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PROJECT NO. 51812

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PETITION FOR RULEMAKING	§	BEFORE THE
REGARDING THE TEMPORARY	§	PUBLIC UTILITY COMMISSION
MODIFICATION OF DEFERRED	§	OF TEXAS
PAYMENT PLANS	§	

PETITION FOR RULEMAKING AND REQUEST FOR EMERGENCY RELIEF

TO THE HONORABLE COMMISSION:

AARP (hereafter "Petitioner") respectfully requests that the Commission:

(1) Amend PUC Subst. R. §25.480 so that residential electricity customers who face disconnection due to non-payment are provided more options to maintain service. Proposed amendments are found at page 3 herein.

(2) Adopt the proposed amendment as an emergency rule so that customers facing imminent disconnection due to the Commission's recent action to lift the moratorium can enter into more reasonable payment arrangements and avoid being disconnected during the most dangerous and hot period of summer.

I. BACKGROUND AND NECESSITY FOR ACTION

On behalf of our 2.3 million members in Texas, AARP Texas advocates for fair and affordable utility rates and reliable service. Many of our members are on low or fixed incomes. Others have been adversely affected by the pandemic. Many struggle to make ends meet and pay their bills. Accordingly, we are petitioning today for more reasonable disconnection and arrearage management policies.

On February 21, 2021, the Commission convened an emergency Open Meeting and issued an order directing action and granting exceptions to certain rules, including PUC Rule 25.483(c), which relates to disconnection of a customer for nonpayment. This action created a moratorium on electricity disconnections for non-payment.

On June 15, 2021, the Commission entered its Second Order to terminate the disconnection moratorium to be effective for disconnection notices sent out after June 18. The Commission's Second Order includes a directive that Retail Electric Providers (REPs) continue to offer deferred payment plans upon request until November 12, 2021.

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Petitioner is deeply concerned about residential electricity customers who have built up insurmountably high unpaid balances during the near four month disconnection moratorium. To Petitioner's knowledge, the Commission is unaware of the status of residential electric customers with outstanding balances accrued during the moratorium because it does not keep such statistics. Knowing the actual number of residential electric customers with outstanding balances and their average unpaid balance is important information to help target assistance and flexible payment plans, especially when ending a disconnection moratorium at the onset of summer.

Absent that information, it is prudent to assume that a consequential number of residential electric customers in Texas have accrued sizable outstanding balances over the past several months simply based upon REP requests to end the disconnection moratorium in this project.

PUC rules outline certain circumstances where residential electric customers are to be offered deferred payment plans (DPPs). DPPs can be effective tools to help customers with high outstanding balances "catch back up" on their electric bills while maintaining service. Petitioner applauds the Commission's recent decision to ensure that all residential customers who request DPPs are offered one through November 12, 2021. However, this Petition for Emergency Action urges more flexible DPP terms to give customers a better chance to keep up with their bills and maintain electric service.

More flexible DPP terms are needed because current PUC Subst. R. §25.480 allows REPs to require 50% of the outstanding balance to be paid in order to initiate a deferred payment plan and only guarantees a five month term is available to the customer. The disconnection moratorium ending now is an exceptionally long event. Customers may have built up significantly higher unpaid balances than during normal times. It must be remembered that once a moratorium is lifted, customers with unpaid balances are again responsible for paying their current month's balance and amounts associated with a deferred payment plan to avoid disconnection.

For example, under current Commission rules a residential electric customer that cannot pay a \$250 bill this month might enter into a deferred payment plan where they would be required to pay 50% (\$125) of the outstanding balance this month. The following five months the customer would be responsible for the current month's balance and one-fifth of the deferred amount (\$25). Depending on how high their large summer usage bills get, it is possible to see how an extra \$25 every month over five months might be a successful path for this customer to catch up and avoid disconnection.

Contrast that with the following plausible scenario coming out of the four month moratorium. A residential electric customer built up an outstanding balance of \$750. This month they get a bill for \$1000 (\$250 for the current month, \$750 for the outstanding amount). They cannot afford to pay \$1,000 and enter into a five month DPP to avoid disconnection. To commence the deferred payment plan Commission rules allow REPs to require the customer to

pay 50% (\$500) this month. Then the customer must pay the current month's balance (\$250, but rising through the summer months) plus one-fifth the deferred amount (\$100) over the subsequent five months. The larger unpaid amount resulting from the moratorium creates a substantially higher burden, both on the initial payment and the subsequent deferral amounts added to the next five months. If the customer fails to pay any of these amounts (the initial payment or the large bill over the next five months) they can face disconnection.

Petitioner contends that ending the moratorium substantially benefits REPs as they can now resume the process of disconnecting customers for non-payment. The threat of disconnection and the substantial Commission-granted power to prevent customers who enter into DPPs from switching providers under the switch hold rule (PUC Subst. R. §25.480(l)) give REPs substantial leverage to pursue unpaid bills

Petitioner urges the Commission to give full consideration to the plight of residential electricity customers who built up substantial unpaid balances during the moratorium. One key element of a more successful "off ramp" for these customers is a more flexible and reasonable DPP.

II. PETITION FOR RULEMAKING

Pursuant to Texas Government Code § 2001.021 and PUC Proc. R. 22.281(a), Petitioner seeks to amend PUC Subst. R. §25.480(j) to grant additional deferred payment plan flexibility for electric customers who may face high unpaid balances coming out of the disconnection moratorium.

A. Proposed Text of the Rule Amendment (proposed language underlined)

Rule 25.480 sub-part (j)(2)(B):

(B) The REP shall make available, at the customer's option, the plans described in clauses (i) and (ii) of this subparagraph.

(i) A deferred payment plan with the initial payment amount no greater than 50% of the amount due. The deferred amount shall be paid by the customer in equal installments over at least five billing cycles unless the customer agrees to fewer installments.

(ii) A level or average payment plan instead of requiring the balance due to be paid. The level or average payment plan shall be offered subject to the requirements of subsection (h) of this section.

(iii) Deferred payment plans described in clause (i) above entered into between June 24, 2021 and August 17, 2021 shall require an initial payment of no greater than 33% of the amount due and the deferred amount shall be paid by the customer in equal

installments over at least 9 billing cycles unless the customer agrees to fewer installments.

B. Brief Explanation of the Rule Amendment

This Petition for Rulemaking proposes that consumers be granted more flexible deferred payment plans during the two months immediately following the termination of the four month disconnection moratorium. Emergency relief is requested to immediately assist customers who began receiving actionable disconnection notices on June 19, 2021.

C. Reasons the Amended Rule Should Be Adopted

This action is needed because existing deferred payment plan rule language requiring a 50% initial payment and a five month term is inadequate to account for substantial unpaid balances accrued during the period of the moratorium. Without taking this or similar action, Petitioner is deeply concerned that residential electric customers will enter into unrealistic deferred payment plans, fail to meet their obligations, and face disconnection in dangerously hot months ahead.

D. Statutory Authority for the Proposed Amendment

The Commission has statutory authority to enact these amendments under Public Utility Regulatory Act §§ 14.001, 14.002, 17.004(b), and 39.101(e).

REQUEST FOR EMERGENCY RELIEF

Petitioner again urges the Commission to adopt this amended rule to provide residential electricity customers more flexible deferred payment plans for the next two months. On June 15, the Commission entered an order rescinding the current disconnection moratorium. Based on REP pleas to end the moratorium alone, it can be safely assumed that substantial unpaid balances have accrued during the moratorium. The existing Commission deferred payment plan rule is inadequate to assist customers out of arrears while maintaining a service that can mean life or death for some. Temporarily reducing the required initial amount and lengthening the term of deferred payment plans will create a more realistic path for certain residential electric customers to catch up on unpaid bills. Creating a more successful pathway will also benefit REPs as their customers will continue to maintain service.

CONCLUSION

Petitioner respectfully requests that the Commission initiate a rulemaking proceeding under Texas Government Code § 2001.021 and PUC Proc. R. 22.281(a) to temporarily amend PUC Subst. R. §25.480. Texans have endured the unimaginable over the past 16 months with COVID-19 and the short and long-term effects of Winter Storm Uri. On both occasions, the Commission took certain steps in an effort to reduce the negative impacts on electricity customers. As the post-storm moratorium comes to a close and disconnections for non-pay resume, Petitioner respectfully requests the Commission take further action to help residential

electric customers with outstanding balances get back on their feet. We further pray that the Commission take immediate action via its emergency rulemaking powers to adopt the proposed amendment so that these customers get on a realistic deferred payment plan and avoid failing on more restrictive ones provided in the Commission's current rule. Texans have endured enough. Your action will help set them up for success rather than a dangerous disconnection in the next few months.

Respectfully Submitted,



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