

New consumer credit rules under new PA Act 201

Dear PECO Customer:

The attached information outlines some of the key portions of a new Pennsylvania law that changes state credit and collection rules in order to make it harder for customers who can pay but do not pay their bills. But we wish to make it very clear to you that these new rules will have minimal impact on the 90 to 95 percent of PECO customers who pay their bills fully and on time.

You are our valued customers, and we thank you. We want you to know that this new law will protect you from the customers who can pay, but don't, since their bad debt adds to your bill. The new law, Act 201, was passed by the Pennsylvania Legislature in November and signed into law by Governor Edward G. Rendell. It took effect on December 14, 2004.

For those with good income who took advantage of prior rules to avoid paying their bills, Act 201 sets new deposit and payment terms, creates a plain set of rules for shut offs and reconnect, and sets clear, income-based standards for payment of past-due balances. It also provides for cutoff of service in winter months in severe cases of non-payment.

But this is not, in any way, a free pass for Pennsylvania utilities. Whatever new rules the state's utilities choose to enforce, the Pennsylvania Public Utility Commission will still have the final say on the legality of the enforcement.

In signing the legislation, Governor Rendell said it was intended to end "rampant abuse of existing rules for payment plans and shutoffs." He said that the old rules, "protect the vulnerable, but they also opened the door to widespread abuse," and "such abuse only penalizes the vast majority of customers who pay their bills fully and on time."

Governor Rendell said the new law "contains a balanced set of measures designed to address the problem of rising utility bill delinquencies, while at the same time ensuring that service remains available under reasonable terms to customers with legitimate emergency, financial and medical problems."

We at PECO agree. But we want to stress, again, that for many of our customers who pay their bills on time, and for our customers with special needs, you do not have to worry. Your service will continue as you continue to work with us.

We value you as our customers.

Below is a summary of a new law that affects all utility customers in Pennsylvania, particularly new customers establishing an account for the first time or customers who carry past due amounts.

The Governor signed a new law called the Responsible Utility Customer Protection Act (Act 201 or Law) that became effective on December 14, 2004. The Law makes new credit rules for utilities collecting money on past due accounts to help utility companies keep costs down. These rules also apply to deposits, payment agreements and service accounts that have been shut off. This notice will tell you about the changes we will be making because of the Law.

Shut-off of Utility Service – PECO can shut off your service if you fail to pay for service, keep a payment agreement, pay a deposit or allow the company access to our equipment.

PECO will send a 10-day notice. Once you get this notice, PECO will have 60 days to shut off your service. Next, PECO will try to talk to you at least three (3) days before the shut-off date. From December through March, if PECO does not talk to you, we will leave a notice at the residence 48 hours before service is shut off. If your service is ever shut-off you, will receive a notice that tells you what you must do to get service back on.

There are certain times PECO may shut off service without giving notice. These include when a customer is stealing service, getting service through fraud, tampering with our meter, or if there is an unsafe condition.

The Law now allows utilities to shut off service on all weekdays, including Fridays. PECO may also now shut off your service during the winter (December 1 – March 31). The company does not need to get Public Utility Commission (PUC) approval first. But, PECO will give notice. If your household income is below 250% of the federal poverty guidelines, PECO must first ask the PUC for permission to shut off service. For example, this means if there are three people in your household, your monthly income must be below \$3,265 to require PUC involvement before shut-off.

If you give PECO a bad check to stop termination, we may shut off your service without any further notice.

Payment to Restore Service – Depending on your income and payment history, PECO may require you to pay the full bill or make a payment agreement. PECO may also require you to pay a reconnect fee and a deposit. If you have broken two or more payment agreements, we may require payment of the full balance.

Any adult who lived at a home that was shut-off for an overdue bill may have to pay all or part of that balance if they want service in their name.

Between December 1 and March 31, PECO will reconnect service within 24 hours after the past due bill is paid. During other times of the year, it may take three to seven days to restore service.

Deposits – You may have to pay a deposit if you do not have good credit. You do not have good credit if you fail a credit test, have a poor payment history, or were shut off for an overdue bill. The amount of the deposit may be equal to two average monthly bills. PECO will pay 6% interest (simple interest) on your deposit when returned to you.

Payment Agreements – The Public Utility Commission (PUC) may make payment agreements between utilities and customers. The Law allows the agreements to vary between six (6) months and five (5) years, depending on the household's income. If you break the PUC payment agreement, the PUC may set up a second payment agreement only if the household income has changed. If you are enrolled in PECO's Customer Assistance Program (CAP), the Law does not allow the PUC to make any additional payment agreement if you fail to make the monthly CAP payments.

Responsibility for Bills – PECO may require any adult who lives with you and whose name is on your mortgage, deed or lease to be responsible for the bill. PECO may ask you to prove who you are and who lives with you.

Medical Certificate – PECO may delay shut-off if you or someone living with you is seriously ill. We will delay the shut-off if a licensed physician or nurse practitioner states that the shut-off will harm the ill person. You will need to ask your doctor to write a letter to explain your situation.

Complaints to the PUC – You must first contact PECO to complain about a problem. If you are not satisfied with the company's answer, you may then contact the PUC. You must pay any undisputed amounts and current bills while the PUC is looking into your complaint. If you do not pay undisputed amounts or current bills, PECO will shut off your service.