

Frequently Asked Questions and Answers:

Q. Does this new legislation mean the Public Utility Commission can no longer protect customers?

A. Far from it. The PUC remains as the primary agency responsible for making sure the state's utilities carry out the provisions of Act 210 in a fair and equitable manner for all customers. The PUC will continue to mediate and rule on disputes, based on the new legislation.

Q. Do these new laws give PECO new leeway to terminate service for everyone who doesn't pay on time?

A. No, not at all. During 2004, PECO terminated service to about 60,000 customers for serious non-payment of bills, representing four percent of its 1.5 million customers. For another approximately 200,000 customers behind in their payments, PECO worked with them to avoid termination.

Q. Will there be mass winter terminations under the new law?

A. The new law allows the state's utilities to terminate service for serious non-payment, by those with the ability to pay, from December through March. PECO estimates that only some 1,200 to 1,500 customers – one tenth of one percent – face termination this winter.

Q. Why did we need this new legislation?

A. A sound, effective credit and collections policy must send clear and consistent signals to customers so that bills are paid in good faith. The former regulations, known as Chapter 56, sent unclear, conflicting, confusing signals to both customers and utilities alike.

Q. How do non-payments by some customers affect the great majority of those who pay fully and on time?

A. By state regulation, a portion of any utility's uncollected debt is included in future rate filings and subsequent rate increases.

Q. Was this legislation enacted just to satisfy PECO and PGW?

A. No. In 2003, utilities statewide wrote off more than \$225 million in unpaid bills. PECO's portion was \$52 million.

Q. Why does this seem to be a mostly a utility problem?

A. Because no other business – department stores, grocery stores, drug stores, gas stations – provide products without payment. The U.S. economy is built on payment for products and services. Yet, some utility customers, particularly under Pennsylvania's formerly complex regulations, were able to "game" the system and not pay their bills.

Q. What about the little guy, the low income or fixed income family who truly can't afford to pay fully?

A. They will not be hurt by this new law. As a matter of fact, better, more timely credit checking by PECO under this new law will improve the process of identifying low-income customers early on and help them apply for any of the Company's five discounted Customer Assistance Program rates and for LIHEAP and other assistance programs.

Q. Times are hard. The economy is tough. How aggressive is PECO going to be in enforcing these new regulations?

A. The answer is simple. No one showing a genuine, good faith effort to pay will be denied service. There are many payment agreements to help ease the burden. But customers with the ability to pay, who, in the past, have used the complex regulations to avoid paying, will no longer have that option. For them, PECO will be as tough as the new regulations allow.

Q. Isn't this just another one-shot deal? Won't we be back to business as usual in a year or two?

A. Far from it. PECO is committed to aggressive implementation of these new regulations. Its goal is to reduce uncollectible accounts from \$52 million in 2003 to \$37 million in 2006. The figure is down to \$46 million at the end of 2004. Act 210 will be extremely helpful in meeting future goals for the reduction of bad customer debt.