

**BEFORE THE STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW
BOARD OF PUBLIC UTILITIES**

**I/M/O THE JOINT PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY) BPU DKT. NO. EM05020106
AND EXELON CORPORATION FOR) OAL DKT. NO. PUC-1874-05
APPROVAL OF A CHANGE IN CONTROL)
OF PUBLIC SERVICE ELECTRIC AND GAS)
COMPANY AND RELATED AUTHORIZATIONS)**

**TESTIMONY OF ROGER COLTON
ON BEHALF OF THE
NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE**

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Filed: November 14, 2005

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1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. My name is Roger Colton. My address is 34 Warwick Road, Belmont, MA 02478.

3

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am a principal in the firm of Fisher Sheehan & Colton, Public Finance and
6 General Economics. In that capacity, I provide technical assistance to a variety of
7 public utilities, state agencies and consumer organizations on rate and customer
8 service issues involving telephone, water/sewer, natural gas and electric utilities.

9

10 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

11 A. I am testifying on behalf of the New Jersey Division of the Ratepayer Advocate
12 (Ratepayer Advocate).

13

14 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

15 A. I work primarily on low-income utility issues. This work involves rate and customer
16 service work. My work also involves the design and implementation of low-income
17 energy assistance programs. At present, I am working on various projects in the
18 states of Arizona, New Mexico, New Hampshire, Michigan, Missouri, Indiana,
19 Georgia and Iowa. My clients include state agencies (*e.g.*, Arizona state LIHEAP
20 office, Pennsylvania Office of Consumer Advocate, Iowa Department of Human
21 Rights), federal agencies (*e.g.*, the U.S. Department of Health and Human Services),
22 community-based organizations (*e.g.*, Indiana Community Action Association, Iowa

1 Community Action Association, Michigan Poverty Law Center), and private utilities
2 (e.g., Entergy Services, NIPSCO, Empire District Electric Company).

3

4 **Q. CAN YOU EXPLAIN YOUR EDUCATIONAL BACKGROUND?**

5 A. I have training in both law and economics. I received my law degree from the
6 University of Florida in 1981. I received my Masters Degree (economics) from the
7 McGregor School (Antioch University) in 1993.

8

9 **Q. HAVE YOU EVER PUBLISHED ON PUBLIC UTILITY REGULATORY**
10 **ISSUES?**

11 A. Yes. I have published nearly 100 articles in scholarly and trade journals, primarily
12 on low-income utility issues. I have published an equal number of reports for various
13 clients on energy, water, telecommunications and other associated low-income
14 utility issues. A complete list of my publications is included in Attachment A.

15

16 **Q. HAVE YOU EVER TESTIFIED BEFORE THIS OR OTHER UTILITY**
17 **COMMISSIONS?**

18 A. Yes. I have testified in regulatory proceedings in more than 30 states and various
19 Canadian provinces on a range of low-income utility issues. A list of proceedings in
20 which I have appeared as an expert witness is included in Attachment A.

21

22 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY?**

1 A. The purpose of my testimony today is to assess the impact that the proposed
2 merger of Public Service Electric and Gas Company (PSE&G or Company) with
3 Exelon will likely have on low-income PSE&G customers. I propose merger
4 conditions that are designed to eliminate or mitigate the adverse impacts on low-
5 income customers, should the Court and the Board of Public Utilities (Board or
6 BPU) decide to approve the merger despite the concerns expressed by the
7 Ratepayer Advocate.

8

9

10

**PART I:
POVERTY AND ENERGY.**

11

**Q. PLEASE DEFINE WHAT YOU MEAN BY “LOW-INCOME” IN YOUR
ASSESSMENT OF THE IMPACTS OF THE PROPOSED MERGER ON
“LOW-INCOME CUSTOMERS.”**

12

13

14

A. The generally accepted measure of “being poor” in the United States today indexes a
15 household’s income to the “Federal Poverty Level” published each year by the U.S.
16 Department of Health and Human Services (HHS). The Federal Poverty Level
17 looks at income in relation to household size. This measure recognizes that a three-
18 person household with an annual income of \$6,000 is, in fact, “poorer” than a two-
19 person household with an annual income of \$6,000. The federal government
20 establishes a uniform “Poverty Level” for the 48 contiguous states. The Federal
21 Poverty Levels for the year 2005 are set forth in Schedule RDC-1. Since 100
22 percent of Poverty Level is generally considered to be too low to be a reasonable
23 demarcation of “being poor,” other estimates range from 150 to 200 percent of
24 Poverty or more. A household's “level of Poverty” refers to the ratio of that

1 household's income to the Federal Poverty Level. For example, the year 2005
2 Poverty Level for a two-person household was \$12,830. A two-person household
3 with an income of \$6,415 would thus be living at 50% of Poverty. A two-person
4 household with an income of \$19,245 is said to be living at 150% of Poverty.

5
6 **Q. CAN YOU CHARACTERIZE POVERTY IN THE PSE&G SERVICE**
7 **TERRITORY?**

8 A. According to PSE&G's staff training manuals, the Company serves 70% of all
9 residential electric and gas utility customers in New Jersey. (RAR-LI-62, Vol. 13 of
10 24, at 26). As a result, a look at the poverty characteristics of low-income customers
11 in New Jersey generally is a relevant inquiry into characterizing PSE&G customers.
12 Roughly one out of every seven persons living in New Jersey (1,166,657 of
13 8,232,588 or 14.2%) lives at or below 150% of the Federal Poverty Level. (U.S.
14 Census Bureau, Summary Tape File 3 (STF3), Detailed Tables, New Jersey, at
15 Table P88).

16
17 There is a wide distribution of consumers over the various ranges of Poverty. While
18 some households live closer to the top, others live closer to the bottom. Of the
19 persons living below 150% of Poverty in New Jersey, nearly one-third (343,144)
20 live at or below 50% of Poverty. Nearly 700,000 New Jersey residents (8.5%) live
21 with income at or below 100% of Poverty. (STF3, Detailed Tables, New Jersey, at
22 Table P88).

23

1 **Q. HAVE YOU EXAMINED THE DISPERSION OF POVERTY IN THE**
2 **PSE&G SERVICE TERRITORY?**

3 A. Yes. In examining the low-income status of customers in the PSE&G service
4 territory, I focused my attention on communities that have 20,000 or more
5 PSE&G residential customers. There are 14 such communities in PSE&G's
6 service territory. I focus my attention on these communities since they are the
7 location of the vast majority of PSE&G customers. Moreover, smaller
8 communities sometimes are not reflected as separate geographic areas within the
9 Census data. For example, the following municipalities in PSE&G's service
10 territory do not have Census counterparts: Basking Ridge, Bedminster, and
11 Branchburg.

12
13 Remember that, overall in New Jersey, 14% of all persons live with incomes at or
14 below 150% of the Federal Poverty Level. Within these larger communities,
15 however, PSE&G has poverty rates (at or below 150% of the Federal Poverty
16 Level) substantially higher than the statewide average. For PSE&G, 28.9% of the
17 persons in its largest communities live with incomes at or below 150% of the
18 Federal Poverty Level.

19
20 The poverty in PSE&G's service territory is widely dispersed as is presented in
21 Schedule RDC-2. The proportion of persons living at or below 150% of Poverty
22 exceeds the statewide average in eleven of the 14 largest PSE&G communities. In
23 nine of those eleven communities, the local poverty rate exceeds the statewide

1 average by 10% or more. In Camden, more than 50% of residents live with income
2 below 150% of the Federal Poverty Level, while in Newark, 40% do. In Paterson,
3 36% of residents live with incomes below 150% of the Federal Poverty Level.
4

5 **PART 2:**
6 **THE MERGER'S ADVERSE IMPACTS ON LOW-INCOME CUSTOMERS.**

7 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

8 A. In this section of my testimony, I assess certain adverse impacts that the proposed
9 merger will likely generate for low-income customers. I discuss three categories of
10 impacts:

- 11 ➤ The impacts that arise from the dilution of resources for low-income
12 PSE&G customers;
- 13 ➤ The impacts that arise from the increased remoteness between utility
14 company customer service personnel and the low-income customers
15 needing service (along with the local agencies assisting those low-
16 income customers); and
- 17 ➤ The impacts that arise from the combination of PSE&G's customer
18 service system with a system that does not provide the same level of
19 responsiveness to low-income payment troubles.

20
21 **Q. CAN YOU IDENTIFY SOME OF THE CUSTOMER SERVICES THAT**
22 **LOW-INCOME CUSTOMERS FREQUENTLY REQUIRE?**

23 A. While it is impossible to identify services required by all low-income customers, it is
24 possible to identify certain services that are disproportionately required by low-

1 income customers. Low-income customers are disproportionately payment-troubled.
2 As a result, they often require the negotiation of deferred payment plans along with
3 referrals to public and private payment assistance. Low-income customers are
4 disproportionately mobile. They thus have more need for contact in the
5 establishment and transfer of service. Low-income customers disproportionately
6 lack homeownership or long-term leases. As a result, they are frequently called
7 upon to contact the company to establish creditworthiness in non-traditional ways.
8 Telephone requests for bill payment assistance come disproportionately from low-
9 income customers.

10
11 Low-income customers also tend to rely on walk-in locations for a variety of
12 services. Low-income customers are disproportionately households without
13 telephones. As a result, they disproportionately rely upon walk-in centers to conduct
14 business with a utility. Low-income customers disproportionately lack checking
15 accounts, and therefore often require a bill payment option allowing for the payment
16 of cash.

17
18 In addition, a major function of walk-in centers for low-income customers is to
19 provide a location for them to provide proof of identity and other required
20 documentation. A required proof of identity is not uncommon in PSE&G's
21 customer service policies. A proof of identity is required when the Company
22 cannot match a social security number provided by a new customer. (RAR-LI-62,
23 Vol. 8 of 24, at Safescan Messages, pages 1 - 3). Proof of identity and proof of

1 prior address may be required when a customer is seeking to establish service as a
2 new customer at an address that is currently disconnected for nonpayment (or has
3 recently been disconnected for nonpayment). (RAR-LI-62, Vol. 13 of 24, at
4 Residential Deposits, 2, 6/19/02).

5
6 These observations above are illustrative. This discussion is not intended to present
7 a comprehensive listing of the types of services that low-income customers
8 frequently need. Within this context, I turn to a discussion of the three broad types of
9 adverse impacts that the proposed merger can be expected to generate for low-
10 income customers.

11

12 **A. The Dilution of Resources.**

13 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
14 **TESTIMONY.**

15 A. In this section of my testimony, I explain why the proposed merger can be
16 expected to dilute the resources available to address the service needs of low-
17 income PSE&G customers. The dilution of resources occurs to the extent that the
18 combination of PSE&G with Exelon results in a proportionate reduction of resources
19 available to adequately serve PSE&G's low-income customers. I conclude that the
20 proposed merger is likely to result in a dilution of resources devoted to providing
21 personal contact and providing crisis energy assistance.

22

23 **Q. PLEASE EXPLAIN THE DILUTION OF RESOURCES RELATING TO**
24 **PERSONAL CONTACT.**

1 A. The first area in which I expect a dilution of resources relating to personal contact
2 involves customer call centers. PSE&G and Exelon report an expected reduction of
3 115 call center personnel for the combined companies. (RAR-SQ-49, p. 2 of 3).
4 A reduced staff can be expected to be available to respond to customer service
5 needs. The fact that the two companies report that they have no present intention
6 to close PSE&G's New Jersey call centers is beside the point. There are plans to
7 spread the workload of responding to New Jersey payment troubles systemwide.
8 PSE&G and Exelon talk of the intent to have "some level of coordinated coverage of
9 service territories across the Exelon system for call centers presently operated by
10 PSE&G in NJ." (S-DCA-4). They also refer to the opportunity for "automatic
11 phone call re-routing" between call centers of the different utilities. (S-DCA-4).
12 Fewer call center staff will be available to address the customer service needs of a
13 combined company.

14

15 **Q. DOES THE COMPANY COMMIT TO RETAINING THE NEW JERSEY**
16 **CALL CENTERS?**

17 A. No. PSE&G and Exelon refuse to rule out the possibility of closing the New Jersey-
18 based call centers that currently serve PSE&G residential customers. (S-DCA-3, S-
19 DCA-13, RAR-SQ-77).

20

21 **Q. PLEASE EXPLAIN THE EXPECTED IMPACT ON RESOURCES**
22 **AVAILABLE FOR WALK-IN CUSTOMER CONTACTS.**

1 A. The proposed merger places in jeopardy the continuation of PSE&G walk-in
2 customer service centers. While PSE&G and Exelon state that “the companies do
3 not currently plan to consolidate the in-person customer service offices
4 throughout New Jersey,” they acknowledge that “[t]he specific decisions
5 concerning the continued operation of Customer Service Centers at their current
6 locations will not be made until after the merger is consummated.” (Local 601-II-
7 50). As discussed above, the walk-in centers are important resources that provide
8 low-income customers with a cash payment option and allow them to address
9 payment troubles and conduct other business through personal contact.

10

11 **Q. HOW WOULD THE ELIMINATION OF CUSTOMER SERVICE**
12 **CENTERS DILUTE RESOURCES TO LOW-INCOME PSE&G**
13 **CUSTOMERS?**

14 A. Schedule RDC-3 shows the 16 Customer Service Center locations maintained by
15 PSE&G. A residential customer can pay a bill at all but one of these Customer
16 Service Center locations (the exception being the temporary center currently
17 located in Elizabeth). At all 16 centers, a residential customer can make personal
18 contact with a company service representative who is capable of immediately
19 responding to an inquiry about a residential bill; is authorized to negotiate a
20 deferred payment arrangement for an outstanding bill; is authorized to negotiate a
21 resolution to an outstanding shutoff for nonpayment; and is authorized to
22 negotiate a service reconnection after a shutoff for nonpayment. (RAR-LI-36). In
23 contrast, Commonwealth Edison has no such walk-in locations, while the only

1 location at which these functions can be performed for PECO is the PECO Main
2 Office Building in Philadelphia. (RAR-LI-36).

3
4 There is a significant difference in resources devoted to allowing customers to
5 make personal contact with company personnel. Setting aside Commonwealth
6 Edison, which does not provide walk-in contacts and thus has no walk-in personal
7 contacts with customer service representatives (RAR-LI-38), PECO provided four
8 PECO representatives at the PECO Main Office Building in 2004, and handled
9 approximately 51,750 customer contacts. (RAR-LI-38). In contrast, as is shown
10 in Schedule RDC-4, PSE&G provided more than 100 company personnel and
11 handled more than 2.5 *million* walk-in customer contacts in both 2003 and 2004.¹

12
13 The elimination of PSE&G's Customer Service Centers, or a reduction in the
14 number of such centers, would represent a substantial dilution in the resources
15 available to low-income PSE&G customers. Given Exelon's policy of not
16 providing customer service centers, combined with its policy of outsourcing
17 customer service functions where possible, and the stated intention of reducing
18 call center personnel by 115 positions, the merger would represent a real threat to
19 the continued ability of PSE&G to serve those 2.5 million walk-in personal
20 contacts in the same manner as is done in the pre-merger environment. Both
21 PECO and PSE&G report that their current in-bound call center volume averages
22 70 (PECO) to 72 (PSE&G) calls per customer service representative per day.

^{1/} Figures for 2002 were comparable, with 103 company staff handling roughly 2.7 million walk-in customer contacts.

1 (RAR-LI-41). A merged company could not eliminate 115 call center positions,
2 absorb an additional 2.5 million contacts previously handled by PSE&G's walk-in
3 centers, and maintain an undiluted delivery of customer service to PSE&G's low-
4 income customers.

5
6 **Q. PLEASE EXPLAIN YOUR CONCERNS ABOUT THE DILUTION OF**
7 **RESOURCES ASSOCIATED WITH ENERGY ASSISTANCE.**

8 A. I have examined the relative resources that each of the three merging companies
9 brings to bear on generating cash assistance for their respective low-income
10 payment-troubled customers. In particular, I have examined each company's
11 resources for private fuel funds.²

12
13 Company support for local fuel funds (defined as a private organization providing
14 charitable energy assistance to customers) varies widely among the three utilities.
15 Commonwealth Edison does not solicit fuel fund contributions from its
16 customers, employees, investors, or contractors providing goods and/or services
17 to that company. PSE&G solicits customer contributions through an annual bill
18 insert, engages in a "toy truck sale" and participates in what it terms "ad hoc
19 fundraisers." While PSE&G appears to "match[. . .] all funds raised through these
20 efforts up to \$100,000" (RAR-LI-68), the Company did not know how much
21 investor matching occurred or how much money was raised through the

^{2/} I have set aside the major universal service rate assistance programs as well as the low-income energy efficiency programs. The rate assistance programs (USF in New Jersey and CAP in Pennsylvania), as well as the energy efficiency programs (LIURP in Pennsylvania and Comfort Partners in New Jersey) are highly regulated, statewide programs.

1 contributions from customers, employees, or contractors. (RAR-LI-67). In
2 contrast, PECO reported a total contribution in 2004 of roughly \$680,000 to local
3 fuel funds, of which \$385,813 came from investors and \$273,183 came from
4 customers. A lesser amount came from contractors through a local golf
5 tournament. (RAR-LI-67).

6

7 **Q. WHY ARE FUEL FUND CONTRIBUTIONS OF CONCERN IN THIS**
8 **MERGER PROCEEDING?**

9 A. Just like other company initiatives directed toward resolving low-income payment
10 troubles, fuel fund contributions, as well as participation in the solicitation of
11 contributions to local fuel funds, evidence a company's ability to bring outside
12 resources to bear in helping resolve low-income customers' payment troubles.
13 PSE&G does not generate significant private fuel assistance funds. In contrast, the
14 commitment of Commonwealth Edison management to charitable energy
15 assistance results in no effort to support local fuel funds. The risk that this
16 management inattention and lack of commitment might reduce PSE&G's fuel
17 fund efforts even further cannot be ignored.

18

19 **Q. WHAT DO YOU CONCLUDE OVERALL WITH RESPECT TO THE RISK**
20 **OF THE PROPOSED MERGER RESULTING IN A DILUTION OF**
21 **RESOURCES TO LOW-INCOME PSE&G CUSTOMERS?**

22 A. I expect the proposed merger to result in a dilution of resources available to low-
23 income customers served by PSE&G. The dilution of resources is likely to occur in

1 the ability of low-income customers to make telephone contact with company
2 personnel charged with helping to resolve customer service issues; in the ability of
3 low-income customers to make personal contact with PSE&G walk-in centers; and
4 in the ability of low-income customers to access private charitable fuel fund dollars
5 to help resolve inability-to-pay situations.

6

7 **B. Remoteness and the Lack of Local Contacts.**

8 **Q. PLEASE EXPLAIN THE PROBLEM OF REMOTENESS.**

9 A. Increasing the remoteness of customer service representatives addressing low-
10 income payment problems results in those customer service representatives losing
11 the *local* contact with agencies and individuals providing assistance to low-
12 income payment-troubled customers. A consolidation of call centers and/or
13 Customer Service Centers eliminates much of the knowledge of local sources of
14 assistance that are available to local customer service representatives.

15

16 **Q. IS IT MERELY THE AMOUNT AND AVAILABILITY OF ASSISTANCE**
17 **THAT IS CRITICAL?**

18 A. In addition to the knowledge of the amount and availability of local assistance,
19 one critical aspect of resolving payment troubles is the knowledge of how to
20 coordinate the various local sources of energy assistance:

- 21 ➤ Private charitable energy assistance (*e.g.*, private fuel funds, churches);
- 22 ➤ Government assistance (*e.g.*, LIHEAP);
- 23 ➤ New Jersey Universal Service Fund (USF).

1 Indeed, impeding the coordination of the USF with other sources of public and
2 private assistance would work to the detriment of both the USF program and the
3 customers who are intended to benefit from the program.
4

5 **Q. WHAT IMPACT WOULD THE MERGER HAVE ON THE NEW JERSEY**
6 **CALL CENTER AND PSE&G'S CUSTOMER SERVICE CENTERS?**

7 A. While the Company does not explicitly propose to close the PSE&G call centers
8 now located in New Jersey, it *does* explicitly note that it intends to promote “some
9 level of coordinated coverage of service territories across the Exelon system for call
10 centers presently operated by PSE&G in NJ.” (S-DCA-4). The Company also
11 intends to implement “automatic phone call re-routing” among call centers of the
12 different utilities. (S-DCA-4). The Company asserts that it can address potential
13 problems of having New Jersey’s payment-troubled customers being handled by
14 non-New Jersey-based customer service representatives by ensuring that
15 “customer service representatives will be cross-trained to respond to New Jersey”
16 issues. (S-DCA-20).
17

18 In addition, the Company refuses to rule out closing the New Jersey-based call
19 centers completely. Moreover, the Company does not rule out the possibility of
20 closing its walk-in Customer Service Centers.
21

1 **Q. IS THERE A SPECIFIC PROBLEM WITH THE NOTION OF “CROSS-**
2 **TRAINING” NON-NEW JERSEY CUSTOMER SERVICE**
3 **REPRESENTATIVES FROM A LOW-INCOME PERSPECTIVE?**

4 A. Yes. Low-income payment negotiations often depend on the personal relationship
5 between the utility’s customer service representative and the local agency providing
6 low-income energy assistance. This relationship results in the creation of a trusting
7 relationship and a shared sense of values (involving customer and company
8 responsibilities). A move to remote customer call centers undermines these
9 relationships and makes it more difficult to reach mutually beneficial payment
10 agreements. In my work around the country, I am not only called upon to work with
11 specific individual local and state agencies providing energy assistance (both public
12 and private), but I am also called upon to make presentations at a multitude of
13 energy and affordable housing conferences around the nation. In the past year, for
14 example, I have attended and made presentations at the national conferences of the
15 National Low-Income Energy Consortium (NLIEC), National Fuel Funds Network
16 (NFFN), National Community Action Foundation (NCAF), and the U.S.
17 Department of Housing and Urban Development’s (HUD) Community
18 Development Block Grant (CDBG) national training conference. This work brings
19 me into contact with hundreds of staff for agencies providing low-income energy
20 assistance. Through these contacts, I have been told that the problems I identify
21 above have repeatedly arisen after utility mergers around the country. As a result of
22 utility mergers:

- 1 ➤ There were increased problems in addressing payment troubles because
- 2 customer service representatives on the telephone were not familiar with
- 3 specific policies or financial resources referred to by a representative of a
- 4 local energy assistance agency.
- 5 ➤ Local agencies providing low-income energy assistance tended to lose
- 6 communication with company customer service representatives regarding
- 7 local rules governing disconnections because the customer service
- 8 representatives could communicate only in very broad language applicable
- 9 systemwide, rather than in language specific to an individual state.
- 10 ➤ Everything was more challenging, because the local agency staff first was
- 11 required to educate the customer service representative about the local
- 12 program.

13 There is every reason to expect these same problems to arise in the PSE&G merger

14 to the extent that the merger moves customer service representatives to remote

15 locations. A review of eight boxes of staff training manuals provided by all three

16 companies, for example, each holding roughly 5,000 pages of paper, surfaced no

17 comprehensive listing of specific PSE&G policies regarding issues involving service

18 disconnections and related treatment of payment troubles. (RAR-LI-1; RAR-LI-62).

19 The existing customer service training would not inform customer service

20 representatives of the nuances of state and local policy; that information comes from

21 repeated local involvement in problem resolution.

22

1 **Q. IS THERE A SECOND SPECIFIC PROBLEM THAT ARISES FROM THE**
2 **INCREASED REMOTENESS OF CUSTOMER SERVICE**
3 **REPRESENTATIVES?**

4 A. Low-income crisis resolution often results from referrals to local private sources of
5 energy and non-energy assistance providers. These might include local churches,
6 local community-based organizations, and local providers of services such as food
7 banks and crisis rental assistance. It would be difficult or impossible for a merged
8 call center to identify and document these local sources of assistance for the low-
9 income payment-troubled customer. The knowledge of such local sources of
10 assistance instead arises because of specific local knowledge gained by having local
11 customer service representatives identify local resources to bring to bear on the
12 customer services needs of local customers.

13
14 **Q. PLEASE CHARACTERIZE THE CURRENT KNOWLEDGE OF LOCAL**
15 **PRIVATE SOURCES OF CRISIS ENERGY ASSISTANCE AVAILABLE TO**
16 **PSE&G'S CUSTOMER SERVICE REPRESENTATIVES.**

17 A. PSE&G states that “payment troubled customers are provided a list of all local
18 community based organizations known to the Company, including . . . private
19 programs. All of the Company’s customer contact associates have a list of these
20 available organizations in the customer’s locality and can provide that information to
21 our customers whether on the phone, at our walk-in Customer Service Centers, or in
22 the field.” (RAR-LI-66). A merged call center does not necessarily detract from the
23 ability to distribute such a list, but it detracts from the ability to develop and update

1 such a list through regular personal contact. Without local customer service
2 representatives available to develop, document and update the local sources of
3 assistance, it is precisely this kind of local knowledge that is expected to be lost.

4

5 **Q. WOULD A MERGED PSE&G/EXELON HAVE A STRONG**
6 **COMMITMENT TO LOCATING AND COMMUNICATING SOURCES OF**
7 **LOCAL PAYMENT ASSISTANCE TO ITS CUSTOMER SERVICE**
8 **REPRESENTATIVES?**

9 A. There is little or no commitment on the part of Commonwealth Edison to locate
10 and communicate sources of private fuel assistance to customer service
11 representatives and, by extension, to low-income payment-troubled customers.

12 Commonwealth Edison does not refer customers to sources of private fuel
13 assistance in its service territory. When asked to provide “a detailed narrative
14 description of all ways in which the Company refers customers to sources of
15 private fuel assistance available in the Company service territory,”

16 Commonwealth Edison simply replied “none.” (RAR-LI-66).

17

18 In addition, there is a substantive difference between the efforts of
19 Commonwealth Edison and the efforts of PSE&G to promote programs that might
20 help low-income payment-troubled customers find resources to help pay their
21 bills. PSE&G reports that its “core Payment Assistance Outreach group has an
22 annual budget of approximately \$1.4 million. This budget includes outreach to all
23 the programs identified [by the Ratepayer Advocate]. This is not the total dollars

1 expended by PSE&G on these programs, but merely the coordination costs
2 required to spearhead the outreach efforts for all of the Company’s customer
3 contact associates Outreach efforts are not limited to internal efforts. Bill
4 inserts, bill messages, and newsletters are sent to all our residential customers at
5 strategic times during the year to alert them of the options available to manage
6 their energy needs.” (RAR-LI-76). In addition to the LIHEAP outreach, PSE&G
7 promotes programs such as the Earned Income Tax Credit (EITC) as a means of
8 generating public assistance to help pay home energy bills.

9
10 In contrast to this \$1.4 million budget, PECO reports spending \$200,000 each
11 year on LIHEAP outreach, while Commonwealth Edison spends \$214,400.
12 Neither PECO nor Commonwealth Edison promotes programs other than
13 LIHEAP. (RAR-LI-76).

14
15 **Q. WHAT ARE THE FINAL ASPECTS OF THE ISSUE OF REMOTENESS?**

16 A. An increase in the geographic scope of the markets served by the merged utility can
17 reasonably be expected to lead to a reduced emphasis on, and focus upon, the
18 specific needs of New Jersey standing alone.

19
20 Low-income payment troubles can vary widely based on the needs of particular
21 local populations and how those needs affect the interface between the company and
22 its customers. These local needs range, for example, from the closing of a major
23 employer (thus putting substantial numbers of customers out of work), to the quality

1 of housing, to the prevalence of fixed-income older customers in a community.
2 These localized needs are precisely the needs that are less well-served by a merged
3 non-local company.

4 ➤ In Pittsburgh, for example, local fuel fund officials worked closely with
5 local utility officials in the post 9/11 environment, when the economic
6 fall-out to the airline industry affected US Air employees in that
7 community.

8 ➤ In New Orleans and Little Rock, local utility officials worked with low-
9 income advocates when poor housing quality was found to cause a
10 disproportionate number of “walk away homes,” thus preventing
11 weatherization agencies from delivering energy efficiency services to
12 improve home energy affordability.

13 ➤ In Iowa, state energy assistance officials worked with local utilities to
14 more effectively direct fuel fund and LIHEAP outreach to rural areas not
15 well-served by traditional print and electronic media outlets. Outreach
16 was directed through multiple forms of non-traditional networks to help
17 offset the inability of traditional media outlets to reach the full range of
18 payment-troubled customers.

19

20 **Q. PLEASE SUMMARIZE.**

21 A. I expect the proposed merger to have substantial detrimental impacts on PSE&G’s
22 low-income customers attributable to the increased remoteness of customer service
23 resources to low-income customers. The lack of local contacts not only creates a

1 lack of knowledge of local policies, but also eliminates relationships with local
2 social service agencies and creates voids in the base of knowledge about local
3 resources. The increased remoteness also undermines the customer service
4 representatives' knowledge of specific local conditions that are relevant to the
5 successful resolution of payment troubles.

6

7 **C. Risks to Policies Responsive to Payment Troubles.**

8 **Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR**
9 **TESTIMONY.**

10 A. In this section of my testimony, I explain how the proposed merger of PSE&G with
11 Exelon can be expected to place at risk a number of critical policies that are
12 responsive to New Jersey's low-income payment-troubled customers. While
13 PSE&G customer services may well have room for improvement in some areas,
14 overall PSE&G provides its customer service representatives flexibility to address
15 the payment troubles of the Company's low-income customers in a way that makes
16 business sense to the Company. In contrast, Commonwealth Edison appears to rely
17 on an automated, mechanistic approach, leaving little room for the use of customer
18 service representative discretion in working with the unique circumstances of
19 individual customers.

20

21 **Q. PLEASE DESCRIBE THE EXPECTED STANDARDIZATION OF**
22 **CUSTOMER SERVICE FUNCTIONS AND POLICIES RESULTING FROM**
23 **THE MERGER.**

1 A. It is likely that customer service policies and processes will be standardized across
2 companies to a great extent. In response to a Ratepayer Advocate discovery
3 question about customer billing and payment processes, PSE&G and Exelon stated
4 that the post-Exelon PECO merger structure “focus[ed] on the standardization of
5 utility processes across both companies” (RAR-SQ-57). Many of these policies
6 and processes are not simply set forth in customer service staff training manuals,
7 they are also embedded in the electronic information systems upon which those staff
8 rely. The Company quite openly states that one intended result of the merger is the
9 intent “to consolidate the customer information system at each utility resulting in
10 one integrated system.” (S-DCA-4). Given the stated goal of improving “efficiency”
11 through the merger, it is reasonable to expect PSE&G policies and processes to
12 migrate toward the more automated and mechanistic approach employed at
13 Commonwealth Edison and embedded in that company’s information technology
14 system.

15
16 **Q. PLEASE EXPLAIN WHY YOU ASSUME THROUGHOUT YOUR**
17 **TESTIMONY THAT A MERGED COMPANY WILL USE THE**
18 **COMMONWEALTH EDISON INFORMATION SYSTEM RATHER THAN**
19 **PSE&G’S.**

20 A. In response to discovery, PSE&G stated quite explicitly that “the billing engine to be
21 adopted across the combined entity is the platform developed at ComEd
22 Because of Exelon’s scale (5.5 million total customers versus 3.6 million total
23 PSE&G customers) and the estimated benefits from a billing platform consolidation,

1 management has determined that the adoption of ComEd's billing platform to be the
2 most beneficial in the combined entity." (RAR-SQ-110, Update). The Company
3 reports that this combined billing platform will include the treatment of delinquent
4 accounts. (RAR-SQ-37).

5
6 **Q. DO YOU HAVE SPECIFIC AREAS OF CONCERN WITH RESPECT TO**
7 **THE PROPOSED MERGER?**

8 A. Yes. Even beyond provisions that may exist in a utility's tariff, a range of policy
9 and operational decisions exist that, while affecting customer access to service,
10 are not set out in tariffs. They are, instead, embodied in documents such as
11 customer service staff procedures manuals and embedded in a company's
12 electronic customer information system. The following specific areas are
13 examples of why this proposed merger gives rise to concerns:

- 14 ➤ Establishing creditworthiness by new customers;
- 15 ➤ Securing payments through cash deposits;
- 16 ➤ Developing customer credit assessments; and
- 17 ➤ Using deferred payment arrangements to address customers' inability to
18 pay current bills.

19 I will address each of my concerns individually.

1 **1. Establishing Creditworthiness.**

2 **Q. WHY DOES ESTABLISHING CREDITWORTHINESS PRESENT A**
3 **PROBLEM WITHIN THE CONTEXT OF THE PROPOSED MERGER?**

4 A. Low-income customers are placed at risk by a move to the automatic imposition of
5 deposits by the Commonwealth Edison³ customer information system.⁴ According
6 to Commonwealth Edison’s training manual for customer service representatives,
7 the company’s information system “automatically requests a deposit for all accounts
8 as provided for under the Illinois Commerce Commission guidelines.” For new
9 customers, this is of concern. According to Commonwealth Edison, “externally
10 provided risk information is used to determine deposit requests for new customers.”
11 (RAR-LI-23). Presumably, the ICC regulations protect low-income customers from
12 the use of such “externally provided risk information.” ICC regulation 280.50(e)
13 provides that “a utility shall not require a deposit based on a credit scoring system if
14 the applicant for residential service is eligible for the Low-Income Home Energy
15 Assistance Program (LIHEAP)” When asked, however, for “all criteria used to
16 categorize customers as low-income customers,” along with “each specific company
17 procedure in which these criteria are used,” Commonwealth Edison stated that
18 “upon receipt of a LIHEAP Grant, the account is categorized as a low-income
19 account.” Clearly, a *new* applicant for service would not yet have received a

^{3/} Pursuant to Pennsylvania PUC regulations, low-income customers are exempt from deposit requirements. PECO procedures are thus not further considered with respect to deposits.

^{4/} As discussed elsewhere, one intent within the merger is to move to a unified customer information system.

1 LIHEAP grant. Moreover, when asked to provide “a detailed description of all
2 circumstances under which the company would choose to obtain the income
3 information of a residential customer,” Commonwealth Edison responded “not
4 applicable.” (RAR-LI-43). As can be seen, despite the ICC regulation,
5 Commonwealth Edison has no procedure in place to determine whether a new
6 applicant for service is “eligible for” LIHEAP, thus undermining the protection
7 provided under the ICC regulation.
8

9 **Q. DO YOU HAVE CONCERNS ABOUT THE IMPACT OF THE MERGER**
10 **ON THE IMPOSITION OF DEPOSITS ON EXISTING CUSTOMERS?**

11 A. Yes. The move to an integrated customer service information system is likely to
12 have a significant adverse impact on existing low-income customers as well. As
13 mentioned above, the Commonwealth Edison system “automatically requests a
14 deposit for all accounts” as provided for in the system. The problem arises for
15 customers that change service addresses. Pursuant to Commonwealth Edison
16 procedures, it will automatically request a deposit for a residential customer
17 switching service addresses when “it has been determined that the customer has a
18 cumulative unpaid past due balance of \$10 from any other residential account.” (The
19 First Step, Book 1, Deposits, at page 4).⁵ In contrast, PSE&G customers receive a
20 higher degree of protection. PSE&G states that, in order for a customer that is
21 seeking to transfer service to have a deposit request imposed, that customer must
22 have a “credit assessment code” of at least a “4.” That code indicates the customer

^{5/} While Commonwealth Edison cites ICC regulations as authority for this policy, the \$10 trigger is not provided by the ICC.

1 has received a shutoff notice and has been “delinquent less than six times in the last
2 twelve months or delinquent less than one-half of the months a customer [has been a
3 customer].”⁶

4

5 **Q. WHY ARE THESE DEPOSIT REQUIREMENTS FOR EXISTING**
6 **CUSTOMERS OF PARTICULAR CONCERN TO LOW-INCOME**
7 **CUSTOMERS?**

8 A. Low-income customers are disproportionately mobile and thus would bear a
9 disproportionate burden from the imposition of deposits. Low-income households
10 overall have a much higher mobility than do households in general. According to the
11 Census Bureau, while 14.7% of all households with income below the Federal
12 Poverty Level moved in 2002, only 7.4% of households with income above the
13 Poverty Level did. Moreover, the Census Bureau reports that one-year mobility has
14 a distinct relationship to income:

- 15 ➤ Less than \$25,000: 19.4% moved in 2002
- 16 ➤ \$25,000 - \$49,999: 15.4% moved in 2002
- 17 ➤ \$50,000 - \$99,999: 12.2% moved in 2002
- 18 ➤ Above \$100,000: 10.2% moved in 2002.⁷

19 As can be seen, there is a 20% higher mobility rate in the “below \$25,000”
20 income range as compared to the next higher income range. There is a 50%

^{6/} Other “credit assessment codes, up to a maximum of “8,” indicate increasing levels of payment troubles in the customer’s payment history with PSE&G. A “credit assessment code” of “8,” for example, indicates the customer has experienced a disconnection for nonpayment a “number of times.”

^{7/} The annual Census reports based on the Current Population Survey document this conclusion. *See, e.g.,* Current Population Survey (March 2004), *Geographical Mobility: 2002 to 2003*, at 4, Table B, U.S. Census Bureau: Washington D.C. (publication P20-549).

1 higher mobility rate in the “below \$25,000” income range as compared to the
2 “above \$100,000” income range.

3

4 **Q. PLEASE SUMMARIZE YOUR MERGER-RELATED CONCERNS.**

5 A. In sum, the merger is likely to result in a move toward the use of a set of
6 standardized policies and procedures between the companies. This process of
7 standardization can be expected to reduce the flexibility of New Jersey’s customer
8 service representatives in deciding whether to impose a cash security deposit on low-
9 income customers. Rather than assessing the individual circumstances of low-
10 income customers to determine whether they have a poor utility bill payment
11 history, a combined PSE&G system can be expected to incorporate the more
12 automated, mechanistic, application of deposit requirements now in use at
13 Commonwealth Edison. Moreover, the conditions under which deposits will be
14 required are likely to become more onerous.

15

16 **2. Payment Options.**

17 **Q. PLEASE EXPLAIN THE ISSUE REGARDING PAYMENT OPTIONS**

18 **WITHIN THE CONTEXT OF THE PROPOSED MERGER.**

19 A. The three companies have significantly different approaches to the various available
20 options through which low-income customers may make payments on their monthly
21 bills. While PSE&G’s system of payment options has room for improvement, it
22 offers advantages to low-income customers compared to the Commonwealth Edison
23 and PECO systems.

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Q. PLEASE EXPLAIN THE PSE&G SYSTEM OF PAYMENT OPTIONS.

A. PSE&G customers have two walk-in bill payment options. First, PSE&G customers can make utility bill payments at any one of 15 PSE&G customer service centers (customers can not make payments at the Elizabeth Customer Service Center). There is no fee associated with making such payments. Second, PSE&G contracts with roughly 230 Western Union agents around the state to accept bill payments on the Company’s behalf. PSE&G acknowledges that the contractor will charge a “minimal fee of \$1.00 per payment.” (RAR-LI-62, Vol. 6 of 24, at Payments, page 8).

The posting of payments for PSE&G customers does not vary based on whether the customer pays at a PSE&G Customer Service Center or at one of the Western Union offices. The agreement through which institutions serving as Western Union agents will accept payments on behalf of the Company ensures that customers can make payments at these locations without fear that the use of such facilities will slow down the recording and posting of the payment to a customer’s account. PSE&G reports that payments at its authorized payment centers are reported to the Company and posted to a customer’s account in the same manner as payments made directly to the Company. According to PSE&G, all “payments made at our authorized payment agency (Western Union) are sent to PSE&G electronically and credited the same day the payment is made.” (RAR-LI-31). A customer will experience no

1 difference in timing between making a payment at a Company Customer Service
2 Center and making a payment at a non-Company facility.

3
4 **Q. PLEASE CONTRAST THESE PSE&G OPTIONS WITH THE OPTIONS**
5 **AVAILABLE TO THE CUSTOMERS OF PECO AND COMMONWEALTH**
6 **EDISON.**

7 A. The PECO and Commonwealth Edison systems differ in several ways to the
8 detriment of low-income customers. First, neither PECO nor Commonwealth
9 Edison makes available no-cost company payment locations for customers
10 wishing to make in-person payments. Commonwealth Edison and PECO, for
11 example, both tend to outsource the locations at which customers may make
12 payments. While PSE&G maintains 15 district field offices at which cash
13 payments may be paid (Schedule RDC-3), neither Exelon company maintains
14 field offices at which a customer may make a cash payment. (RAR-LI-35).
15 Indeed, Commonwealth Edison does not even allow customers to make cash
16 payments at its main office building. (RAR-LI-35). While payments may be
17 made at the PECO main office building, those payments are handled by a
18 contractor and are treated as though they were made at any other authorized
19 payment center. Effective March 28, 2005, all customers seeking to make a
20 payment to PECO will be charged a “convenience fee.” PECO’s Credit Call
21 Center Communications Bulletin #009-05 (February 22, 2005) states:

22 Effective March 28, 2005, customers must pay a convenience fee for
23 Ameracash agents to accept a PECO payment. Agents will be permitted
24 to charge customers a fee of up to \$1.00 at all Ameracash payment
25 locations, **including** (emphasis in original) the Main Office Building.

1 Previously, customers had the ability to make cash payments at
2 Authorized Payment Locations at no charge. Customers also had the
3 ability to make payments by cash or check at no cost at the Ameracash
4 facility located in the Main Office Building.
5

6 (RAR-LI-1, PECO, Vol. 1 of 1, Vendor Credit Training, Training Manual, Credit
7 Call Center Communications Bulletin #009-05, 3-1-05). As can be seen, PECO
8 not only provides just one PECO office at which a customer can make a payment
9 toward his or her PECO bill, it also requires its customers to pay a fee to pay a
10 bill at the PECO office.
11

12 **Q. IS THERE A SECOND SIGNIFICANT DIFFERENCE BETWEEN PSE&G**
13 **PAYMENT STATIONS AND PECO/COMMONWEALTH EDISON**
14 **PAYMENT STATIONS?**

15 A. Yes. There is a difference in the timing of how customer payments are posted to
16 customer accounts. Both PECO and Commonwealth Edison distinguish between
17 payments made at “authorized payment stations” and convenience payment
18 stations. Payments may legitimately be made at either type of location, but
19 payments made at convenience payment stations are not posted as quickly as
20 those made at authorized stations.
21

22 Commonwealth Edison reports in its customer service representative training
23 manual that “payments made at an unauthorized agent can take up to 7 - 10 days
24 for ComEd to receive and post to the account. Advise customer’s [sic] that
25 payment will be noted on the account, however . . . we cannot guarantee service

1 to remain on . . . service will not be restored until payment is received.”
2 (Commonwealth Edison, The First Step, Energy Delivery Training, at page 8 of
3 40). According to PECO, “if the customer made the payment at an unauthorized
4 by-pass location, the customer must bring the receipt into the office, or wait until
5 the payment appears on PECO records.” (RAR-LI-1, PECO, Vol. 1 of 1, Chapter
6 15, Credit Participant’s Guide, at page 6 of 15).

7

8 **Q. DO YOU HAVE FINAL CONCERNS ABOUT PECO/COMMONWEALTH**
9 **EDISON THIRD PARTY PAYMENT STATIONS?**

10 A. Yes. PECO has contracted with more than 300 locations to serve as payment
11 locations at which customers may, for a fee, make a PECO payment. Nearly half of
12 those payment locations are check-cashing outlets. Of Commonwealth Edison’s
13 nearly 140 third party payment stations, more than 40% are check cashing outlets
14 (known as “currency exchanges” in Illinois). In contrast, only 30 of PSE&G’s 200+
15 Western Union agents are located in check cashing stores. (RAR-LI-35).

16

17 **Q. WHY DOES EXELON’S TENDENCY TO OUTSOURCE THIRD PARTY**
18 **PAYMENT STATIONS TO ENTITIES THAT ARE ALSO CHECK**
19 **CASHING OUTLETS CONCERN YOU?**

20 A. Exelon’s heavy reliance on check cashing outlets as a source of outsourced locations
21 at which customers may make payments represents a lack of sensitivity to the
22 problems that these check cashing outlets present to low-income customers.

23

1 **Q. WHY?**

2 A. Many low-cost or no-cost payment options, such as direct deduction, mail-in, pay-
3 by-phone and check-by phone, are available only to customers that participate in
4 the traditional financial services market. Many customers, however, do not
5 participate in the traditional financial services market. These unbanked
6 households tend to be low-income. More than one of eight households do not
7 have a checking account, and nearly one of ten do not have a bank account of any
8 type. Four of five of these unbanked households have incomes below \$25,000
9 while two of five have incomes less than \$10,000. Researchers for the Federal
10 Reserve Board reported that, in 1995, only 72% of families with an income below
11 80% of state median income had a checking account.⁸

12
13 The mere conversion of income to cash costs these low-income households
14 money. Nearly four of every five (78%) of unbanked individuals receiving
15 income had to convert their income checks to cash, usually for a fee. Indeed, 71%
16 of the unbanked households who cash their checks primarily used the services of
17 check-cashing outlets. Low-income consumers frequently use check-cashing
18 stores as a way to convert their paychecks to cash and spend from \$400 to \$500
19 each year on such services. One national survey reports that cashing a paycheck
20 at a check cashing outlet costs, on average, 2.34 percent of the face value of the

^{8/} The reasons for not having checking accounts support the conclusion that the use of check-cashing outlets involves payment of a premium for the very status of being poor. The Federal Reserve Board found that “among the lower-income families, about one-fourth said the main reason [they did not have a checking account] was that they ‘don’t write enough checks,’ [and] another one-fourth said the main reason was ‘don’t have enough money.’” Jeanne Hogarth and Kevin O’Donnell. *Banking Relationships of Lower-Income Families and the Governmental Trend toward Electronic Payment*, at 464, Federal Reserve Board: Washington D.C.

1 check. One economics professor notes that “a family with \$18,000 in take-home
2 pay that uses such [check cashing outlets] regularly can easily spend \$400 or
3 more of its limited annual income just to obtain basic payment services.”⁹ Using
4 the same services at a traditional financial institution would cost less than \$100
5 per year.¹⁰

6

7 **Q. PLEASE SUMMARIZE YOUR CONCERNS.**

8 A. With many low-cost bill payment options frequently not available to low-income
9 customers, these payment locations make the very process of paying a utility bill a
10 problem. In addition to direct fees imposed for making the utility bill payment,
11 check-cashing stores burden low-income customers with additional fees for
12 converting paychecks into cash.

13

14 **3. Residential Credit Assessment.**

15 **Q. PLEASE EXPLAIN THE ISSUE REGARDING CREDIT ASSESSMENT**
16 **POLICIES WITHIN THE CONTEXT OF THIS MERGER.**

17 A. PSE&G has substantively different credit assessment policies from the two Exelon
18 utilities. As a result of the merger, however, the intent is to integrate the customer
19 service platform for the companies into a single unified platform. Replacing

⁹/ John P. Caskey (January 2002). *Bringing Unbanked Households into the Banking System*, at 2, Swarthmore College: Philadelphia (PA).

¹⁰/ Hogarth and O'Donnell, *supra*.

1 PSE&G credit assessment procedures with Commonwealth Edison procedures is
2 likely to harm low-income customers.

3

4 **Q. WHY DOES THE CONSOLIDATION OF PSE&G PROCESSES INTO**
5 **EXELON PROCESSES CONCERN YOU?**

6 A. Relative to PSE&G's procedures, Commonwealth Edison's internal risk scoring
7 factors would adversely affect low-income households. Consider, for example, that
8 Commonwealth Edison's risk scoring factors include, among other items: (1) the
9 number of collection arrangements within the last 6 - 12 months; (2) the months
10 since the last payment; and (3) the months since the account was turned on. (RAR-
11 LI-23). Under Commonwealth Edison's internal risk scoring, in other words, having
12 a customer enter into a deferred payment arrangement would count against the
13 customer in the future and make it more likely that the company would take
14 collection activity against the customer.

15

16 Aside from these factors, as was discussed in more detail above, taking the length
17 of service into account unquestionably, disproportionately and adversely affects
18 low-income customers. There is no question but that low-income households
19 have a higher mobility rate than do non-low-income households. The very fact of
20 their poverty status, therefore, would contribute to a low-income customer being
21 subjected to quicker and more intense collection efforts than a non-low-income
22 customer. Further, as these lower-income customers are subjected to quicker and
23 more intense collection efforts, they would compile a collection history that can

1 be expected to support even quicker and even more intense collection efforts in
2 the future by Commonwealth Edison.

3

4 **Q. IS THERE A SECOND CONCERN ABOUT THE INTEGRATION OF**
5 **PSE&G'S SYSTEM WITH THAT OF COMMONWEALTH EDISON?**

6 A. Unlike PSE&G, Commonwealth Edison relies on the automatic and computer-
7 generated use of a customer's credit assessment in the month-to-month
8 determination of what collection activity is to be directed toward the customer.

9 According to Commonwealth Edison's customer service training manual:

10 Risk scoring evaluates a customer's payment history and collection
11 activity on their account to determine the level of risk of the customer
12 ultimately defaulting on a payment. All ComEd customer accounts are
13 evaluated monthly and placed into a particular credit segment based on
14 their payment history and collection activity over the past rolling eight
15 months. Accounts will be placed into one of eight segments (1=lowest
16 risk, 8=highest risk). These segments will dictate the collection
17 activities that will be taken in the future, *e.g.*, Segment 1 & 2 residential
18 customers will not even receive a friendly notice until 50 days after the
19 account balance is past due. In contrast, Segment 8 residential customers
20 will automatically receive a disconnect notice.

21

22 * * *

23

24 [The customer information system] is event driven. Certain events, such
25 as late payment of a bill, will trigger the system to examine an account
26 to decide if collection action is necessary. Once a sequence of collection
27 actions has begun, the account is examined at set intervals to determine
28 if further action is required. Each time collection activity is
29 contemplated, [the information system] examines the risk score.

30

31 (Commonwealth Edison, The First Step, at pages 31-32 of 40). Commonwealth
32 Edison's customer service representative training manual emphasizes that the
33 customer service representative cannot predict the collection activity to be taken
34 based on the internal credit scoring, nor make adjustments based on the personal

1 knowledge of the representative. Commonwealth Edison tells its customer service
2 representatives:

3 Risk scoring is a way for CIMS¹¹ to evaluate an account's payment
4 history and collection activity in order to determine the level of risk
5 associated with pursuing different collection actions on the account.
6 CIMS uses an account's risk score to determine which collection action
7 to use on the account. Risk scores are used only by CIMS; users will
8 never know an account's risk score and they cannot predict what CIMS
9 will determine the next collection action on the account to be CIMS
10 uses risk scoring to evaluate an account and determine the appropriate
11 collection action for that account. CIMS determines the path an account
12 will follow through the collection process. You can view the collection
13 status of an account, which will show the last collection action that
14 occurred on the account. You cannot predict, however, what the next
15 collection action on the account will be. This is determined by CIMS
16 and is different for every account.

17
18 (Commonwealth Edison, The First Step, Energy Delivery Training, page 2 of 40).

19

20 **Q. PLEASE CONTRAST THE PSE&G RESIDENTIAL CREDIT**
21 **ASSESSMENT POLICY.**

22 A. PSE&G maintains a "credit assessment code" for each residential customer.
23 According to PSE&G's New Hire Collections Training Manual (Module 5--Inbound
24 Credit & Collection), "based on the customer's history of payment, a number is
25 assigned to the account. The higher the number, the less favorable the credit
26 assessment. These numbers are used when reviewing A&I orders [*i.e.*, orders to
27 transfer service from one location to another] and to determine if a deposit is to be
28 requested." (RAR-LI-62, Vol. 13 of 24, pages 120 - 121). PSE&G's credit
29 assessment codes are set forth in Schedule RDC-5.

30

^{11/} CIMS is the company's customer service information management system.

1 **Q. HOW DOES PSE&G USE ITS CREDIT ASSESSMENT RELATIVE TO**
2 **RESIDENTIAL CUSTOMERS?**

3 PSE&G codes its residential accounts to reflect the Company's credit history with
4 the customer. These credit codes are used for various purposes. They are used to
5 determine whether a customer is charged a deposit at the time that customer seeks to
6 transfer service from one address to another. According to the Company, "present
7 customers transferring service must have a Credit Assessment of 1, 2 or 3, to avoid
8 paying a deposit." (RAR-LI-62, Vol. 13 of 24, at 79). In addition, the statements
9 providing notice of a pending disconnection vary depending on the collection code
10 that is on the account. (RAR-LI-62, Vol. 6 of 24, at unnumbered page, "Notice
11 Statement").

12
13 **Q. WHAT FLEXIBILITY EXISTS IN PSE&G'S USE OF ITS INTERNAL**
14 **CREDIT ASSESSMENT?**

15 A. PSE&G provides a reasonable flexibility in its credit assessments. For example, on
16 its face the system provides that the Company will require a customer having a
17 credit assessment of greater than "3," and seeking to transfer service from one
18 address to another, to post a deposit. However, PSE&G emphasizes that a rule of
19 reasonableness should be inserted into the use of the Company's credit assessment
20 codes. PSE&G, for example, states with respect to the transfer of service:

21 Prior to completing a transfer of service request, the Representative
22 must determine the customer's Credit Assessment Code. This will
23 determine whether the customer will be required to pay a deposit at the
24 new location. Good judgment must be utilized when determining if a
25 deposit will be waived. (RAR-LI-62, Vol. 13 of 24, at 121).
26

1 PSE&G explains the use of its credit assessment codes to its Customer Service

2 Representatives as follows:

3 These codes act as a rating system for a customer's account. Based on
4 the customer's history of payment, a number is assigned to the account.
5 The higher the number, the less favorable the credit assessment. These
6 numbers are used when reviewing a customer's account prior to issuing
7 [service transfer] orders and to determine if a deposit is to be requested .
8 . . . Tact and restraint should be exercised when handling this type of
9 inquiry. If a customer shows a few months of late payments, but
10 otherwise was a prompt payer, good judgment dictates that this
11 customer could be considered as having favorable credit. (RAR-LI-62,
12 Vol. 13 of 24, at 120).

13

14 Similarly, the PSE&G Customer Service Representative's training manual states
15 further with respect to collection activities by the Company: "See Collection Code to
16 determine how many times and when a customer has been delinquent. Use the
17 above to determine good payer/bad payer, which will *help in making collection*
18 *decisions* regarding paying the bill." (emphasis added). (RAR-LI-62, Vol. 13 of 24,
19 Outbound Residential Negotiation Conversation Script, at page 3). As can be seen,
20 rather than emphasizing the automatic nature of the credit decision, as generated by
21 the computer, PSE&G emphasizes to its customer service representatives that the
22 risk factors are merely inputs that are to be used by the representative "in making
23 decisions."

24

25 **Q. WHAT DO YOU CONCLUDE?**

26 A. PSE&G currently provides its customer service representatives with reasonable
27 flexibility in assessing the credit risks of individual customers. While the Company
28 clearly provides guidelines within which its customer service representatives are

1 asked to operate, the customer service representatives are trained to make reasonable
2 decisions that balance the needs of the customer with the needs of the Company. In
3 contrast, Exelon’s customer service representatives operate within a more
4 automated, mechanistic system that does not provide the same amount of flexibility.
5 The merger of the two companies, and the integration of the two customer service
6 systems into a single system, with decreased staff, an increased emphasis on
7 “efficiency,” and a multi-state approach, leads to the loss of flexibility in addressing
8 the customer service needs of low-income PSE&G customers.

9

10 **4. Deferred Payment Arrangements (DPAs).**

11 **Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?**

12 A. In this section of my testimony, I explain the harms that the merger is expected to
13 generate in the context of the negotiation of deferred payment arrangements. Two
14 major concerns exist with the negotiation of deferred payment arrangements: (1) the
15 down payment requirement; and (2) the length of the plan (and thus the size of the
16 monthly payment).

17

18 **Q. WHY DO YOU HAVE CONCERNS ABOUT THE PROPOSED MERGER**
19 **ALONG WITH THE INTEGRATION OF PSE&G’S CUSTOMER SERVICE**
20 **INTO THOSE OF EXELON?**

21 Commonwealth Edison has a computer-driven automatic policy that provides for
22 little discretion on the part of its customer service representatives. During non-
23 winter months, for example, Commonwealth Edison requires active customers

1 that might be in arrears to make a down payment of 25% of the total balance with
2 the remaining balance deferred over six months. If a customer has been
3 disconnected, the standard deferred payment plan is not available. Customer
4 service representatives are directed: “do not restore service for less than the total
5 past due amount, including any previously requested deposit. Only bills and
6 deposits that have not reached the due date are to be excluded.” If a customer
7 seeks a payment plan during the winter period of December 1 through March 31,
8 the customer service representative is to require a down payment of 10% of the
9 total balance with the remaining dollar amount deferred over the next six months.
10 When a customer service representative accesses the Commonwealth Edison
11 computer system, the compute will generate: (1) the agreement amount; (2) the
12 down payment amount; (3) the number of installments; and (4) the installment
13 amounts. While the number of installments can be changed to reflect between
14 two and twelve installments, the company tells its customer service
15 representatives that “down payments cannot be decreased to less than the
16 defaulted amounts.” (Commonwealth Edison, The First Step, Energy Delivery
17 Training, at page 23 of 44).

18
19 As is evident from the Commonwealth Edison procedures, the Company
20 mechanistically applies the maximum down payment to residential accounts as a
21 precondition to entering into a payment plan. Illinois Commerce Commission
22 regulations provide that “an applicant for residential service or a residential customer
23 shall pay a *maximum* (emphasis added) of ¼ of the amount past due and owing at
24 the time of entering into the deferred payment agreement” In fact, the ICC

1 regulations require that “the terms and conditions of a reasonable deferred payment
2 agreement . . . shall be determined by the utility after consideration of the following
3 factors based upon information available from current utility records or provided by
4 the customer or applicant.” (Title 83 IAC §290.110) (emphasis added).

5
6 The factors include the size of the past due account, the customer’s ability to pay,
7 the customer’s payment history, the reason for the outstanding indebtedness, and
8 “any other relevant factors relating to the circumstances of the customer or
9 applicant’s service.” The Commonwealth Edison automatic computerized default
10 to a six month payment plan, as well as to the irreducible requirement that a
11 customer make the maximum down payment, does not appear to involve the
12 utility’s “consideration of” the designated factors.

13
14 As is apparent, when asked for a payment agreement, the Commonwealth Edison
15 information system, based in part on the use of the undisclosed “risk score,”
16 generates a payment plan proposal. According to Commonwealth Edison “the
17 System Generated Contact will include the following information: (1) the
18 agreement amount; (2) the down payment amount; (3) the number of installments;
19 and (4) the installment amounts.” Only if the customer knows that he or she has
20 the right to negotiate, and has the psychological capacity to challenge the utility as
21 an authority figure, would the plan produced by the “System Generated Contact”
22 be challenged.

23

1 The fact that Commonwealth Edison Customer Service Representatives make
2 inquiries into the ability-to-pay of residential customers, as well as into how long
3 the customer needs to pay off a delinquent balance, does not detract from my
4 conclusion that the Commonwealth Edison is automated and mechanistic.
5 Commonwealth Edison customer service representatives are told that “when
6 establishing customers on payment arrangements, ask: (1) how much can you
7 pay? (2) how soon can you pay? (3) how long do you need to pay off the
8 balance.” The only use to which the answers to these questions are put, however,
9 is stated: “the customer’s reply to the above will help you determine which plan to
10 offer, a Collection Arrangement [*i.e.* an extension for 21 days or less] or Payment
11 Agreement [*i.e.* a longer-term agreement, usually involving larger outstanding
12 amounts].”

13
14 **Q. HOW DOES THIS COMMONWEALTH EDISON APPROACH POSE**
15 **POTENTIAL HARMS TO LOW-INCOME PSE&G CUSTOMERS AS A**
16 **RESULT OF THE MERGER?**

17 A. The standardization of payment plan policies and procedures is likely to affect the
18 negotiation of deferred payment plans for payment-troubled customers. An adoption
19 of the less staff-intensive, more automated and mechanistic payment plan approach
20 employed in Commonwealth Edison policies and procedures, as well as embedded
21 in the Commonwealth Edison electronic information system which will serve as the
22 basis for customer service actions by the combined companies, is likely to result in a
23 reduction in the ability of customer service representatives to exercise discretion in

1 the establishment of deferred payment arrangements. The benefits to customers that
2 inhere in the existing PSE&G system can be expected to be lost as a result of this
3 process of standardization and mechanization.

4

5 **Q. PLEASE CONTRAST PSE&G'S POLICIES ON DOWN PAYMENTS**
6 **TOWARD DEFERRED PAYMENT ARRANGEMENTS.**

7 A. PSE&G asserts that it can require a "reasonable" down payment amount for deferred
8 payment arrangements (DPAs). These "reasonable" amounts can be "up to" 25% of
9 the total outstanding balance or 75% of the amount underlying a notice of
10 disconnection. PSE&G tells its customer service representatives that "the term
11 'reasonable' is subjective and has not been clearly defined, but generally, less than
12 10% is unacceptable. The customer's account balance, prior history of broken
13 DPAs and frequency of payments should be considered." (RAR-LI-62, Vol. 13 of
14 24, Collection Conversation Script, at pages 3 - 4).

15

16 **Q. PLEASE CONTRAST PSE&G'S POLICIES ON THE LENGTH OF**
17 **DEFERRED PAYMENT PLANS.**

18 A. PSE&G offers deferred payment plans to customers who cannot pay their full
19 arrears and current bill. PSE&G negotiates deferred payment plans either before or
20 after service interruptions. PSE&G "Delinquent Account Guidelines" state "unlike
21 the downpayment requirement, an area where the Representatives have significant
22 latitude is the length of the DPA. Customers' circumstances must be highly
23 considered here. It is better to provide a customer with a 12-month DPA with a high

1 likelihood of being kept rather than forcing a 6-month one with a high likelihood of
2 being broken.” (RAR-LI-62, Vol. 9 of 24, Delinquent Account Guidelines, at 3).
3 According to PSE&G’s Training Manual for inbound calls, all deferred payment
4 arrangements must be “within PSE&G’s Collection Guidelines.” (RAR-LI-62, Vol.
5 6 of 24, Deferred Payment Arrangements, at 7). While deferred payment
6 arrangements “should be for the shortest practical time,” customer service
7 representatives should establish “a reasonable payment plan the customer can meet.”
8 (Id.)

9
10 PSE&G applies different policies to potential deferred payment arrangements
11 depending on a variety of factors. Accounts with balances below \$200 should be
12 “dealt with expeditiously” according to the Company. With larger arrears, the
13 Company tells its customer service representatives that “while a 6 month agreement
14 is preferred, circumstances may require a longer time frame. Rather than forcing a 6
15 month arrangement with a high chance of being broken, you may want to extend the
16 timeframe of the DPA when appropriate.” PSE&G states: “Our intention should
17 always be to make DPAs that meet the needs of our business and are affordable to
18 our customers. The success of these DPAs is directly related to the flexibility we
19 apply to the amount of the DPA and the payment due date.” The Company states
20 that it will extend the number of months over which a deferred payment arrangement
21 may be made up to 12 and even 24 months if necessary. (RAR-LI-7). Moreover,
22 “the date of the payment is usually at the discretion of the customer providing it
23 occurs at regular intervals.” (RAR-LI-6).

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Q. IS THERE ROOM FOR IMPROVEMENT IN PSE&G’S POST-MERGER ADMINISTRATION OF DEFERRED PAYMENT PLANS?

A. Yes. New Jersey utility regulations require a natural gas and/or electric utility to allow a customer to negotiate a payment plan with a reasonable down payment. Pursuant to BPU regulations, a customer may make a down payment of “up to 25%” of the delinquent bill appearing on the disconnect notice. (N.J.A.C. 14:3-7.13(c)). My concern is that PSE&G does not appropriately implement this regulation. At present, PSE&G provides guidance to its customer service representatives on “negotiation skills” when discussing the payment of an arrears. That guidance states as follows:

Always begin with the full amount of the bill.

If the customer cannot pay the full amount, ask, “How close to (the full dollar amount) can you get?”

If the customer cannot pay the full amount, address the Notice Amount of the bill.

“To protect this account from service interruption, we need at least \$ _____ (the Notice Amount).”

If the customer states that they cannot pay the full notice amount, ask:

“How close can you get to the notice amount?”

Obtain as much of the full amount as possible within the Delinquent Account Guidelines. Accepting any less than the notice amount, the following items should be considered: (list omitted).

* * *

If the customer makes a firm commitment for payment of the bill within the guidelines, enter the DPA on the [information system] screen, summarize the plan with the customer, and document the plan on the account appropriately

1 using the [appropriate computer field], and enter the proper Work Code on the
2 account.

3
4 * * *

5
6 If the customer cannot commit to an acceptable payment amount within the
7 guidelines, again, advise the customer that you will note the account as to the
8 payment amount that they are making. However, to guarantee service after the
9 Notice Due Date, we will need (refer to the Guidelines for the amount) . . .

10
11 (RAR-LI-62, Vol. 13 of 24, “Outbound Residential Negotiation Conversation
12 Script,” at 2 - 3).

13
14 The result of this guidance is a failure to disclose the customer’s rights on a timely
15 basis. A customer is *entitled* to a deferred payment arrangement under BPU
16 regulations if they make a reasonable down payment “up to 25%” of the total
17 amount of the delinquent bill. Pursuant to the process that is outlined in the
18 PSE&G customer training manual, however, the customer is required to reject at
19 least three proposals by a PSE&G customer service representative before the
20 Company ever acknowledges that the customer can pay less than the full notice
21 amount. The four-step process—the four steps include: (1) Can you pay the full
22 amount; (2) how close can you get to the full amount; (3) can you pay the full
23 Notice Amount; and (4) how close can you get to the full Notice Amount—never
24 does inform the customer of the right of the customer to make a reasonable down
25 payment “up to 25%” of the total delinquency. Instead, the clear implication of
26 the negotiation is that the customer has an obligation to pay the full payment in
27 order to preserve service.

28
29 **Q. WHAT DO YOU CONCLUDE?**

1 A. Low-income payment-troubled customers are likely to face increasing problems
2 because of the proposed merger. The companies intend to standardize their
3 policies and procedures subsequent to the merger. The companies intend to
4 consolidate their customer service technology platforms into a single system. The
5 companies intend to reduce customer call center staff. Exelon has made clear that
6 it prefers to outsource its customer service functions rather than have those
7 functions performed by local representatives that may have knowledge of local
8 customers and local conditions. This staff reduction, increased standardization,
9 and consolidation of customer service functions create a risk that PSE&G
10 customer service representatives will move to the automated, computer-driven,
11 mechanistic approach now existing at Commonwealth Edison and away from
12 existing policies applied by PSE&G that counsel customer service representatives
13 to “make decisions,” “use good judgment,” and “exercise tact and restraint.”

14

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**PART 3:
MERGER CONDITIONS AS REMEDIES FOR THE
MERGER-RELATED HARMS TO THE LOW-INCOME MARKET**

18

**Q. PLEASE EXPLAIN THE PURPOSE OF THIS SECTION OF YOUR
TESTIMONY.**

19

20

A. In this section of my testimony, I propose a series of merger conditions designed to
21 mitigate the merger-induced harms that I have identified above, should the Board
22 choose to approve the merger despite the concerns expressed by the Ratepayer
23 Advocate. These conditions will help to mitigate the merger-related harms
24 identified throughout my testimony above by ensuring appropriate resources to be
25 directed toward payment-troubled customers, and will help to mitigate the adverse

1 impacts of the merger harms identified above by reducing the magnitude of the
2 payment troubles in the first instance.

3

4

1. Walk-in Centers.

5 **Q. WHAT IS THE FIRST MERGER CONDITION THAT YOU**
6 **RECOMMEND?**

7 A. I recommend that PSE&G be required to maintain its 16 walk-in customer service
8 centers for a period of at least ten years. The walk-in centers, as I describe in detail
9 throughout, are critical both to continue the in-person customer services that they
10 provide themselves, and to assure that the customer services provided through the
11 call centers do not deteriorate.

12

13

2. Elizabeth Customer Service Center.

14 **Q. WHAT IS THE SECOND MERGER CONDITION THAT YOU**
15 **RECOMMEND?**

16 A. I recommend that PSE&G be required, by January 1, 2007, to maintain a fully-
17 functioning Customer Service Center in Elizabeth. The existing temporary Elizabeth
18 customer service center does not provide a walk-in cashiering operation. Customers
19 can not now make payments at the Elizabeth customer service center. (RAR-LI-35,
20 RAR-LI-38). In the absence of a fully-functioning Customer Service Center by
21 January 1, 2007, I recommend that the Board impose a monthly sanction of \$20,000
22 for each month such a Center is not in operation, the proceeds of the sanction to be
23 used for low-income energy assistance in the Elizabeth community. As discussed

1 below, the former Elizabeth Customer Service Center provided 10,000 customers
2 each month with the ability to make a payment without paying a fee. The sanction
3 should be a multiple (I choose a multiple of 2.0) of the fees now paid by those
4 customers moving to a fee-based Western Union payment station given the
5 unavailability of the Elizabeth center. As discussed below, the January 1, 2007 date
6 is consistent with the timeline included in a July 2005 report PSE&G filed with the
7 Board.

8

9 **Q. PLEASE SUMMARIZE THE HISTORY OF THE TEMPORARY**
10 **ELIZABETH CUSTOMER SERVICE CENTER.**

11 A. As reported in the Board's May 12, 2003 Order in Docket No, EE03020120 (*I/M/O*
12 *PSE&G Request for Closure of the Elizabeth Customer Service Center*), PSE&G
13 operated a full-service customer service center at 531 North Broad Street in
14 Elizabeth until May of 2003, when it was forced to vacate this location as a result of
15 the New Jersey School Construction Corporation's exercise of its eminent domain
16 authority. The Board authorized PSE&G to close this office, but subject to
17 conditions requiring PSE&G to open a temporary facility within Elizabeth and to
18 provide weekly reports on its progress toward opening a new permanent center in
19 Elizabeth. (Order at 4-5). PSE&G is currently operating a temporary customer
20 service center at 900 West Grand Street in Elizabeth. (RAR-LI-36). According to
21 correspondence dated July 7, 2005 from PSE&G to the Board's Director, Division
22 of Customer Assistance, the Company has located a possible site for a permanent
23 Customer Service Center at the corner of east Grand Street and Division Street. In

1 this correspondence, PSE&G estimates that the current owner of the building can
2 obtain the necessary approvals and the site can be complete in 18 to 24 months.

3

4 **Q. PLEASE EXPLAIN WHY A FULLY FUNCTIONING ELIZABETH**
5 **CUSTOMER SERVICE CENTER IS NECESSARY.**

6 A. A fully functioning center, which includes a location at which customers can make
7 bill payments, is necessary to meet the service needs of Elizabeth residents.

8 According to an April 30, 2003 letter to the Board from J. Christian Bollwage,

9 Mayor of Elizabeth, approximately 10,000 residents are serviced through the

10 Elizabeth center each month. According to Mayor Bollwage, “traveling to the

11 Newark center, more than five miles away, for many would be constrained by time

12 as well as physical limitations.” According to the Board’s May 12, 2003 Order, the

13 former Elizabeth Center was “utilized by 14,000 customers monthly, providing

14 10,000 customers the ability to pay their bills at a customer service center and 4,000

15 customers the option of speaking with an actual customer service representative

16 concerning utility related issues.” (Order at 3). The Board concluded:

17 Based upon the reported use of this customer service center, it is
18 unreasonable and would prejudice the public interest to relocate this
19 office outside the Elizabeth area. The volume of customers utilizing this
20 office and the pattern of use, coupled with the density of the urban area,
21 warrants that approval of the closure be carried out with the least amount
22 of harm to utility customers. Significant import must be given to the
23 displacement of customers who may not have the economic wherewithal
24 to travel outside Elizabeth to handle utility matters.

25

26 (Order at 3).

27

1 As a condition of a merger, the Board should establish a specific deadline for
2 PSE&G to establish a permanent, full-service Customer Service Center in Elizabeth.
3 My recommended deadline of January 1, 2007 would provide PSE&G with
4 approximately 18 months from the time of its July 7, 2005 letter to the Board to put
5 in place a permanent customer service center.

6

7

3. Customer Payment Centers.

8

**Q. WHAT IS THE THIRD MERGER CONDITION THAT YOU
9 RECOMMEND?**

10

A. I recommend that the Board seek to ensure that the Company maintain and enhance
11 its customer payment centers as a viable payment option for PSE&G customers.

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This should be accomplished through a three-part condition. First, the Board should
direct PSE&G to file an annual report (with monthly data) with the Board containing
information on the use of walk-in payment locations for purposes of making
payments. The walk-in locations should include not only the Company's 16 field
offices, but also should include each of the authorized Western Union payment
centers as well. The annual report, with monthly data, should report both the
number of payments received and the dollar amount of payments received at each
location. These reports will be used to ensure that the customer service rendered to
customers making in-person payments does not deteriorate subsequent to the
merger. A decline in service can occur through the reduced ability to make in-
person payments.

1 Second, the Board should require PSE&G to eliminate the fees imposed to make a
2 payment at the Western Union payment centers. At present, a Western Union
3 payment center can impose a fee not to exceed \$1 per transaction. Such fees can
4 place a significant burden on customers without other bill payment options. In this
5 regard, I agree with Mayor Bollwage, who stated in his April 30, 2003
6 correspondence concerning the proposed closing of the Elizabeth Customer Service
7 Center: “. . . it may be an easy thing for some to dismiss a \$1.00 processing charge,
8 but with our poverty rate at 18 percent, I urge the Commission to consider what \$12
9 can mean to a struggling family or senior citizen—a pair of new shoes, 48 boxes of
10 macaroni, 300 slices of bread. For those of our community members who work hard
11 and spend smart to keep their budget needs afloat, these items are critical. Every
12 dollar is critical.”

13
14 PSE&G absorbs the internal costs associated with a variety of bill-payment options
15 available to customers with access to traditional financial services. The cost to
16 PSE&G of processing checks through a bank or financial institution, for example,
17 is not imposed upon customers who pay by check. Nor are the costs associated
18 with direct payment, where ten days after the date on which a bill is issued,
19 payment is drawn directly out of a customer’s bank account, charged to the
20 customer. This direct payment option is administered by an outside vendor.
21 (RAR-LI-62, Vol. 6 of 24, at Section 3, pages 9 - 10). As a condition of the
22 proposed merger, PSE&G should be required to absorb the costs of payment at the
23 Western Union payment centers.

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Finally, I recommend that the Board prohibit the imposition of any potential fee to make an in-person payment at a PSE&G customer service center. While PSE&G does not currently impose such fees, PECO imposes the same fee to make an in-person payment at its headquarters building that is imposed at an external customer payment location. Imposing fees on customers who seek to pay a PSE&G bill at a PSE&G facility should not be permitted in New Jersey.

4. Internal Collections “Risk Assessment” Filing.

Q. WHAT IS THE FOURTH MERGER CONDITION THAT YOU RECOMMEND?

A. I recommend that PSE&G submit, within 90 days of the consummation of a merger, a Board filing that provides a detailed explanation of, and justification for, its current risk assessment methodology as described above. The filing should be simultaneously submitted to the Ratepayer Advocate and should be subject to hearing either upon complaint by the Ratepayer Advocate or other interested party, or on the Board’s own motion. The “risk assessment” scores attached to each PSE&G customer are used in a variety of ways that can operate to the detriment of the customer. Additional cash security deposit demands, as well as stricter collection interventions directed toward customers, are but two of the ways in which the “risk assessment” can adversely affect customers. Because of the consequences of the use of these “risk assessment” measures, the filing (including the justification

1 of the “risk assessment” measurements) should satisfy the following criteria to be
2 approved:

- 3 ➤ The data used to develop the system must constitute an appropriate
4 sample of the customer base;
- 5 ➤ The system should predict customer creditworthiness with respect to
6 explicitly articulated legitimate business interests of the Company;
- 7 ➤ The “risk assessment” measures should be developed and validated using
8 accepted statistical principles and methodology; and
- 9 ➤ The “risk assessment” measures should be periodically reviewed and
10 revalidated as to their predictive ability and adjusted accordingly.

11 As PSE&G moves toward a centralized, integrated data processing system with the
12 Exelon companies, it becomes ever more important that the “risk assessment”
13 measures utilized to impose cost and collection consequences on PSE&G customers
14 are based on an empirically justified basis. One condition of the merger should be
15 that the “risk assessment” measures used in performing customer service functions
16 should be fully disclosed, appropriately documented, competently justified, and
17 periodically reviewed.

18

19

5. Low-income fuel fund.

20

**Q. WHAT IS THE FIFTH MERGER CONDITION THAT YOU
21 RECOMMEND?**

22

A. I recommend that the Board direct the Company to file with the Board, within 90
23 days of the consummation of this merger, an action plan in which the Company

1 commits to taking those action steps necessary to ensure that New Jersey
2 SHARES remains meaningfully funded and adequately available. I recommend
3 that PSE&G increase its New Jersey SHARES shareholder contribution to mirror
4 the shareholder contributions of PECO. For both customer contributions and
5 investor contributions, PSE&G efforts should mirror those of PECO. This
6 commitment would help mitigate the dilution of resources identified above.

7

8 These fuel fund efforts should include two distinct components.

9 ➤ First, PSE&G should provide a total of \$8 million in Energy
10 Assistance Funds over a period of four years. This reflects the
11 commitments made in connection with the PECO-Unicom merger and
12 in the pending Joint Petition for Settlement in the proceedings before
13 the Pennsylvania Public Utility Commission for approval of the
14 PSE&G-Exelon merger, taking into account that PSE&G serves a
15 much larger residential customer base. (PECO-Unicom merger
16 Settlement, paragraph 29; PSE&G-Exelon merger proposed
17 Settlement, paragraph 33). These contributions will be in addition to
18 any contributions to grant assistance or administrative dollars currently
19 provided by the Company.

20 ➤ Second, PSE&G should implement a check-off box on customer bills
21 for contributions to a low-income crisis assistance fund and include a
22 check-off option for electronic bill-payment customers, unless the
23 inclusion of such an option is technically infeasible or substantially

1 March bill. Schedule RDC-7 also supports the notion that payment troubles
2 existing at the end of the winter are a particular problem. Schedule RDC-7
3 reports that the months of March, April and May are months exhibiting some of
4 the highest numbers of new payment plans for arrears.

5
6 The EITC can help resolve many of these payment problems and thus mitigate the
7 adverse customer service impacts identified throughout my testimony. Research
8 from Syracuse University reports that one use of the EITC is the payment of past-
9 due utility bills.¹² Indeed, according to data from the Internal Revenue Service
10 (IRS), 50% of EITC recipients report “paying bills” as their first use of the
11 EITC.¹³ According to the IRS, using the EITC to pay bills happened four times
12 more frequently than the next most common use (“make a purchase”: 13%).
13 Moreover, the EITC comes precisely at the time of year (late winter/early spring)
14 when payment troubles are imposing significant workloads on the Company.

15
16 This proposed outreach budget is consistent with the low-income rate assistance
17 outreach agreed to in the proposed settlement in the pending Pennsylvania
18 proceeding. As the proposed Pennsylvania settlement provides with respect to
19 that utility’s low-income rate assistance program, the dollars provided by this
20 proposal should be dedicated to funding a combination of advertising in the public

¹² / Timothy Smeeding, et al. (2000). *The Economic Impact of the Earned Income Tax Credit (EITC): Consumption, Savings and Debt*, at 6, citing, Gallup Poll, *Survey of EITC Hotline Users and HEAP Outreach Program*, Gallup Organization: Princeton (NJ) (1993).

¹³ / Donald Dill (2002). *Community-Based Partnerships: Building Assets: Roadmap to Self-Sufficiency*, at 10, Internal Revenue Service: Atlanta (GA) (PowerPoint presentation).

1 media along with targeted solicitation to payment-troubled customers. (PSE&G-
2 Exelon merger proposed Settlement, paragraph 35).

3
4 Rather than blanket outreach to all PSE&G customers, the goal of using the EITC
5 outreach to resolve payment troubles, and thus to mitigate the adverse customer
6 service impacts identified above, is best served by outreach targeted during the
7 tax season to customers that have payment troubles. Direct outbound outreach
8 using the EITC outreach funds recommended above is appropriate.

9

10 **7. Deferred Payment Plan Negotiations.**

11 **Q. WHAT IS THE SEVENTH MERGER CONDITION THAT YOU**
12 **RECOMMEND?**

13 A. PSE&G should be required to file with the Board, within 90 days of
14 consummation of a merger, a plan through which it will outline in detail its
15 procedure for negotiating deferred payment plans. As described above, PSE&G
16 suitably provides its customer service representatives flexibility to negotiate
17 appropriate terms (in months) for deferred payment arrangements. The concern
18 with the Company's implementation of deferred payment plan regulations is, as I
19 describe above, that a customer is required to reject at least three downpayment
20 proposals by a PSE&G customer service representative before the Company ever
21 acknowledges that the customer can pay less than the full notice amount.

22

1 PSE&G should be required to file a plan with the Board documenting how it
2 intends to inform all customers seeking to negotiate a deferred payment
3 arrangement of their right to pay less than the full noticed amount in response to a
4 notice of disconnection or other collection activity. Customers should receive this
5 information at the beginning of their negotiation with the Company. Customers
6 should not be placed in the position of having to reject Company payment plan
7 offers before they are informed of their payment plan rights.

8

9 **8. Low-Income Collections Reporting.**

10 **Q. WHAT IS THE FINAL MERGER CONDITION THAT YOU**
11 **RECOMMEND?**

12 I recommend that the Board impose specified low-income collections reporting
13 requirements upon PSE&G to continue for the ten years following consummation
14 of the merger. The reporting requirements should build on the reporting
15 requirements incorporated into the New Jersey Universal Service Fund (USF)
16 program. These reports should cover all “confirmed low-income customers.” A
17 “confirmed low-income customer” should include not only USF participants, but
18 should include all customers with a “Pay Assist Code” used for purposes of
19 determining eligibility for the Winter Termination Program (WTP) (whether or
20 not the customer actually applies for protections under the WTP) as follows:

- 21 ➤ Lifeline, a means-tested energy assistance program;
- 22 ➤ LIHEAP, the federal home energy assistance program for low-income
23 customers (Low-Income Home Energy Assistance Program);

- 1 ➤ Temporary Assistance to Needy Families (TANF), the program formerly
- 2 known as AFDC (Aid to Families with Dependent Children);
- 3 ➤ General Assistance;
- 4 ➤ Pharmaceutical Assistance to the Aged and Disabled (PAAD), a means-
- 5 tested medical assistance program.

6 Additional mechanisms to use in identifying “confirmed low-income customers”
7 can be added either at PSE&G’s own initiative or upon application by other
8 parties to the Board. The low-income collections report should include those data
9 elements that are currently collected for purposes of USF reporting as approved
10 by the Board in its June 30, 2004 order in Docket No. EX00020091. The
11 recommended data elements to be included in the low-income collections report
12 include those set forth in Schedule RDC-8. The Company should be required to
13 provide copies of these reports to the Ratepayer Advocate. This reporting allows
14 the Board, the Ratepayer Advocate, the Company, and others to track the impact
15 of the merger on collection outcomes for confirmed low-income customers.
16 Should a deterioration in collection outcomes become evident subsequent to the
17 merger, appropriate remedies, which may differ depending on the nature and
18 magnitude of the identified deterioration, can then be crafted.

19
20 **Q. WHY DO YOU PROPOSE THIS DATA REPORTING REQUIREMENT?**

21 A. The BPU should make an explicit commitment that one principle to be employed
22 in this and future merger proceedings will be that the merger will not result in
23 adverse impacts to low-income customers. Unfortunately, however, it is difficult to

1 measure the extent to which this objective is accomplished. Moreover, it is
2 impossible to review each Company reduction in staff, each change in operations,
3 or each change in credit and collection operating policy resulting from the
4 proposed merger to determine whether those reductions have an adverse impact
5 on low-income customers. Instead of such regulatory oversight, therefore, this
6 section proposes to measure the *results* of utility company actions subsequent to a
7 merger, rather than to review the actions themselves. The reporting requirements
8 that I recommend above focus on these results.

9

10 **Q. WHAT WILL BE THE IMPACT OF ADOPTING SUCH REPORTING**
11 **REQUIREMENTS?**

12 A. Given this focus on results, in subsequent years, it will be possible to answer the
13 question: “are low-income customers worse off today because of this merger?”
14 What is accomplished from a reporting perspective is the generation of a set of data
15 that allows the Board, the Ratepayer Advocate and others, to review not that “x”
16 amount of money has been spent, or that “y” numbers of low-income customers
17 have been reached, but that certain performance goals have been accomplished.

18

19 **Q. PLEASE COMMENT ON PSE&G’S RESPONSE TO ITS ABILITY TO**
20 **COLLECT DATA ON ITS LOW-INCOME CUSTOMERS.**

21 A. When asked about its ability to collect and report data on its low-income
22 customers, PSE&G responded that it has “no way of identifying all of our low
23 income customers.” (RAR-LI-12(c); see also, RAR-LI-43 and RAR-LI-44). While

1 it may be strictly accurate for PSE&G to assert that it cannot identify all of its low-
2 income customers, it is not accurate for the Company to assert that it cannot identify
3 some substantial proportion of its low-income customer base. The efficacy of the
4 proposed reporting requirement does not depend on the ability of the Company to
5 identify all of its low-income customers but rather only on the ability of the
6 Company to track those low-income customers that it already identifies.

7

8 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

9 A. Yes, it does.

Schedule RDC-1

2005 Federal Poverty Level (48 Contiguous States)	
Household Size	100% of Poverty Level
1-person	\$9,570
2-person	\$12,830
3-person	\$16,090
4-person	\$19,350
5-person	\$22,610
6-person	\$25,870
7-person	\$29,130
8-person	\$32,390
Each additional person: add \$3,260.	
SOURCE: Federal Register, Vol. 70, No. 33, page 8374 (February 18, 2005).	

Schedule RDC-2

Population by Poverty Level: Communities with 20,000 or More PSE&G Residential Electric/Gas Service Customers

	Total Population	Population by Ratio of Household Income to Federal Poverty Level					Percent of Total Population		
		Under .50	.50 to .74	.75 to .99	1.00 to 1.24	1.25 to 1.49	Pct < 50%	Pct <100%	Pct <150%
Hamilton township	86,535	1,774	958	887	1,374	1,741	2.1%	4.2%	7.8%
Bayonne city	61,767	3,347	1,182	1,733	2,257	2,242	5.4%	10.1%	17.4%
Camden city	75,416	14,035	6,020	6,731	6,034	5,416	18.6%	35.5%	50.7%
Clifton city	78,299	2,319	1,229	1,384	1,793	2,368	3.0%	6.3%	11.6%
East Orange city	68,579	7,405	2,441	3,313	4,323	3,510	10.8%	19.2%	30.6%
Edison CDP*	96,221	2,494	1,116	996	1,782	1,311	2.6%	4.8%	8.0%
Elizabeth city	117,723	10,365	4,783	5,815	5,906	7,444	8.8%	17.8%	29.1%
Hoboken city	37,568	2,157	827	1,140	1,170	1,516	5.7%	11.0%	18.1%
Irvington CDP*	59,982	5,428	2,290	2,702	2,217	3,142	9.0%	17.4%	26.3%
Jersey City city	236,916	23,458	10,079	10,538	10,898	13,035	9.9%	18.6%	28.7%
Newark city	261,451	41,345	15,686	17,232	15,733	14,185	15.8%	28.4%	39.8%
Paterson city	146,323	15,581	8,056	8,837	9,151	10,760	10.6%	22.2%	35.8%
Trenton city	81,502	8,500	4,116	4,606	4,898	5,323	10.4%	21.1%	33.7%
Union City city	66,668	6,285	3,752	4,207	5,150	4,935	9.4%	21.4%	36.5%
Combined communities	1,474,950	144,493	62,535	70,121	72,686	76,928	9.8%	18.8%	28.9%

SOURCE: U.S. Census Bureau, Summary Tape File 3, Detailed Tables, Table P88.

* The Edison and Irvington CDPs or “census designated places” are geographic areas that include these municipalities and surrounding areas.

Schedule RDC-3

Customer Service Centers—PSE&G	
Newark (8:00 – 5:00)	West Orange (Roseland) (8:00 – 4:30)
Jersey City (7:30 – 4:30)	Bayonne (8:00 – 4:00)
Hoboken (8:00 – 4:30)	Union City/North Hudson (8:30 – 5:00)
Paterson (8:00 – 5:00)	Passaic (8:00 – 4:30)
Hackensack (8:00 – 4:30)	Elizabeth (8:00 – 4:30)
Perth Amboy (8:00 – 4:30)	New Brunswick (8:00 – 4:30)
Plainfield (8:00 – 5:00)	Camden (8:00 – 5:00)
Trenton (8:00 – 4:30)	Burlington (8:00 – 4:30)

Schedule RDC-4

PSE&G Customer Walk-in Personnel and Contacts				
	2004		2003	
	Number of Personnel	Walk-in Customer Contacts	Number of Personnel	Walk-in Customer Contacts
Newark	13	247,247	14	275,641
West Orange	8	197,227	8	201,581
Jersey City	10	230,502	10	233,215
Bayonne	3	101,804	3	95,612
Hoboken	3	68,078	3	66,277
Union City	9	240,694	9	242,442
Paterson	8	234,889	8	228,479
Passaic	7	202,214	6	185,898
Hackensack	5	125,843	5	133,526
Elizabeth /a/	2	5,996	5	66,632
Perth Amboy	3	111,514	3	105,043
New Brunswick	4	121,719	4	114,479
Plainfield	7	160,890	5	188,514
Camden	7	145,040	7	153,298
Trenton	8	196,803	8	203,927
Burlington	6	170,140	6	177,499
Total	103	2,560,600	104	2,672,063
/a/ Personnel lower due to cashiering function that does not exist effective May 2003, replaced with payment acceptance at Western Union Locations.				
SOURCE: RAR-LI-38.				

Schedule RDC-5

Credit Assessment Codes	
Code	Explanation
0	Not applicable
1	Pays promptly. No delinquency.
2	Less than 6 delinquencies in past 12 months or delinquent less than ½ of the months a customer and no notice.
3	More than 6 delinquencies in past 12 months or delinquent in more than ½ of the months a customer and no notice.
4	Receives notice and delinquent less than 6 times in last 12 months or delinquent less than ½ of the months a customer [has been a customer].
5	Receives a notice and delinquent less than 6 times in last 12 months or delinquent less than ½ of the months a customer [has been a customer].
6	Receives notice and delinquent less than 6 times last 12 months or delinquent less than ½ of the months a customer and has returned check.
7	Receives notice and delinquent more than 6 times in last 12 months or delinquent more than ½ of the months a customer and has returned checks.
8	Previous shutoffs for non-payment number of times.
SOURCE: RAR-LI-62, Vol. 13 of 24, at 120 - 121.	

Schedule RDC-6

Percent PSE&G Arrears by Age of Arrears		
	Pct Arrears 60+ Days Old	Pct Arrears 90+ Days Old
Jan-03	45%	28%
Feb-03	44%	24%
Mar-03	45%	23%
Apr-03	50%	25%
May -03	60%	32%
Jun-03	65%	41%
Jul-03	66%	46%
Aug-03	60%	43%
Sep-03	58%	39%
Oct-03	58%	37%
Nov-03	61%	39%
Dec-03	57%	38%
Jan-04	49%	32%
Feb-04	47%	27%
Mar-04	48%	26%
Apr-04	58%	31%
May -04	63%	39%
Jun-04	69%	45%
Jul-04	68%	49%
Aug-04	64%	47%
Sep-04	63%	44%
Oct-04	63%	44%
Nov-04	66%	46%
Dec-04	61%	44%
24 month avg	58%	36%
2004 average	59%	39%
2003 average	55%	34%
SOURCE: RAR-LI-50.		

Schedule RDC-7

PSE&G Deferred Payment Plans by Month	
	PSE&G
Jan-03	29,711
Feb-03	32,213
Mar-03	41,680
Apr-03	42,802
May-03	44,239
Jun-03	37,619
Jul-03	35,222
Aug-03	32,525
Sep-03	36,007
Oct-03	36,681
Nov-03	32,384
Dec-03	27,226
Jan-04	31,898
Feb-04	34,191
Mar-04	40,664
Apr-04	42,802
May-04	38,613
Jun-04	33,833
Jul-04	33,011
Aug-04	29,763
Sep-04	30,759
Oct-04	31,506
Nov-04	30,172
Dec-04	27,001
2003 monthly average	35,692
2004 monthly average	33,684
2-year monthly average	34,688
SOURCE: RAR-II-12.	

Schedule RDC-8

Data to be Included in Collections Report For Confirmed Low-Income Customers		
Report	Frequency	Notes
Number of confirmed low-income customers	Monthly	
Distribution of full retail bills	Monthly	
Number of accounts	Monthly	Active accounts
Number of discontinuance notices [ROGER TO INSERT EXPLANATION]	Monthly	
Number of Fresh Start* reminders	Monthly	
Number of Fresh Start* final reminders	Monthly	
Telephone contacts	Monthly	Tracking inbound and outbound calls should occur separately if available through USF.
Number of residential field visits	Monthly	
Number of residential terminations	Monthly	
Number of residential reconnections	Monthly	
Charge-Offs (Gross)	Monthly	Number of accounts and total dollars
New deferred payment arrangements	Monthly	
Distribution of overdue accounts by dollar amount	Monthly	Number of accounts and total dollars (1-100, 101-500, 500-1000, 1000+)
Distribution of overdue accounts by payment status (i.e., current, 30 days, 60 days, 90 days or more)	Monthly	Number of accounts and total dollars

* The Fresh Start program is a component of the USF Program that allows participants to earn forgiveness arrearages accumulated before they began receiving USF benefits by paying their current utility bills .

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COLTON TESTIMONY EXPERIENCE

1988 - PRESENT

CASE NAME	ROLE	CLIENT NAME	TOPIC	JURIS.	DATE
I/M/O PSEG merger with Exelon Corp.	Witness	Division of Ratepayer Advocate	Low-income issues	New Jersey	05
Re. Philadelphia Water Department	Witness	Public Advocate	Water collection factors	Philadelphia	05
I/M/O statewide natural gas universal service program	Witness	New Hampshire Legal Assistance	Universal service	New Hampshire	05
I/M/O Sub-metering requirements for residential rental properties	Witness	Tenants Advocacy Centre of Ontario	Sub-metering consumer protections	Ontario	05
I/M/O National Fuel Gas Distribution Corp.	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	05
I/M/O Nova Scotia Power, Inc.	Witness	Dalhousie Legal Aid Service	Universal service	Nova Scotia	04
I/M/O Lifeline Telephone Service	Witness	National Ass'n State Consumer Advocates (NASUCA)	Lifeline rate eligibility	FCC	04
Mackay v. Verizon North	Witness	Office of Consumer Advocate	Lifeline rates—vertical services	Pennsylvania	04
I/M/O Philadelphia Gas Works	Witness	Office of Consumer Advocate	Credit and collections	Pennsylvania	04
I/M/O Citizens Gas & Coke/Vectren	Witness	Citizens Action Coalition of Indiana	Universal service	Indiana	04
I/M/O PPL Electric Corporation	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	04
I/M/O Consumers New Jersey Water Company	Witness	Division of Ratepayer Advocate	Low-income water rate	New Jersey	04
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Golden v. City of Columbus	Witness	Helen Golden	ECOA disparate impacts	Ohio	02
Huegel v. City of Easton	Witness	Phyllis Huegel	Credit and collection	Pennsylvania	02
I/M/O Universal Service Fund	Witness	Public Utility Commission staff	Universal service funding	New Hampshire	02
I/M/O Philadelphia Gas Works	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	02
I/M/O Washington Gas Light Company	Witness	Office of Peoples Counsel	Rate design	Maryland	02
I/M/O Consumers Illinois Water Company	Witness	Illinois Citizens Utility Board	Credit and collection	Illinois	02
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I/M/O Pennsylvania-American Water Company	Witness	Office of Consumer Advocate	Low-income rates and water conservation	Pennsylvania	01
I/M/O Louisville Gas & Electric Prepayment Meters	Witness	Kentucky Community Action Association	Low-income energy	Kentucky	01
I/M/O NICOR Budget Billing Plan Interest Charge	Witness	Cook County State's Attorney	Rate Design	Illinois	01
I/M/O Rules Re. Payment Plans for High Natural Gas Prices	Witness	Cook County State's Attorney	Budget Billing Plans	Illinois	01
I/M/O Philadelphia Water Department	Witness	Office of Public Advocate	Credit and collections	Philadelphia	01
I/M/O Missouri Gas Energy	Witness	Office of Peoples Counsel	Low-income rate relief	Missouri	01
I/M/O Bell Atlantic--New Jersey Alternative Regulation	Witness	Division of Ratepayer Advocate	Telecommunications universal service	New Jersey	01
I/M/O T.W. Phillips Gas and Oil Co.	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O Peoples Natural Gas Company	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O UGI Gas Company	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
I/M/O PFG Gas Company	Witness	Office of Consumer Advocate	Ratemaking of universal service costs.	Pennsylvania	00
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I/M/O Bell Atlantic--New Jersey Alternative Regulation	Witness	Division of Ratepayer Advocate	Telecommunications universal service	New Jersey	00
I/M/O Universal Service Fund for Gas and Electric Utilities	Witness	Division of Ratepayer Advocate	Design and funding of low-income programs	New Jersey	00
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I/M/O UtiliCorp Merger with Empire District Electric	Witness	Missouri Dept. of Natural Resources	Merger impacts on low-income	Missouri	00
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I/M/O Avista Energy Corp.	Witness	Spokane Neighborhood Action Program	Low-income energy affordability	Washington	00
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I/M/O PECO Energy Company	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	00
I/M/O National Fuel Gas Distribution Corp.	Witness	Office of Consumer Advocate	Universal service	Pennsylvania	00
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