent the heat-related deaths of customers who are denied access to cooling due to inability to pay their electric bill.[41]
  - Adopt a calendar based summer moratorium that protects customers with income at or below 300% FPL from termination of electric, water, and sewer service from June 1 – August 31st, which is consistent with the recent actions of the New Jersey Board of Public Utilities.[42] In addition, prohibit disconnections when temperatures exceed safe levels outside of the calendar-based moratorium (e.g.,

prohibit disconnections at any time of year when the heat index is forecasted to exceed 90 degrees).

  - If a household was involuntarily disconnected previously, reconnect these customers upon request during the heat emergency.

- **Eliminate cash deposits as a condition for connection or continuance of utility service.** Requiring a security deposit to establish or continue utility service is punitive, poses an unreasonable barrier to life-sustaining service on vulnerable populations, and exacerbates economic insecurity. Under current practice, utilities waive security deposits for households who are eligible for CAP, but the application of this waiver is inconsistent. The PUC should eliminate all security deposits for customers as they pose an unreasonable barrier to maintaining service.

- **Eliminate reconnection fees.** Customers who have had their utility service disconnected due to inability to pay are unlikely to be able to pay a reconnection fee to have service re-established. As with cash deposits, this fee presents a barrier for low income households to reestablishing life-sustaining service and compounds economic insecurity. All public utilities should be required to waive reconnection fees.

- **Improve utility policies and practices for notice to customers of service termination.** The disparity in termination rates between low income households and other residential consumers is substantial and requires remediation measures, including improved communication with customers with utility termination pending. The PUC should improve the current notice provisions so that, prior to termination of service, a public utility must:

  - Provide 30-day written notice and post notice at the service residence at least ten days prior to the date of proposed termination.

  - Attempt to contact the customer or occupant to provide notice of the proposed termination at least 5 days prior to the scheduled termination, instead of the current 3-day contact requirement.

  - Amend the notice provisions to indicate that all termination notices must be provided in English and Spanish. Public utilities must also post a copy of its written termination notices and a description of its termination process on its publicly accessible website in all languages spoken by at least 5% of the population in its service territory.

  - Amend rules to prohibit termination on a federal or state holiday or on the business day immediately prior to a federal or state holiday. This ensures that consumers can apply for assistance programs, make a payment, or access other critical social, medical, or legal services necessary to prevent potential devastating consequences of termination.

- **Strengthen universal service requirements for energy and water.** Pennsylvanians experiencing poverty must be able to meet their energy usage needs *and* have safe drinking water and sanitary sewer service provided to their homes at reasonably affordable rates. Regulations standardizing and streamlining universal service requirements for energy and water utilities are necessary and the PUC should extend all current requirements that are applicable to energy utilities to large jurisdictional water and wastewater utilities.

- **Expand protections for survivors of domestic violence.** The existing domestic violence exemption is critical for the health and safety of domestic violence survivors and their families – helping to ensure that utility debts accrued by a third party do not prevent a survivor from establishing a safe home.[43] Allowing a certified domestic violence counselor or advocate to confirm with a public utility that a consumer is a survivor, in place of requiring a survivor to produce legal documentation affirming such, would greatly expand protections to this particularly vulnerable population of utility customers.

- **Strengthen utility data reporting and public disclosure requirements.** Requiring specific, annual, publicly disclosed reporting requirements of the public utilities will provide the General Assembly, the Commission, and the public with the necessary tools to evaluate the effectiveness of all policies noted above. Specifically, utilities should be required to collect, report, and analyze data, at a granular level (e.g., by zip code).

Racial Justice Impact and Data Reporting Should Be Developed to Address Disproportionate Impacts on People of Color

As recently outlined in NCLC's update to its Protecting Access to Essential Utility Service report:

> Certain populations face greater risk of serious harm due to extreme heat and climate change than other populations, making continued access to essential utility service a critical policy goal. According to the U.S. Environmental Protection Agency (EPA), "the most severe harms from climate change fall disproportionately upon underserved communities who are least able to prepare for, and recover from, heat waves, poor air quality, flooding, and other impacts." The EPA analysis indicates that racial and ethnic minority communities are particularly vulnerable to the impacts of climate change.[44]

This finding builds on the reports of Diana Hernández, associate professor of Sociomedical Sciences at Columbia University, who has documented the link between race and energy insecurity:

> When considering racial disparities, the association between environmental hazard exposure and geographical location is stronger for Black and Latino communities than for other racial groups. The health impacts of energy insecurity are compounded for racial-minority households that live in areas with high rates of exposure to environmental hazards and energy inefficiencies. The disparity in the impacts of acute energy insecurity is especially apparent for minority racial groups. For example, a study by O'Neill et al.

found that during heatwaves in four different cities across the U.S., the rate of air conditioning use was more than two times higher among the white population than the black population, suggesting that black residents did not have access to or could not afford to use air conditioning at the same rate as white residents. Additionally, the mortality rate of black residents was significantly higher than that of other racial groups across all four cities. This trend could be attributed to low income levels and unaffordable electricity, which disproportionately impact racial and ethnic minority households.[45]

In Pennsylvania, recent analysis of a gas distribution rate case demonstrated that zip codes predominantly composed of Black-led households faced higher rates of termination of service than other zip codes in the service territory.[46] This finding is fundamentally consistent with findings in other states. For example, a 2024 article published in The Electricity Journal reported its "main finding" when looking at this issue in Minnesota to be that "living in neighborhoods with a greater concentration of people of color is associated with a meaningfully higher involuntary disconnection rate, even after controlling for economic and demographic factors."[47] According to these researchers, there are "robust statistical associations between race, utility disconnection, and long-duration service disruptions reflect a landscape of systemic inequality within the energy system. Our finding that these associations are robust to a battery of controls highlights the persistence of racial disparity that cannot be explained by observed economic and non-racial demographic factors."[48]

The same study in Minnesota, in its review of the literature, found that "[t]here is growing evidence of disparities in utility disconnections. Studies from Indiana and Illinois show that, compared to White households, Black and Hispanic households are up to 4–5 times more likely to be disconnected for non-payment."[49]

There is currently a significant lack of this kind of public information and data in Pennsylvania, and more information is needed to ensure that well documented racial disparities do not compound energy insecurity for economically fragile Pennsylvania households. Thus, we recommend the following:

- **All Pennsylvania jurisdictional utilities should report** residential terminations by ZIP code or census tract, along with the amount owed, length of delinquency, and whether the customer received assistance.
- **Compare shutoffs with the racial and ethnic makeup of communities.** Utilities should match utility termination data with Census data to determine whether predominantly Black, Hispanic, or other communities experience disproportionately high termination rates. The report should also account for and control for income and poverty so that it measures racial disparities, not simply differences in ability to pay.
- **Publish an annual "utility shutoff equity" report.** The PUC should publicly report termination rates and outcomes by utility and community, including whether disparities persist after accounting for income, arrearages, and other factors.

- **Eliminate or significantly reform residential retail energy markets.** Residential retail electric shopping in Pennsylvania has made electric service less affordable for tens of thousands of Pennsylvanians, deepening energy insecurity. Based on data from electric utility default service proceedings, since 2015, residential electric shopping customers have paid more than $2.6 billion above default service rates,[50] with low-income customers bearing the greatest financial harm.

Total (Net) Residential Retail Energy Shopping Charges in Excess of Applicable Default Service Rate

Utility	Dates Analyzed	Amount of Net Excess Charge
PECO Electric	Jan. 2015 – Dec. 2023	$ 1,223,246,444
PPL Electric	Jan. 2015 – April 2024	$ 339,220,116
Duquesne Light	Jan. 2017 – May 2024	$ 224,273,497
FirstEnergy PA	Aug. 2017 – Dec. 2025	$ 888,108,774
Total Excess Charge Over Default Rate		**$ 2,674,848,831**

These figures are net charges. They subtract any savings earned by customers who switched and paid less than default service from the amounts paid by customers who switched and paid more. Residential shopping customers commonly report problems such as:

- Introductory rates that quickly expire and are replaced with higher, variable rates;
- Variable rates that can be increased with no limit, and little to no advance warning;
- High cancellation fees or other hidden charges;
- Automatic reenrollment (called “negative option” renewal); and
- Poor customer service, including lack of call centers, and fees for basic services.

Pennsylvania has adopted marketing rules and consumer protections, but enforcement remains difficult. Limited resources, weak enforcement tools, limits on refund authority, overlapping jurisdiction, and a state policy favoring retail competition all make it harder for regulators to impose strong penalties or revoke supplier licenses.

High prices and aggressive sales in retail electric markets especially harm low-income consumers. These households often have fewer resources, are more vulnerable to promises of savings or sign-up incentives, and already face higher energy burdens.

Absent full repeal of direct access to competitive market for residential customers, which would require a legislative change, ***the PUC can take the following direct action to rein in abuses in the retail market:***

Require Suppliers to Return Customers to Default Service at the End of the Contract Period Absent Express Verbal or Written Consent from the Customer to Enter Into a New Contract

Consumers often forget contract deadlines. Those who choose a competitive electric supplier should not face excessive rates simply because they miss the end of a contract term. The Commission should implement a new rule that if a customer does not clearly agree to new terms or switch suppliers, the customer should return automatically to default service.

Suppliers should give clear notice 60 to 90 days before a contract expires, including a side-by-side comparison of the new offer and the default service rate. The PUC should allow a reasonable transition period, but it must enforce the rule with real penalties, including license suspension or revocation, and refunds for customers kept with a supplier without clear consent.

Prohibit Suppliers from Charging Variable Rates and Require All Contract Pricing to be Offered for a Minimum 12-month Period

Residential customers are often drawn in by teaser rates or short fixed-price contracts that later shift to variable rates with little or no warning. Because the PUC allows a product to be labeled as “fixed” if it has the same price for as little as three months, many customers are surprised when their rate changes so quickly. The PUC should ban variable-rate contracts to make pricing simpler and clearer.

Essential energy service should not be sold through month-to-month variable rates. Energy markets are too volatile and complex for these contracts to serve residential customers fairly. The Commission should modify its rules to clarify that fixed-rate contracts should last at least 12 months to give customers price stability and reduce supplier abuses.

Eliminate the Purchase of Receivables Programs

Purchase of receivables (POR) programs require utilities to buy supplier charges before customers pay them, often at full value. Ratepayers then bear the risk and cost of unpaid supplier bills. In many service territories, supplier accounts have much higher arrearages than default-service accounts, making POR a major driver of uncollectible costs. Because suppliers are paid even when customers cannot pay the charges, POR does little to discourage excessive pricing.

Eliminating POR would reduce utility involvement in collecting supplier overcharges. Utilities could still bill customers for supplier charges, but suppliers would be paid only after customers pay. This would keep nonpayment risk with suppliers instead of shifting it to utilities and their customers.

Additional legislative action is necessary to correct a 2020 decision by the Commonwealth Court[51] that found the PUC lacks authority to order direct refunds when suppliers overcharge customers. The legislature should ensure that consumers can obtain Commission-ordered refunds for overcharges and deceptive or misleading supplier practices without having to hire an attorney and sue in state court.

Conclusion

Implementation of these measures will assist policy makers, regulators, utilities, and stakeholders in ensuring that our most at-risk populations are protected from the health and economic impacts of energy insecurity. They are designed to work in concert to improve the affordability of essential utility service and protect at-risk populations from disconnection of essential utility service to their homes.

Endnotes

1. Diana Hernandez, editorial, *Energy Insecurity: A Framework for Understanding Energy, the Built Environment, and Health Among Vulnerable Populations in the Context of Climate Change*, American Journal of Public Health, Vol.103, No 4 (Apr. 2013), *available at* https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3673265/pdf/AJPH.2012.301179.pdf (last visited Nov. 2, 2026); Diana Hernández, Yumiko Aratani, and Yang Jiang, *Energy Insecurity Among Families with Children* (Jan. 2014), *available at* http://www.nccp.org/publications/pdf/text_1086.pdf (last visited Nov. 2, 2026).
2. *See* Diana Hernández, Yumiko Aratani, and Yang Jiang, *Energy Insecurity Among Families with Children* (Jan. 2014), *available at* http://www.nccp.org/publications/pdf/text_1086.pdf (last visited Nov. 2, 2026) (while the author discusses energy insecurity, parallels exist related to utility insecurity as a whole).
3. Environmental and Climate Justice Program, NAACP, *Lights Out in The Cold: Reforming Utility Shut-Off Policies as If Human Rights Matter* at ix (Mar. 2017), *available at* https://naacp.org/resources/lights-out-cold (last visited Nov. 2, 2026) (while the author primarily discusses energy insecurity, parallels exist to utility insecurity as a whole, and its disproportionate impact on communities of color).
4. *See* Joint State Government Commission, General Assembly of the Commonwealth of Pennsylvania, *Homelessness in Pennsylvania: Causes, Impacts, and Solutions: A Task Force and Advisory Committee Report* (2016), http://jsg.legis.state.pa.us/resources/documents/ftp/documents/HR550%201%20page%20summary%204-6-2016.pdf; National Consumer Law Center (NCLC), *Protecting Seriously Ill Consumers from Utility Disconnections* (Feb. 2021), https://www.nclc.org/resources/report-protecting-seriously-ill-consumers-from-utility-disconnections-what-states-can-do-to-save-lives-now/; Antonio Gasparrini, et al., *Mortality Risk Attributable to High and Low Ambient Temperature: A Multicountry Observational Study*, 386 Lancet 369-375 (July 25, 2015); Diana Hernández, *Understanding 'energy insecurity' and why it matters to health*, Soc Sci Med. at 167: 1-10 (Oct. 2016), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5114037/.
5. NCLC, *Access to Utility Service* (7th ed. 2024), § 1.1.6 *updated at* www.nclc.org/library.
6. *Id.*
7. 66 Pa. C.S. §§ 1301, 1501.
8. 66 Pa. C.S. §§ 2202, 2203(8); 2802, 2803, 2804.
9. In 1978, the Commission promulgated regulations (Chapter 56) to better protect residential utility customers. Chapter 56 established standards for residential utility service governing eligibility criteria, credit and deposit practices, account billing, termination and customer complaint procedures. In the

mid-1980s, the Public Utility Commission first implemented budget billing programs, authorized hardship funds, and instituted the Low Income Usage Reduction Program (LIURP) which provided utility ratepayer funded energy conservation and weatherization. The first low income discount pilot program was implemented in the PECO service territory in the early 1990s.

10. *See* 52 Pa. Code § 54.72 (Defining low income customers for the purposes of Universal Service programs and reporting).

11. *See* US Dept. of Health & Human Services, HHS Poverty Guidelines for 2026, available at: https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines. (Last visited Mar. 13, 2026). Attached to my testimony at Appendix C, Exhibit C-1 is a table from U.S. HHS that shows the 2026 FPL at different household sizes and multiples.

12. Pa. Public Utility Commission, 2024 Universal Service Programs & Collections Performance at 2-3 ("2024 USP Report").

13. 2024 USP Report at 7.

14. 2024 USP Report at 56. Average Monthly Enrollment.

15. 2024 USP Report at 53. Includes all job types (Heating, water heating and baseload).

16. 2024 USP Report at 81.

17. LIURP does have a "high usage" requirement and prohibits past program participants from receiving services within a 7 year period from when they last received services. This means that not all low income households qualify so that percentage of eligible customers to participants is higher than what is reflected.

18. Percentage is determined by dividing the number of participants by the estimated low income customer count by utility type. For 2024, there were 1,261,510 estimated low income electric customers and 705,234 estimated low income gas customers. 2024 USP Report at 7. While the PUC calculates a percentage based on a comparison of enrolled to confirmed low income customers, the confirmed low income customer count is representative only of the number of customers for whom the utility has information that would make it reasonably likely that the household is low income. The estimated count, which is based on census data, is a better reflection of overall need.

19. *Ibid.* n.20.

20. *Ibid.* n.21. Heating jobs only.

21. *Ibid.* n.22.

22. *Ibid. see* n.24 for methodology.

23. 2024 USP Report at 48. Average income for CAP participants was significantly lower: $16,031 (electric) and $16,073 (gas). *Id.*

24. 2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs, Docket No. M-2023-3038944, Order entered Aug. 22,2024, *available at:* https://www.puc.pa.gov/pcdocs/1845753.pdf.

25. 2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs, *Order*, Docket No. M-2023-3038944 (June 13, 2024).

26. *Pa PUC v. PPL Electric Utilities*, Docket No. R-2025-3057164, Direct Testimony of Patrick Cicero at 52.

27. Large load additions fueled by data centers and other large load users are already driving higher costs for Pennsylvania consumers. It is widely recognized that the substantial increase in capacity

prices, as well as transmission line build-out to serve hyperscale load in Pennsylvania and neighboring states, is driving higher consumer costs. In its analysis of the past two capacity auctions held at PJM – for the 2025/2026 delivery year and for the 2026/2027 delivery year – the PJM Market Monitor found that the total of these two auctions resulted in more than $30.8 billion in capacity payments to existing generators of which more than $16.6 million or 54% were the direct result of actual and projected data center load. *See* "Analysis of the 2025/2026 RPM Base Residual Auction - Part G Revised," (June 3, 2025), *available at:* https://www.monitoringanalytics.com/reports/Reports/2025/IMM_Analysis_of_the_20252026 and "Analysis of the 2026/2027 RPM Base Residual Auction - Part A," ("Part A") (Oct. 1, 2025), *available at:* https://www.monitoringanalytics.com/reports/Reports/2025/IMM_Analysis_of_the_20262027_RPM_Base_Residual_Auction_Part_A_20251001.pdf.

28. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261–69.267, M-2019-3012599, (Final CAP Policy Statement and Order) at 32.

29. The lone exception to this policy is Philadelphia Gas Works which assigns a small percentage of costs to commercial and industrial customers.

30. *Pa PUC v. PPL Electric Utilities*, Docket No. R-2025-3057164, Order entered June 11, 2026.

31. Interconnections and Tariffs for Large Load Customers, Docket No. M-2025-3054271, Final Order entered May 12, 2026.

32. Final CAP Policy Statement and Order, Docket No. M-2019-3012599, at 97 (Order entered Nov. 5, 2019); see also 52 Pa. Code §§ 69.265(1), 69.266(b).

33. Final CAP Policy Statement and Order at 7, 94-96, 107.

34. *Id.* at 97 (emphasis added); *see also* 66 Pa. C.S. § 69.266(b).

35. *See* 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code §§ 69.261—69.267; M-2019-3012599, 50 Pa. Bull. 1652, 1679 (Mar. 21, 2020). (noting that "many states recover the cost of utility low-income programs from all ratepayer classes, including New York, New Jersey, Ohio, Illinois, Maine, and New Hampshire").

36. *See* Diana Hernández, *Energy Insecurity And Health: America's Hidden Hardship, Health Affairs*, *available at:* https://www.healthaffairs.org/do/10.1377/hpb20230518.472953/ (last visited Dec. 5, 2025). (as a parallel to energy affordability, discussing the links between energy insecurity and adverse outcomes in health, food insecurity, and access to stable and affordable housing)

37. PUC 2024 Universal Service Programs Collections Performance at 49, *available at:* https://www.puc.pa.gov/media/3771/2024-universal-service-report-final.pdf.

38. Rulemaking to Further Amend the Provisions of 52 Pa. Code Chapter 56, Docket No. L-2025-3058767. Notice of Proposed Rulemaking ("NOPR") issued by the PUC on February 19, 2026, and published in the Pennsylvania Bulletin May 30, 2026.

39. Karen Lusson, NCLC, *Update: Protecting Access to Essential Utility Service During Extreme Heat and Climate Change* (July 2026), *available at:* https://www.nclc.org/resources/protecting-access-to-essential-utility-service/.

40. *See* United Way of Pennsylvania, 2026 Update on Financial Hardship, State of ALICE, *available at:* https://unitedforalice.org/pennsylvania. ALICE (Asset Limited, Income Constrained, Employed) is a measure of households earning above the FPL, but not enough to afford basic expenses in the county where they live. In Pennsylvania, in 2024, the ALICE Household Survival Budget was $31,284 for a single adult and $82,740 for a family of four with two adults, an infant, and a preschooler–much higher than the FPL ($15,060 for an individual and $31,200 for a family of four).

41. Karen Lusson, NCLC, *Update: Protecting Access to Essential Utility Service During Extreme Heat and Climate Change* (July 2026), at 9, *available at:* https://www.nclc.org/resources/protecting-access-to-essential-utility-service/.

42. New Jersey Board of Public Utilities & New Jersey Department of Community Affairs, *NJBPU Approves Summer Termination Program: Eligible NJ Households Protected from Utility Shutoffs Through August 31* (June 24, 2026), https://www.nj.gov/bpu/newsroom/2026/approved/20260618.html.

43. *See* Center for Survivor Agency & Justice, Domestic Violence and Economic Well-being Study, Service Provider Report, April 2021 (nationally, 54% of DV survivors surveyed reported utility debt), *available at:* https://csaj.org/wp-content/uploads/2022/05/DV__EWB_Study-Service_Provider_Report_FINAL.pdf.

44. Karen Lusson, NCLC, *Update: Protecting Access to Essential Utility Service During Extreme Heat and Climate Change* (July 2026), at 9 (internal citations omitted).

45. Sonal Jessel, Samantha Sawyer, and Diana Hernández, *Energy, Poverty, and Health in Climate Change: A Comprehensive Review of an Emerging Literature*, Dec. 11, 2019, p. 7, https://www.frontiersin.org/journals/public-health/articles/10.3389/fpubh.2019.00357/full.

46. *Pa PUC v. Peoples Natural Gas Company*, Docket No. R-2026-3060855, Direct Testimony of Roger Colton on behalf of Pennsylvania Office of Consumer Advocate at 51-55.

47. Pradhan & Chan, Minnesota's energy paradox: Household energy insecurity in the face of racial and economic disparities, 37 The Electricity J. 8 (July 2024).

48. *Id.* at 10.

49. *Id.* at 2.

50. This data is compiled from monthly shopping data obtained in each of the electric utilities' default service plan proceedings. As such, the dates analyzed vary based on the timing of each utilities' default service plan proceedings, as well as data constraints for individual utilities. *See* Petition of PECO Energy Co. for Approval of a Default Service Program for the Period of June 1, 2021 through May 31, 2025, CAUSE-PA St. 1, Exhibit 1, Docket No. P-2025-3019290 (June 16, 2020); Petition of PECO Energy Co. for Approval of Its Default Service Program for the Period from June 1, 2025 through May 31, 2029, TURN/CAUSE-PA St. 1, Exhibit 1, Docket No. P-2024-3046008 (April 25, 2024); Petition of PPL Electric Utilities Corp. for Approval of a Default Service Program for the Period of June 1, 2025 through May 31, 2029, CAUSE-PA St. 1, Exhibit 1, Docket No. P-2024-3047290 (June 3, 2024); Petition of Duquesne Light Co. for Approval of a Default Service Plan for the Period of June 1, 2025 through May 31, 2029, CAUSE-PA St. 1, Exhibit 1, Docket No. P-2024-3048592 (July 12, 2024); Petition of FirstEnergy Pennsylvania for Approval of their Default Service Programs for the Period Commencing June 1, 2027 through May 31, 2031, CAUSE-PA St. 1 at 16, Table 2 and Exhibit 1, Docket No. P-2026-3060298 (Apr. 29, 2026).

51. *Blue Pilot Energy, LLC v. Pa. Pub. Utility Comm'n*, 241 A.3d 1254 (Commw. Ct. 2020).