STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PROPOSAL BY	:	
PUBLIC SERVICE ELECTRIC AND GAS	:	
COMPANY TO DISCLOSE INDIVIDUAL	:	BPU Dkt. No.: Pending
CUSTOMERS' PROPRIETARY INFORMATION	:	

CERTIFICATION OF RICHARD W. LELASH

RICHARD W. LELASH of full age hereby certifies:

1. My name is Richard W. LeLash and my address is 18 Seventy Acre Road, Redding, Connecticut 06896. In this matter, I am submitting this certification on behalf of the New Jersey Division of Rate Counsel.

2. I graduated from the Wharton School of the University of Pennsylvania in 1967 with a BS Degree in Economics and from the Wharton Graduate School in 1969 with a Masters of Business Administration Degree. I have worked in finance for Touche Ross & Co. and PepsiCo, Inc. For the past thirty years I have worked on matters concerning utility regulation, first with the Georgetown Consulting Group and more recently as an independent consultant.

3. During the course of my regulatory work, I have testified in more than 300 regulatory proceedings in about 25 state and federal jurisdictions. In these proceedings my testimony was presented on behalf of state public utility commissions, attorneys general and consumer advocates.

4. Since 1980 most of my regulatory work has involved utility policy issues. Among other issues, my testimonies have involved service unbundling, physical and economic bypass, incentives, demand and capacity planning, service measures, price hedging, base rates, and mergers. In addressing these issues, I have analyzed regulatory filings involving more than 50 different utility companies.

5. In the last base rate proceeding by Public Service Electric and Gas Company ("PSE&G" or "Company") (Docket No. GR09050422), I sponsored testimony concerning gas policy and customer service issues. In that testimony, data concerning the Company's billing function and call center operation was presented along with an analysis of the Company's performance relative to the performance of other utilities.

6. In a press release issued on September 22, 2010 PSE&G announced its intention to initiate full credit reporting of its monthly bill payments for both its electric and gas customers. I attach as Exhibit A a true copy of the press release. That press release remained posted on the PSE&G web site, without retraction, as of November 1, 2010. In conjunction with the Company's announcement, PSE&G also claimed that "full credit reporting is common practice with many other major consumer-oriented companies, including utilities, throughout the country." The Company also referenced studies by credit advocacy groups that claim to show customers with little or no credit history often benefit from full credit reporting. PSE&G's proposal to disclose its customers' individual proprietary information to a consumer credit reporting agency would be a significant departure from the Company's current practice. In its most recent rate case, as of February 5, 2010 PSE&G admitted in its answers to discovery that it "does not report its credit ratings to the consumer credit bureaus." [PSE&G answer to RCR-CI-92(5).] I attach as Exhibit B a true copy of PSE&G's answers to RCR-CI-92, including its answers to RCR-CI-92(5) and RCR-CI-92(8).

7. The Company's proposed full credit reporting implementation has been initiated without seeking input from various affected stakeholders and without full disclosure of the impact

of such a program. Accordingly, program details and impacts have not been provided. As a general matter, full credit reporting is not prevalent in the utility industry, and it appears to be in conflict with general utility practice to treat customer specific information as confidential for any use beyond the provision of applicable utility service. As set forth in N.J.S.A. 48:3-85, New Jersey law sets specific restrictions related to consumer protection standards, prohibiting the disclosure of consumer proprietary information and circumscribing its use within limited parameters. Implementing the credit reporting proposed by PSE&G would profoundly undercut well-established consumer protections in this state.

8. The Company does not explain why it could not initiate full credit reporting on an opt-in basis where the customer decides whether or not the reporting will provide better access to credit. The Company also does not discuss whether it may receive compensation from Experian for providing the envisioned full credit reporting. Additionally, the Company has recently concluded a base rate proceeding, and it, rather than its customers, would benefit if such a program resulted in customers' giving priority to paying utility bills versus other necessary expenditures.

9. PSE&G does not reveal how it evaluates the individual proprietary information that it proposes to disclose. PSE&G's current tariffs do not clearly define what constitutes a late-paying customer. Paragraph 9.11 in PSE&G's Standard Terms and Conditions for commercial and industrial electric customers, for example, states: "At least 15 days time for payment shall be allowed after sending a bill." No maximum length of time is specified, however. In Paragraph 9.12, concerning the late payment charge, for classes of services where late charges are imposed, the Standard Terms and Conditions refer to payments "which are not received by Public Service within 45 days following the date specified on the bill." The date specified on the bill is never identified. But, if one adds the 45 days to the minimum of 15 days specified in Paragraph 9.11, it appears that the collection lag can be as long as 60 days without it being considered delinquent. I attach as Exhibit C a true copy of these PSE&G Standard Terms and Conditions.

10. PSE&G does not disclose how it defines a "delinquent" account, presenting an additional risk to customers. In its most recent rate case, PSE&G described in its answers to discovery, on October 28, 2009, a variety of billing events that cause PSE&G to send a notice of discontinuance of service for nonpayment. PSE&G stated that "[a] bill is considered outstanding if it is unpaid when the next bill is invoiced" and "[r]eminders are sent to residential customers with delinquent amounts between $30 and $60 and internal PSE&G Credit Worthiness Scores greater than or equal to 0." [PSE&G answer to RCR-CI-53.] I attach as Exhibit D a true copy of PSE&G's answer to RCR-CI-53. Taken together, those discovery answers suggest that a customer's failure to pay as little as $30 of a bill, by the time PSE&G issues the next bill, may be considered delinquent, depending on that customer's Credit Worthiness Score ("CWS").

11. The process for a customer to discern his or her CWS, too, remains unclear. In its most recent rate case, PSE&G admitted in its answers to discovery that its internal CWS "scoring method is not specifically discussed with customers because such discussions would likely create confusion, and the CWS formula is considered a dynamic tool that may change if appropriate." [PSE&G answer to RCR-CI-92(8), attached as Exhibit B.]

12. A major issue is how the Company will determine when a customer would be considered to be delinquent for purposes of reporting. For example, how many days after the date of the bill will the reporting be made? Likewise, what would be the effect if the customer did not receive the initial bill, the bill was incorrect or disputed, or if the customer paid a significant portion of the bill but not the total amount? PSE&G does not disclose how Experian will evaluate the individual proprietary information that PSE&G proposes to disclose, and whether Experian has agreed to evaluate the released data using the same Creditworthiness Score used internally by PSE&G. One outcome could be that Experian may consider a payment "late" even if the customer pays it within a time that PSE&G considers timely.

13. The Company appears to make the assumption that each customer receives an accurate bill on a timely basis, but that is not always the case. The Company states in its press release that about 12 percent of its customers do not pay their bills on time. What is left unsaid is the fact that the Company has read less than 90% of its meters during 13 of the 18 months ended in June 2009. Likewise rebills, which are sent to correct and supersede an already-issued bill, give an indication of the number of missed meter readings, billing errors or inaccurate meter readings. PSE&G's rebills per 1,000 customers per month were over 20 during the 2006 to 2009 period, exceeding the typical industry benchmark of less than 20 rebills per 1,000 customers per month. Estimated bills for meters not read and rebills that reflect billing errors show that there may be ample reasons for customer non-payments because of the Company's deficient billing practices. Thus, the Company's determination of a customer's payment delinquency may relate to billing errors or disputes rather than from valid customer non-payments.

14. During 2009 the Company began to experience service problems which it now links to its implementation of an updated computer system. The high number of complaints about billing in 2009 is largely due to the implementation of iPower, PSE&G's new customer information system. The scope of other potential computer and billing problems is unknown. Accordingly, there is evidence that the Company's billings are frequently estimated or in error.

15. The issue of full credit reporting by regulated utilities is relatively new and several major consumer groups have recently opposed its adoption for residential utility customers. For example, the National Association of State Utility Consumer Advocates ("NASUCA") in June 2010 approved Resolution 2010-3 in which it stated:

- NASUCA opposes full credit reporting on residential gas and electric accounts and urges state and federal policy-makers to prohibit the practice.
- NASUCA supports the continuation of full state legislative and regulatory jurisdiction authority over gas and electric billing, collection, customer service,

and credit reporting activities, including but not limited to the reporting of customer payment history to credit reporting agencies.

- NASUCA urges, should a state authorize credit reporting on residential gas and electric accounts, that the authorization be limited to the reporting of seriously delinquent accounts which have been terminated and referred to a collection agency or written off as uncollectible and that the authorization, consistently with the stated purpose of full credit reporting to help establish a consumers credit history and improve the consumer's access to credit, be subject to a consumer "opt-in" requirement.

I believe these NASUCA recommendations are valid and appropriate. I attach as Exhibit E a true copy of the NASUCA Resolution 2010-3.

16. Similarly, the National Consumer Law Center ("NCLC") developed a December 2009 report entitled "Full Utility Credit Reporting: Risks to Low Income Consumers," in which it analyzed the issues associated with utility full credit reporting. The NCLC Report noted that "while the stated purpose of some alternative credit reports is to help low-income and other underserved consumers who do not have traditional credit histories, many are clearly intended to limit risk of prospective creditors." [NCLC Report, p.2.] The report also questioned the Company's contention that full credit reporting is common practice with many other major consumer oriented companies, including utilities, throughout the country. As stated in the NCLC Report at page 2, "to NCLC's knowledge, the only regulated electric and gas utility companies currently engaging in full credit reporting are Detroit Edison Company and Nicor Gas Company." I understand that WeEnergies also engages in full credit reporting. Based on the NCLC review, it set forth the following conclusions:

- Millions of electric and natural gas utility accounts that are in arrears but have not been written off are currently not reported, but would be under full utility credit reporting and full utility credit reporting is being aggressively promoted as a way of pushing utility bills to the top of consumers' "to pay" piles.

- Currently, the vast majority of electric and natural gas utilities report only on seriously delinquent accounts that have been referred to a collection agent or written off as an uncollectible.
- Full utility credit reporting would exert additional financial pressure on low-income households, and increase the likelihood that expenditures for necessities such as food or medical care will be reduced to avoid serious credit scoring consequences and would undermine the policy objectives of state regulatory consumer protections intended to shield vulnerable consumers, particularly elderly and disabled consumers, from loss of necessary electric and natural gas service.

The NCLC report goes on to state that "Based on the foregoing and absent availability of consumer 'opt-in' mechanism, we oppose full credit reporting and urge that the practice be prohibited by state and federal policy-makers." [NCLC Report, p.13.] I believe these NCLC recommendations are valid and appropriate. I attach as Exhibit F a true copy of the NCLC Report.

17. In the Company's press release it also noted that studies by credit advocacy groups show that customers with little or no credit history often benefit from full credit reporting. However, while such a result may be true for higher income customers, it is unlikely that low income residential customers will benefit from the program in any meaningful way given current and forecasted economic trends. Moreover, PSE&G's proposed disclosure presents a risk of harm to the credit rating and consequent costs of its business customers as well. An adverse credit rating, whether based on accurate or erroneous information, can harm both residential and business customers, with risks such as potential denial or increased costs of credit, employment or housing. For the Company to propose such a full credit reporting program given current high unemployment and general economic conditions is quite disingenuous. The Company's proposed full credit reporting program is to start during this year's heating season when low income customers will most likely be facing relatively high levels of current bills and the possibility of bill payment delinquencies.

18. Upon information and belief, once PSE&G provides individual proprietary information to a credit reporting agency, PSE&G no longer has the power to change the reported consumer information. In other words, once PSE&G provides information to the third party, this Board has no control over the use or accuracy of information in the control of that third party.

19. PSE&G's proposed change in its credit reporting practice would conflict with low-income programmatic and regulatory protections that have been adopted in New Jersey, such as Board-approved low-income payment assistance programs, arrearage management programs and deferred payment agreements. While the Board sanctions participation in these programs and payments through them may be considered timely by PSE&G, and the law currently protects the confidentiality of customer information relating to payment, Experian may disclose such participation or may consider participation in these programs adversely for credit evaluation purposes.

20. Should PSE&G's disclosure of individual proprietary information to a third party cause harm to a customer, PSE&G has not disclosed the customer's remedy or the process to obtain redress.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Richard W. LeLash

Richard W. LeLash

Dated: November 8, 2010

EXHIBIT A

MEDIA /

September 22, 2010

PSE&G Announces Full Credit Reporting of Monthly Bill Payments

Reporting payments helps all customers build and improve credit

Delinquent customers have until January 2011 to become current

(September 22, 2010 - Newark, NJ) - Public Service Electric and Gas Company (PSE&G) is notifying electric and gas customers that it will begin to report credit information to a leading consumer credit agency beginning in early 2011. PSE&G will notify Experian when customers make timely payments as well as when their accounts are delinquent.

Beginning this month, the state's largest utility is notifying its customers who currently have delinquent account balances that credit reporting may begin as early as January 2011. These customers will be advised of the new reporting policy through letters and phone calls. All customers – including those who pay on time -- will be notified through messages on their bills and bill inserts before the policy takes effect.

"The majority of our customers pay their bills by the due date," said Joseph Forline, PSE&G vice president of customer operations. "Reporting customers' timely payments will enhance their credit history and overall score.

"About 12 percent of our customers, however, do not pay their utility bills on time -- even though they have already enjoyed the benefits of their electric and gas service," Forline

RECENT NEWS /

October 27, 2010

PSEG Announces 2010 Third Quarter Results; $1.12 Per Share From Net Income; $1.06 Per Share of Operating Earnings

October 25, 2010

PSE&G customers could win a Ford Fiesta by enrolling in paperless billing

October 21, 2010

PSE&G and Newark Public Schools dedicate four solar systems at city schools

CONTACT /

Karen Johnson

Phone: 973-430-7734

said. "People who pay their bills late -- or not at all -- increase costs for everyone. Reporting these accounts on a monthly basis will encourage customers to pay for our services on time, just as they do with other bills."

Forline noted that the start of full credit reporting is common practice with many other major consumer-oriented companies, including utilities, throughout the country.

Studies by credit advocacy groups show that customers with little or no credit history often benefit from full credit reporting. The Political and Economic Research Council found that consumers who have only a few transactions on file with credit reporting agencies have the opportunity to build and improve their credit scores when on-time utility payments are reported. These consumers then benefit when applying for loans and other types of credit. Identity theft can also be exposed earlier through a credit report.

The utility noted that a customer's prior credit history will not be provided to Experian once the reporting begins. PSE&G will begin to report the credit information from that point forward.

PSE&G customers who have difficulty paying their utility bills may qualify for various payment assistance programs, including the Low Income Home Energy Assistance Program (LIHEAP,) the Universal Service Fund, NJ Shares and NJ Lifeline. Information about these programs is available at www.pseg.com/help or www.pseg.com/ayuda.

Customers who have questions about the new reporting policy should call 1-800-436-PSEG (7734).

Public Service Electric and Gas Company (PSE&G) is New Jersey's oldest and largest regulated gas and electric delivery utility, serving nearly three-quarters of the state's population. PSE&G is the winner of the ReliabilityOne Award for superior electric system reliability. PSE&G is a subsidiary of Public Service Enterprise Group Incorporated (PSEG) (NYSE:PEG), a diversified energy company (www.pseg.com).

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Stockholder Services
Stock Information
Presentations & Webcasts
Calendar
Information Request
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Recent Ads
Conservation Tips
Media Contacts
Photo Gallery
Thought Leadership
Environmental Commentaries
Speeches
Awards & Recognition
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PSEG Employee Resources
Teacher & Student Resources
In the Community
Non-Profit Resources
PSEG Retirees

Environment
What PSEG is Doing
What You Can Do
Energy Tips

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NEWS RELEASES
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THOUGHT LEADERSHIP
ENVIRONMENTAL COMMENTARIES
SPEECHES
AWARDS & RECOGNITION

Press Releases

October 27, 2010
PSEG Announces 2010 Third Quarter Results; $1.12 Per Share From Net Income; $1.06 Per Share of Operating Earnings

October 25, 2010
PSE&G customers could win a Ford Fiesta by enrolling in paperless billing

October 21, 2010
PSE&G and Newark Public Schools dedicate four solar systems at city schools

October 19, 2010
PSEG Partners with United States Naval Academy to Provide Educational Opportunities

RECENT NEWS /

October 27, 2010
PSEG Announces 2010 Third Quarter Results; $1.12 Per Share From Net Income; $1.06 Per Share of Operating Earnings

October 25, 2010
PSE&G customers could win a Ford Fiesta by enrolling in paperless billing

October 21, 2010
PSE&G and Newark Public Schools dedicate four solar systems at city schools

PRESS KITS

October 14, 2010
Ralph Izzo Honored by New Jersey Inventors Hall of Fame

October 5, 2010
PSE&G offers 10 Tips for Home Safety to mark Fire Prevention Week October 3 – 9

October 4, 2010
Offshore Wind Monitoring Program Advancing

October 1, 2010
PSE&G storm update - October 1, 2010 at 5:00 p.m.

September 28, 2010
PSEG AND JEA Dedicate Jacksonville Solar: PSEG Jacksonville Solar largest solar facility in Northern Florida

September 22, 2010
PSE&G Announces Full Credit Reporting of Monthly Bill Payments

September 20, 2010
PSEG Recognized as Global Leader in Carbon Performance

September 16, 2010
PSE&G to Lower Residential Natural Gas Bills by 6.8 percent

September 15, 2010
PSEG unveils newly designed corporate Web site, enabling easier navigation for utility customers and other visitors

September 13, 2010
State-approved route for Susquehanna-Roseland project is best for region and environment, utilities tell National Park Service in formal comments

September 9, 2010
PSEG Saluted as International Sustainability Leader

September 1, 2010
PSE&G Prepared for Hurricane Earl additional crews and equipment on hand to restore service in the event of outages

August 19, 2010
Statement by Garden State Offshore Energy on Signing of Offshore Wind Economic Development Act

August 19, 2010
Governor Strickland Helps Dedicate Ohio's Largest Solar Farm

August 16, 2010
PSE&G Advises Gas Heating Customers to Test Their Heating Systems Before Chilly Weather Arrives

August 4, 2010
PSE&G Suggests Ways to Keep Cool and Manage Energy Costs for the Rest of the Summer

August 3, 2010
PSEG Releases 2010 Sustainability Report

August 3, 2010
Construction of PSE&G's Trenton Solar Farm Underway

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EXHIBIT B

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

CREDIT WORTHINESS

QUESTION:

Reference Mr. Forline's rebuttal testimony on pp. 13, lines 1-24 and p. 14, lines 1-5, concerning PSE&G's Credit Worthiness Score, please provide the following:

1. A copy of the most recent written document that sets forth PSE&G's residential Credit Worthiness Score ("CWS") calculation, policy, and procedures including the specific impacts on customers of the various scores and dunning levels.
2. Are residential customer deposits affected by their CWS and if so, please specify in detail how customer deposits are affected, including but not limited to the deposit amount and whether or not PSE&G imposes a deposit.
3. Please define specifically what is meant by a "good Credit Rating with PSE&G" and a "poor PSE&G Credit Rating" as referenced in the Level 20 Reminder notices to customers in response to RCR-CI-75, p. 20 of 23.
4. What are the specific consequences to PSE&G residential customers of a poor PSE&G Credit Rating? A good PSE&G Credit Rating?
5. Does PSE&G report its credit ratings to the consumer credit bureaus such as Experian or TransUnion?
6. How does PSE&G inform its customers of what to do to improve their PSE&G credit rating? How to improve their CWS?
7. How does PSE&G inform its customers of the CWS and the consequences of accumulating points at various levels, and therefore how to avoid accumulating such points?
8. Is it PSE&G's position that its customers should not be informed about the Credit Worthiness Score or the PSE&G credit ratings? Please explain in detail why or why not.
9. Please explain all the reasons why, in response to RCR-CI-76, p.2 of 2 in items (f), (h), and (i), PSE&G indicated it planned, on November 21, 2009, to adjust the delinquent amounts to greater than $100 from $59.99 before a disconnect notice could be sent under its Creditworthiness score policy?

ANSWER:

1. Please see responses to RCR-CI-54 and RCR-CI-76.

   With respect to the specific impacts on customers of the various scores and dunning levels, PSE&G objects to the request because it is unclear. More specifically, it is unclear what is meant by the "impact on customers." Clarification of the question is necessary for PSE&G to respond further.

2. Customers that have had service with PSE&G in the past and request new service are evaluated based on a creditworthiness score (CWS) based on their prior customer relationship. If a customer's CWS is less than 290, the customer is not required to post a security deposit. If the customer's CWS is equal to, or greater than 290, the customer is required to pay a one-month security deposit. If the customer's CWS is 440 or greater, a

two-month security deposit is required. Periodically, the Company evaluates existing residential customer accounts to determine if the posting of a deposit is warranted. If a customer's CWS is equal or greater than 290, the customer is required to post a security deposit as discussed above.

3. A "good Credit Rating with PSE&G," as referenced in the Level 20 Reminder notices, would be considered a CWS of 290 or less. A "poor PSE&G Credit Rating" would be a CWS of 291 or more.

4. Customers with a poor PSE&G credit rating may be required to pay a security deposit. Customers with a good credit rating would not be required to submit a security deposit.

5. No. PSE&G does not report its credit ratings to the consumer credit bureaus.

6. Customers receive notices when bills and delinquency payments are due. The Company properly informs customers what is required regarding payment. Customers who fail to pay their bill on a regular basis will receive additional collection media, such as reminders, discontinuance notices, and security deposit requests.

   Additionally, existing customers with a CWS that warrant a security deposit are informed - via separate mailing - they can forego the requested security deposit by paying their delinquent amount and bringing their account current.

7. Please see response to part (6) above.

8. PSE&G objects to the request because it is vague and overly broad. Notwithstanding the objection, the Company responds as follows: As explained in Mr. Forline's rebuttal testimony, the creditworthiness scores are an internal and dynamic tool used by the Company to evaluate the need for deposits and to determine appropriate communications to customers. The scoring method is not specifically discussed with customers because such discussions would likely create confusion, and the CWS formula is considered a dynamic tool that may change if appropriate.

9. The dollar amount was adjusted based on the Company's decision to change the notice requirements for delinquent customers - that are less than $100 - and issue reminders instead. This new change overrides the CWS criteria. Also, in a teleconference with the Ratepayer Advocate and other interveners it was suggested that the $100 amount was appropriate under the Administrative Code. While the Company believes its prior practice was consistent with the requirements of the Administrative Code, it has decided that the $100.00 is satisfactory currently.

EXHIBIT C

STANDARD TERMS AND CONDITIONS
(Continued)

9.10. **Billing of Charges in Tariff:** Unless otherwise ordered by the Board of Public Utilities, the charges and the classification of service set forth in this Tariff or in amendments hereof shall apply to the first month's billing of service in the regular course on and after the effective date set forth in such Tariff covering the use of electric service subsequent to the scheduled meter reading date for the immediately preceding month.

9.11. **Payment of Bills:** At least 15 days time for payment shall be allowed after sending a bill. Bills are payable at any Customer Service Center of Public Service, or by mail, or to any collector or collection agency duly authorized by Public Service. Whenever a residential customer advises Public Service that he wishes to discuss a deferred payment agreement because he is presently unable to pay a total outstanding bill and/or deposit, Public Service will make a good-faith effort to allow a customer the opportunity to enter into a fair and reasonable deferred payment agreement, which takes into consideration the customer's financial situation. A residential electric or gas customer is not required to pay, as a down payment, more than 25% of the total outstanding bill due at the time of the agreement. Such agreements which extend more than 2 months must be in writing and shall provide that a customer who is presently unable to pay an outstanding debt for Public Service services may make reasonable periodic payments until the debt is liquidated, while continuing payment of current bills. While a deferred payment agreement for each separate service need not be entered into more than once a year, Public Service may offer more than one such agreement in a year. If the customer defaults on any of the terms of the agreement, Public Service may discontinue service after providing the customer with a notice of discontinuance. If a customer's service has been terminated for non-payment of bills, and has met all requirements for restoration of service, Public Service may require a deposit, but not prior to service restoration. Instead, Public Service will bill payment of the deposit, or make other reasonable arrangements. The amount of the deposit required for restoration of service will be determined in accordance with N.J.A.C. 14:3-4.

In the case of a residential customer who receives more than one utility service from Public Service and has entered into a separate agreement for each separate service, default on one such agreement shall constitute grounds for discontinuance of only that service.

9.12. **Late Payment Charge:** A late payment charge at the rate of 1.416% per monthly billing period shall be applied to the accounts of customers taking service under all rate schedules contained herein except for Rate Schedules RS, RHS, RLM, WH, WHS, BPL and BPL-POF. Service to a body politic will not be subject to a late payment charge. The charge will be applied to all amounts billed including accounts payable and unpaid finance charges applied to previous bills, and will not be applied sooner than 25 days after a bill is rendered, in accordance with N.J.A.C. 14:3-7.1(e). The amount of the finance charge to be added to the unpaid balance shall be calculated by multiplying the unpaid balance by the late payment charge rate. When payment is received by the Company from a customer who has an unpaid balance which includes charges for late payment, the payment shall be applied first to such charges and then to the remainder of the unpaid balance.

Date of Issue: June 10, 2010 Effective: June 7, 2010
Issued by FRANCES I. SUNDHEIM, Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated June 7, 2010
in Docket No. GR09050422

EXHIBIT D

PUBLIC SERVICE ELECTRIC AND GAS COMPANY
SHUT-OFF NOTICE FOR NONPAYMENT

QUESTION:
Please list all the billing events that cause PSE&G to send a notice of discontinuance for nonpayment. Please be specific in defining what is considered an "outstanding bill". For example, when does a bill for which the customer has made a partial payment trigger a notice of discontinuance?

ANSWER:
All Customer Classes
A bill is considered outstanding if it is unpaid when the next bill is invoiced. For example, a customer's bill is invoiced on May 1 and not paid by the time they are invoiced on June 1, now totaling two month's of usage. The bill invoiced on May 1 is now outstanding.

Partial payments do not affect discontinuance notices.

Past due bill reminders and discontinuance notices are generated when a customer's internal PSE&G Credit Worthiness Score reaches a designated level. Credit Worthiness Scores, in the form of "points", accumulate under certain conditions such as unpaid bills, returned items and broken installment plans.

Residential
Reminders are sent to residential customers with delinquent amounts between $30 and $60 and internal PSE&G Credit Worthiness Scores greater than or equal to 0.

Additional reminders are sent when the delinquent amount exceeds $60 and internal PSE&G Credit Worthiness Scores between 0 and 109.

Discontinuance Notices are sent to residential customers with delinquent amounts greater than $60 and internal PSE&G Credit Worthiness Scores greater than 109.

Industrial and Commercial
Discontinuance Notices are sent to customers with delinquent amounts greater than $60.

EXHIBIT E

THE NATIONAL ASSOCIATION OF
STATE UTILITY CONSUMER ADVOCATES

RESOLUTION 2010-3

OPPOSING "FULL CREDIT REPORTING" OF PAYMENT HISTORIES ON RESIDENTIAL GAS AND ELECTRIC ACCOUNTS

Whereas, the National Association of State Utility Consumer Advocates ("NASUCA") has a long-standing interest in issues and policies that affect the access of residential consumers to gas and electric services, which are basic necessities of life in modern society; and

Whereas, the credit reporting industry and others, through proposed legislative and regulatory changes and otherwise, seeks to implement a practice known as "full credit reporting," under which gas and electric utilities would regularly advise credit reporting agencies of the month-by-month payment behaviors and histories of residential gas and electric consumers;[1] and

Whereas, proponents of full credit reporting also seek to preempt the authority of the states to regulate the credit reporting and collection practices of gas and electric utilities; and

Whereas, proponents argue as a justification for full credit reporting that it helps low-income and other households establish a credit history and thus improve their access to credit;[2] and

Whereas, although proponents further claim that full credit reporting "can direct markets toward a faster alleviation of poverty in this country," the research used to support this claim focuses narrowly on the fact that a number of consumers who cannot presently be "scored" could be scored with full credit reporting, and thus gain access to credit, but without considering the broader realities that low-income and some other households commonly face in seeking to meet their energy needs and their financial responsibilities and without considering the broader realities that low credit scores pose for low-income and some other households;[3] and

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[1]The Political and Economic Research Council (PERC at www.infopolicy.org), the Center for Financial Services Innovation (CFSI at www.cfinnovation.com), and the Corporation for Enterprise Development (CFED at www.cred.org) seek support for and amendments to the Fair Credit Reporting Act (FCRA) to allow for "full credit reporting." See CFSI News Release, "CFSI, PERC, and CFED seek your support of an Alternative Data Initiative," July 2009 (http://www.cfsinnovation.com/news/article/330637); PERC, "NCLC Supports the '3 Ps' of Lending: Pawn Shops, Predatory Lenders, and Pay Day Lenders" (http://perc.net/files/alt_data_dis_paper1.pdf).

[2]Turner, Varghese, Walker and Dusek, Political and Economic Research Council, "Credit Reporting Customer Payment Data: Impact on Customer Payment Behavior and Furnisher Costs and Benefits" (March 2009) (http://perc.net/files/bizcase_0.pdf).

Whereas, in actuality, for reasons stated in part in this resolution, full credit reporting poses a new and profound threat to the well-being of both low-income consumers and a wide swath of consumers who are not low income but who for reasons including illness and layoff are not always able to make gas and electric payments on time; and

Whereas, credit scores are widely used by creditors and insurance companies to make decisions regarding the provision and pricing of their services, by prospective employers to make decisions regarding the hiring of employees, and by prospective landlords to make decisions regarding the leasing of residential property; and

Whereas, the financial difficulties faced by consumers in paying gas and electric bills on time have been exacerbated in recent years by deep recession and high unemployment; and

Whereas, a single late payment report adversely affects a credit score by 60 to 110 points;[4] and

Whereas, at the present time, the vast majority of gas and electric utilities have a practice of limiting credit reporting to seriously delinquent accounts which have been terminated and referred to a collection agency or written off as uncollectible;[5] and

Whereas, the present practice of limited credit reporting appropriately reflects and advances, while full credit reporting would inhibit and thwart, a host of public laws and policies that the states have implemented and embraced as a part of the safety net for their people, including laws and policies concerning billing, collections, security deposits, termination practices and customer service activities, and including such vital protections as winter moratorium on disconnection of service for low-income consumers and mandatory alternative payment plans on certain accounts that are not current;

NOW THEREFORE, BE IT RESOLVED, that NASUCA opposes full credit reporting on residential gas and electric accounts and urges state and federal policy-makers to prohibit the practice.

BE IT FURTHER RESOLVED, that NASUCA supports the continuation of full state legislative and regulatory jurisdictional authority over gas and electric billing, collection, customer service and credit reporting activities, including but not limited to the reporting of customer payment history to credit reporting agencies; and

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[3]Turner, Lee, Schnare, Varghese, Walker, Political and Economic Research Council and Brookings Institution Urban Markets Initiative, "Give Credit Where Credit Is Due" (2006) (http://perc.net/files/downloads/alt_data.pdf).

[4]Simon, "FICO reveals how common credit mistakes affect scores" (November 13, 2009) http://www.creditcards.com/credit-card-news/fico-credit-score-points-mistakes-1270.php

[5]Varghese and others, note 3 above, p. 12.

BE IT FURTHER RESOLVED, that NASUCA urges, should a state authorize credit reporting on residential gas and electric accounts, that the authorization be limited to the reporting of seriously delinquent accounts which have been terminated and referred to a collection agency or written off as uncollectible; and

BE IT FURTHER RESOLVED, that NASUCA urges, should a state authorize full credit reporting on residential gas and electric accounts, that the authorization, consistently with the stated purpose of full credit reporting to help establish a consumer's credit history and improve the consumer's access to credit, be subject a consumer "opt-in" requirement.

Submitted by:

NASUCA Gas Committee and
NASUCA Consumer Protection Committee

Approved June 15, 2010
San Francisco, CA

EXHIBIT F

NATIONAL
CONSUMER LAW
CENTER®

Boston Office:
7 Winthrop Square, 4th Fl.
Boston, MA 02110-1245
Phone: 617-542-8010
Fax: 617-542-8028
Washington Office:
1001 Connecticut Ave., NW, Ste. 510
Washington, DC 20036-5528
consumerlaw@nclc.org
www.ConsumerLaw.org

Full Utility Credit Reporting: Risks to Low Income Consumers

December 2009

Full Utility Credit Reporting: Risks to Low Income Consumers

John Howat
National Consumer Law Center

A research consultant has recently produced several reports promoting utility company reporting of all customer payment behaviors and transactions to the major consumer reporting agencies (CRAs).[1] Proponents of full utility reporting contend that it is required to help "thin file" and "no file" consumers to build credit history and gain access to bank loans and other sources of credit. However, proponents are also motivated by seeing consumers – even those who struggle to meet monthly financial obligations – move utility bills to the top of monthly "to pay" piles in order to mitigate utility risk. In making a "business case" for full utility credit reporting, a recent publication of the Political and Economic Research Council promotes full credit reporting as the answer to the question, "How can consumers be encouraged to put their utility and telecommunication bills at the top of the payment pile?"[2]

The National Consumer Law Center is concerned that such reporting will result in harm to low-income and elderly consumers while undermining the policy objectives of state utility consumer protections. Further, problems with consistency of reported data arise as a result of the wide variability in state utility credit and collection rules and energy prices, as well as in the availability of energy efficiency and payment assistance programming. For these reasons we are opposed to full utility credit reporting -- particularly by franchised, monopoly electric and natural gas utility distribution companies – unless it is agreed to by customers on an "opt-in" basis.

Traditional Uses of Credit Scores

Credit scores have traditionally been used by prospective creditors and insurance companies to assess risk, determine whether to provide a service, or determine a charge (e.g., annual percentage interest rate) for a service.[3] They have provided mortgage and automobile lenders, consumer credit and insurance companies with a fast, automated means of making decisions regarding provision and pricing of services. Consumers' credit scores, which are generated by the "Big Three" credit reporting agencies (CRAs) based on credit report information supplied by creditors and others, are generated using formulas that are protected as trade secrets. However, it is known that credit scores are based generally on the following factors in order of weighted importance:[4]

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[1] See, e.g., [1] Turner, et al., "Credit Reporting Customer Payment Data: Impact on Customer Payment Behavior and Furnisher Costs and Benefits," Political and Economic Research Council, March 2009; PERC, et al., "Policy Brief: The Promise of Non-financial Data: How Using Energy Utility and Telecoms Payment Data can Help Millions Build Assets:" and Turner, et al., You Score You Win: The Consequences of Giving Credit Where Credit is Due," Political and Economic Research Council, July 2008.

[2] Turner, et al., "Credit Reporting Customer Payment Data: Impact on Customer Payment Behavior and Furnisher Costs and Benefits," Political and Economic Research Council, March 2009.

[3] Complete discussion and analysis of credit reporting and credit scoring may be found in Wu, et al, Fair Credit Reporting, Sixth Edition, National Consumer Law Center, 2006; and Hendricks, Credit Scores and Credit Reports: How the System Works, What You Can Do, Privacy Times, Inc., 2007.

[4] Hendricks, pp. 19 – 23.

- Payment History (35%)
- Amount Owed – Extent of Indebtedness (30%)
- Length of Credit History (15%)
- New Lines of Credit (10%)
- Types of Credit (10%)

As reflected in the weights associated with the factors above, a consumer's payment history is the most critical factor in calculating a credit score. The extent to which a consumer pays his or her bills on time factors heavily into payment history and generation of a credit score.

Nontraditional Uses of Credit Scores

In recent years, a number of "alternative" credit reports and credit scores have been created. While the stated purpose of some alternative credit reports is to help low-income and other underserved consumers who do not have traditional credit histories, many are clearly intended to limit risk of prospective creditors. Alternative credit reports and scores use information such as utility and rent payments. Examples of nontraditional credit reporting include Payment Reporting Builds Credit (PRBC), a credit reporting agency that compiles credit histories using rent, utility, insurance, and even daycare monthly payments.[5] Another example is the National Consumer Telecom and Utilities Exchange, managed by the credit reporting giant, Equifax.[6]

Utility Credit Reporting – Current Practice

There is no national source of information delineating details of how each utility company reports consumer payment behaviors. However, NCLC's research indicates that currently, many unregulated cell phone and cable companies report all customer payments – both timely and late – to one or more of the CRAs. Some regulated, landline telephone companies also engage in full credit reporting. **However, the vast majority of electric and natural gas utility companies only report when a seriously delinquent account has been referred to a collection agency or written off as uncollectible**—a tiny percentage of the accounts that are late.[7] To NCLC's knowledge, the *only* regulated electric and gas utility companies currently engaging in full credit reporting are Detroit Edison Company and Nicor Gas Company.

Full Reporting by Electric and Gas Utilities – Harm to Low Income Households

Modifying current electric and gas utility practice by reporting all delinquent accounts would over time have an adverse impact on low income consumers' credit scores or force those households to go without other necessary goods and services. Nationally, millions of residential

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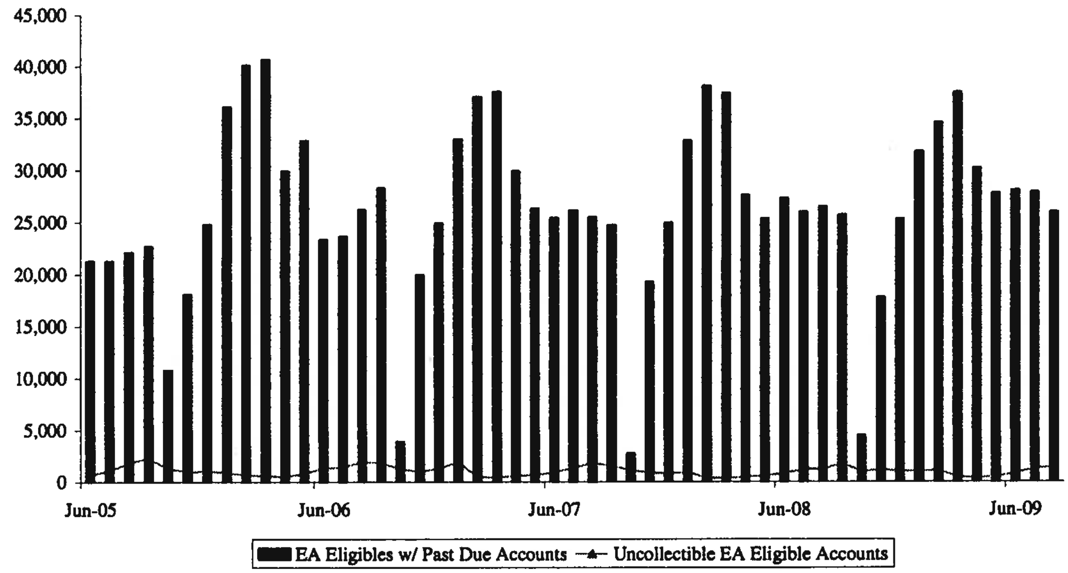
5 www.prbc.com

6 http://www.nctue.com/

7 To gain knowledge of current electric and gas utility credit reporting practices, NCLC consulted utility customer service executives, regulators, and state consumer advocates in a broad sampling of states, including California, Iowa, Maine, Massachusetts, New Hampshire, New York, and Ohio. In each case, NCLC was provided with consistent information regarding current electric and gas utility reporting practice.

utility accounts are in arrears by 30 days or more,[8] but are not written off or referred to a collection agency. The following graph illustrates this dynamic using arrearage and account write-off data of Iowa electric and gas customers that receive energy assistance through the Low Income Home Energy Assistance Program (LIHEAP).

Iowa Electric and Natural Gas Utilities:
Energy Assistance Accounts Past Due and
Energy Assistance Accounts Written off as Uncollectible



Source: Iowa Utilities Board

It can be seen from this graph that in Iowa, illustrative of experience nationally, only a tiny fraction of past due accounts are written off as uncollectible. Thus, under full utility credit reporting, thousands – in most months, tens of thousands -- of low-income utility customers in Iowa would on a monthly basis receive negative credit reports that would have an adverse impact on their credit scores.

Similarly, in Massachusetts, while 32% of all natural gas customers receiving a low-income rate discount carried arrears of 60 days or more, less than 1 percent of all low-income discount rate customers had their accounts written off. In other words, the ratio of seriously delinquent accounts to write-offs was greater than 30 to 1. There would thus be a 30-fold increase in adverse credit reports under a full reporting regimen. Massachusetts data are reflected in the table below.

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[8] A limited, "snapshot" survey by the National Association of Regulatory Utility Commissions Consumer Affairs Committee identified 39 million overdue residential electric and natural gas utility accounts in May 2008. Sloan, et al., "Credit Reporting Customer Payment Data: Impact on Customer Payment Behavior and Furnisher Costs and Benefits," November 2008.

MA June 2009 - Electric and Gas Utility Arrears over 60 days and accounts written off as uncollectible

		Electric	Gas
General Residential	*Arrears 60+*	16%	17%
	Written off	0.4%	0.6%
Low Income Discount	*Arrears 60+*	25%	32%
	Written off	0.5%	0.7%

Notes: One-month snapshot, not cumulative; Some general residential customers are eligible to receive the discount, but are unenrolled; MA tracks arrears at least 60 days old, but financial reporting to credit bureaus is 30+; Greater proportion of late payers would thus be reported than those reflected here.

Source: MA DPU

Nationally, the 2008 National Energy Assistance Survey indicated that **47% of LIHEAP participants skipped or did not pay a full home energy bill in 2008.**[9] For most of these households, full utility credit reporting would result in one or more adverse reports to CRAs. The many low-income households that cannot be served by the limited federal LIHEAP funding likely experience even more pronounced difficulty making payments.

New adverse information resulting from full utility credit reporting would have a devastating impact on consumer credit scores, which in turn serves to attract a range of fee harvesters and predatory lenders. A rare glimpse into credit scoring recently provided by Fair Isaac Corporation reveals that for a consumer with a FICO score of 680, a single 30 day late payment results in the assessment of 60 to 80 "damage points." For a consumer with a "prime" credit score of 780, a single 30 day late payment results in 90 to 110 damage points.[10] New late payment reports under full utility credit reporting would lower credit scores.

For millions of utility customers whose incomes are insufficient to pay for all necessities, full credit reporting will mean cutting back on non-utility necessities or risking devastation to their credit scores. Many low-income households that participate in LIHEAP reported reducing expenditures on non-utility essentials in 2008, including the following:[11]

- 32% went without food for at least one day,
- 42% went without medical or dental care, and
- 38% did not fill a prescription or took less than the full dose of a prescribed medicine.

The "stick" of full utility reporting to the credit bureaus and the attempt to push utility bills to the "top of the payment pile" will likely exacerbate this dynamic in low-income

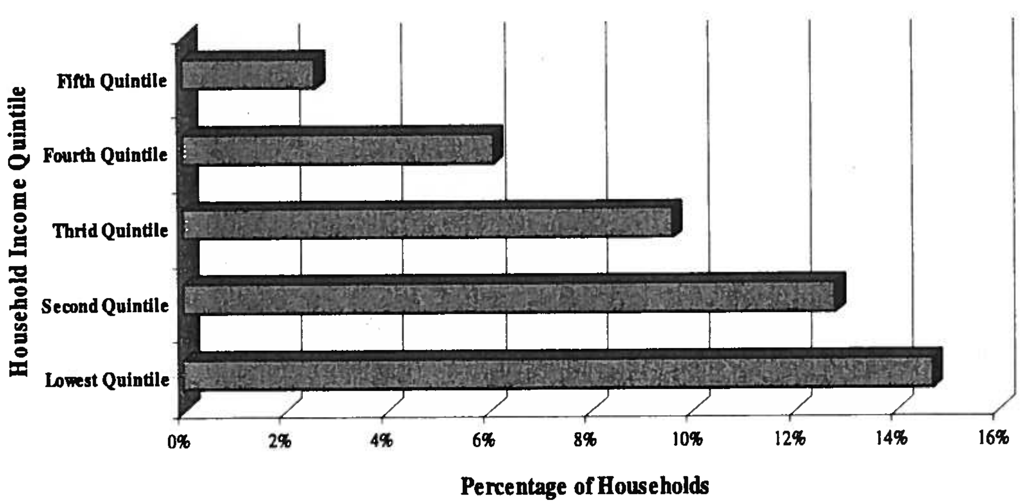
[9] APPRISE, National Energy Assistance Directors' Association, "2008 National Energy Assistance Survey," p. iii, April 2009.
[10] Simon, "FICO reveals how common credit mistakes affect scores," CreditCards.com, November 2009.
[11] APPRISE, National Energy Assistance Directors' Association, p. iii.

households. In the case of elders, sacrificing prescribed medicines or compromising indoor temperatures to reduce utility expenditures bring particularly serious threats to health, safety and general well-being.

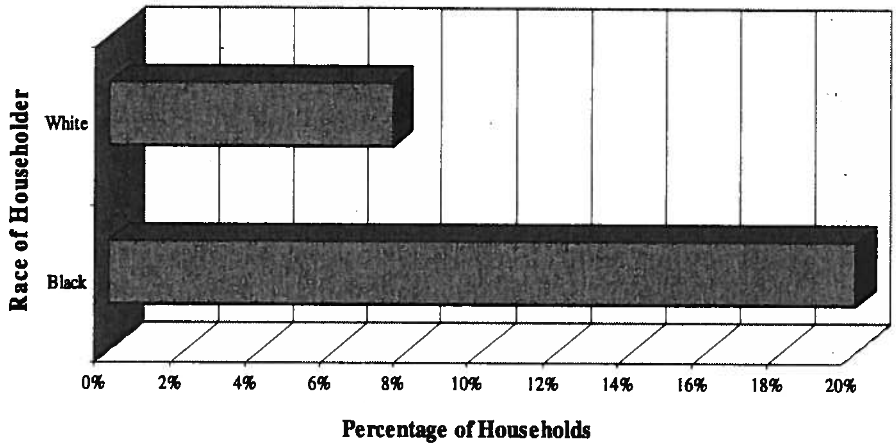
Not surprisingly, low-income consumers are far more likely than their higher-income counterparts to be late in paying a home energy bill. The push toward full utility reporting seems to be based on the assumption that if low-income households would simply manage their finances more effectively they would be current on their monthly bills and good credit history would follow. Unfortunately, the reality in many low-income households is that income and expenses simply do not match up, and late payment of some bills is nearly impossible to avoid. In addition, utility payment troubles over the past several years have worsened in light of increased home energy prices and price volatility, deteriorating economic conditions and personal income, and increases in the prices of and expenditures for health care and other, competing necessities.

As a result of these income and expense realities, full utility credit reporting will cause disproportionate harm in low-income households. Similarly, home energy bill payment troubles are more pronounced in certain households grouped according to circumstances that are related to income, such as race, household structure, disability status, and health insurance coverage. Therefore, full utility reporting will adversely and disproportionately affect these households as well. The following series of graphs were produced using data from the 1998 Survey of Income and Program Participation. It should be noted that these are the most recent SIPP data on utility payment. The percentages of late payers reflected in these charts are far lower than those that apply today. However, the graphs clearly illustrate the extent to which utility payment troubles are concentrated among specific income and demographic groups.

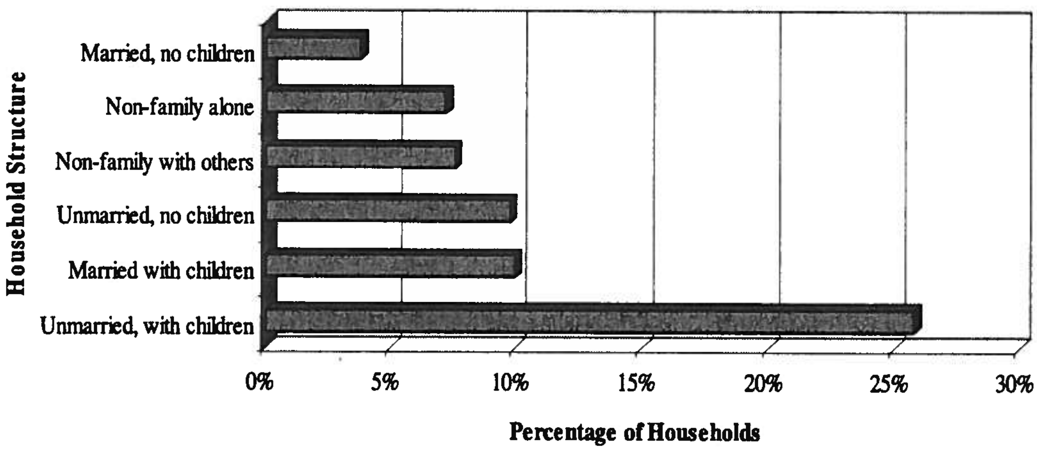
Percentage of U.S. Households that Did Not Pay Full Utility Bill in 1998



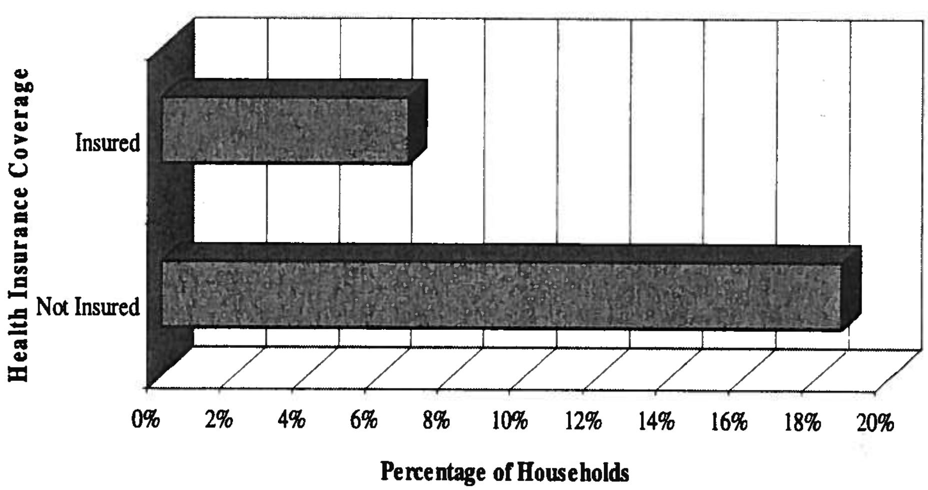
Percentage of U.S. Households that Did Not Pay Full Oil, Gas or Electric Bill in 1998



Percentage of U.S. Households that Did Not Pay Full Oil, Gas or Electric Bill in 1998



Percentage of U.S. Households that Did Not Pay Full Oil, Gas or Electric Bill in 1998



Unfortunately, recent moderation in home energy prices has not equated to reduced payment difficulties or in lower demand for energy assistance. In fact, demand for energy assistance is surging across the U.S. As the FY 2010 LIHEAP programs open, state LIHEAP program administrators have reported that applications are at record levels, with many people seeking assistance for the first time. For example, Colorado's LIHEAP has already seen a 40 percent increase in applications over last year. The Energy Assistance Office in Terre Haute, Indiana, reported its applications have tripled from two years ago and doubled from last year. In Alabama and Missouri police were called to help with crowd control as hundreds lined up to receive help paying their energy bills.[12] Increased demand for limited energy assistance resources signals increased payment difficulties in low-income households. Full utility credit reporting will place additional pressure on struggling households, and as indicated above, wreak havoc on the credit scores of those struggling households who may be late in making payments even once or twice per year.

Utility Credit Reporting and State Regulatory Consumer Protections

Recognizing that electric and natural gas utility services are necessities of life, and that in most cases they are delivered by franchised, monopoly companies, states have adopted regulatory consumer protection frameworks that limit or prohibit disconnection of service to elderly, seriously ill or disabled customers who are experiencing financial hardship. Others limit or prohibit disconnection of service seasonally during harsh weather months. Still others prohibit disconnection of service when outdoor temperatures or heat indexes are forecast to exceed specific thresholds.[13]

In Massachusetts, for example, utilities are prohibited from disconnecting service in low-income households where occupants are elderly or disabled. In addition Massachusetts utilities cannot disconnect service in households where there is an infant under 12 months of age. Further, Massachusetts utilities are prohibited from terminating service between November 15 and April 15 in households were there is financial hardship. Many other states have adopted some combination of similar protections.

While these protections are not intended to absolve customers from paying utility bills over the long run, they are intended to protect vulnerable customers from loss of vital service during times of financial hardship. They send consumers and utility companies the message that electric and natural gas service is distinct from other goods and services, and that access should be protected in order to avert threats to health and safety. Full utility credit reporting, by threatening consumers with the adverse credit score ramifications of delaying payment even during an emergency, would operate in conflict with the policy objectives these protections. Suggesting that utility payment behaviors should be fully reported to the CRAs in the same manner as other financial transactions fails to recognize both the unique nature of utility service and the policy objectives of long-standing consumer protection rules that have been adopted by the regulatory commissions in states across the country.

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[12] LIHEAP Clearinghouse, December 2009.

[13] A complete catalog of state utility regulatory consumer protections and customer service rules may be found in Appendix A. of Access to Utility Service, National Consumer Law Center, 2008.

Implementation Concerns – Accuracy, Transparency, Fairness and Consistency

Credit reporting generally has long been subject to criticisms regarding inaccuracy of reports, the lack of transparency of proprietary "black box" credit score calculation formulas, and the discriminatory treatment of ethnic minority groups.[14] However, the prospect of full utility credit reporting brings a host of additional concerns. Problems with consistency of reported data arise as a result of the wide variability in state utility credit and collection rules, pricing of residential electric and natural gas service, and in the availability of energy efficiency and payment assistance programming. These state-specific rules, pricing conditions, and programs are critical determinants of the extent to which low-income customers are able to make electric and natural gas utility payments in a timely manner. Low-income customers in states with relatively harsh customer service rules, where prices and expenditures for home energy services are high, and where payment assistance through LIHEAP and non-federal discount rate programs is limited, face greater difficulties keeping up with timely payments than do customers in states with more favorable circumstances.

Customer Service Rules – Bill Payment Timeframes and Deferred Payment Agreements

Utility customer service rules and regulations, promulgated by state regulatory commissions, include provisions regarding bill payment timeframes and establishment of deferred payment agreements. These provisions vary widely across states, and have a tremendous bearing on the extent to which low-income utility customers make timely payments.

State provisions vary on the period of time that must expire from when a bill is rendered to when it is considered past due. In Alabama, for example, a bill is due 10 days after it is rendered.[15] However, in Alaska a bill is not considered past due for 40 days.[16] In Georgia, electric utility customers have 45 days to pay before a bill is considered late.[17] These varying timeframes create problems in generating and interpreting utility credit reports. In reporting payment of consumer debt, there is a standard, 30-day delinquency guideline. With utility reporting, will the 30-day reporting guideline apply irrespective of whether a state has ruled that a customer has more or less time to make a timely bill payment? If not, will utilities only report after the state-allowed timeframe has expired? In the former case, credit reporting will in most cases be inconsistent with state regulations. In the latter case, there will be disparity in the amount of time consumers in different states will have to pay before an adverse report is rendered. The latter case therefore creates a scenario where there will be a discriminatory credit scoring impact on consumers residing in states with short utility bill payment timeframes.

In addition to bill payment timeframes, most states have adopted requirements that utility companies offer residential customers a payment plan, or deferred payment agreement, as an

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[14] For a complete discussion regarding accuracy of credit reports, see Wu, Fair Credit Reporting, Chapter 4; for transparency issues see Chapter 14.5. For analysis of disparate impact of credit scoring, see, e.g., Kabler, "Insurance-Based Credit Scores: Impact on Minority and Low Income Populations in Missouri," Missouri Department of Insurance, January 2004.
[15] Alabama PSC Gen. R. 12.
[16] Alaska Admin. Code tit. 3, § 52.45.
[17] Ga. Comp. R. & Regs. r. 515-3-2.0, -3-2.02, -3-3.02(B), -7-6.02.

alternative to disconnection of service. The terms of these agreements vary considerably between states and even between utility companies operating within a particular state. The structure of these agreements has a bearing on whether past balances will be successfully paid off and on the extent to which limited-income customers will be able to pay current charges in full. Thus, disparity in utility deferred payment agreement requirements presents an additional utility credit reporting consistency problem.

An initial question is the extent to which customers who have retained service and are successfully paying off a previous balance under terms of a deferred payment agreement would be considered "late" for credit reporting purposes. Even if successful payment of arrears under a deferred payment agreement does not result in the generation of adverse credit reporting, consistent interpretation of reports from utilities operating under varying payment agreement guidelines is problematic. Review of the deferred payment agreement provisions adopted in Rhode Island and Iowa, respectively, is instructive. In both states, companies are required to offer customers in arrears initial payment agreements with terms of at least 12 months. Down payments are not required on initial agreements in either state. Despite these parallels, there are significant disparities between the states' deferred payment agreement provisions. In Rhode Island, if a customer enrolled in a payment plan is late or misses a payment for any reason, they are assigned new payment plan terms with increasingly onerous down payment requirements.[18] In Iowa, the term of an initial payment agreement must be "reasonable" and take into account a household's specific income and expense circumstances. If after showing a good faith effort to adhere to the terms of an initial agreement a customer is late or misses a payment, the utility company is required to offer the customer a second reasonable payment agreement of equal or greater term than the initial agreement.[19] The Iowa approach builds in the potential for longer repayment terms if household circumstances warrant and allows for non-punitive renegotiation. Thus, from a utility credit reporting perspective, Iowa electric and natural gas customers are at a relative advantage to similarly-situated customers in Rhode Island. Full credit reporting, however, is likely to undermine Iowa's policy decision, by reporting these customers as delinquent.

Home Energy Expenditures

The level of average home energy expenditures in a particular state or region is driven by residential energy prices and weather conditions. Unlike consumer spending on discretionary items, expenditure levels for basic home energy and utility service are based primarily on factors beyond a consumer's control. Full utility credit reporting will not account for disparities in necessary home expenditure levels, but will instead tend to penalize customers from high-priced/harsh weather states and regions to a greater extent than those living where prices are low and weather conditions are more moderate. The following tables reflect regional differences in residential electricity and natural gas prices, and in average monthly cooling and heating degree days.

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[18] R.I. Code R. 90 060 002, Part V.
[19] IA Admin. Code 199-19.4(10).

Census Division	2009 Average Residential Electricity Price (cents/kWh)	2009 Average Residential Natural Gas Price ($/1000 Cubic Feet)
East North Central	10.9	11.02
East South Central	9.5	13.69
Middle Atlantic	15.1	15.18
Mountain	10.1	10.54
New England	17.5	16.77
Pacific Contiguous	12.4	10.23
South Atlantic	11.3	15.6
West North Central	9.1	10.58
West South Central	11.3	12.07

Census Division	30-year Normal Cooling Degree Days/Mo	30-year Normal Heating Degree Days/Mo
East North Central	730	6497
East South Central	1566	3604
Middle Atlantic	666	5911
Mountain	1307	5209
New England	443	6611
Pacific Contiguous	756	3228
South Atlantic	1983	2853
West North Central	948	6750
West South Central	2479	2287

Source: US Energy Information Administration, Short-term Energy Outlook, December 2009.

Based on the pricing and weather condition disparities reflected in these tables, it is not surprising that the 2009 – 2010 natural gas winter home heating expenditures in the Northeastern Census Region are projected by the U.S. Energy Information Administration to be more than double those in the Western Census Region.[20] Similarly, there are tremendous home cooling expenditure disparities between states and regions during summer months. For example, average electricity expenditures in the hot weather, high-priced state of Texas are nearly double those of the lower-priced and moderate climate state of Washington. Under full utility credit reporting, customers residing in states with high prices and harsh climates will continue to be forced to spend more for basic service, will be more likely to be late or miss a utility payment, and will thus be penalized through issuance of credit score damage points by the CRAs.

This disparate treatment will be exacerbated by year-to-year differences. If the Upper Midwest experiences an unusually harsh winter, while New England has a mild winter, low-income customers in the former region will likely fall behind on their utility bills to a greater

[20] U.S. Department of Energy/Energy Information Administration, "Short-term Energy Outlook," December 2009. EIA has forecast Northeast Census Region natural gas home heating expenditures during the winter of 2009 – 2010 to average $1,123. Average West Census Region expenditures are forecast to be $497.

extent. Credit scores that reflect weather patterns rather than creditworthiness are unfair to consumers.

Availability of Low Income Energy Assistance

Another important factor in determining the extent to which low-income consumers are able to remain current on their monthly electric and natural gas utility bills is the availability of bill payment assistance and energy efficiency programming. Just as there are disparities in state regulatory consumer protections, customer service rules, and home energy expenditure levels, there is also wide variability in the availability of resources to assist low-income households stay current on their utility bills. Full utility credit reporting will not fairly and consistently reflect these energy program disparities.

The table on the following page shows state LIHEAP allocation totals for FY 2009 and state supplements to LIHEAP from 2007 (the most recently reported data). To estimate the low-income energy assistance resources available on a per capita basis I divided funding totals by state populations below 125% of the federal poverty level. Review of these data reveals that energy assistance that contributes to affordability of utility bills in low-income households varies significantly state-to-state. Given the increased likelihood that low-income utility customers who do not have access to meaningful energy assistance will be late or miss utility payments, full utility credit reporting will unfairly penalize low-income consumers living in states where there is limited funding of utility payment assistance and energy efficiency programs.

2009 LIHEAP and 2007 Non-Federal Low-Income Energy Program Expenditures by State

State	FY 2009 LIHEAP Allocation	2007 State Supplements to LIHEAP for low-income energy programs	Persons (x 1,000) Below 125% Poverty	LIHEAP $ Per Person Below 125% Poverty	Non-federal $ Per Person Below 125% Poverty
AK	$21,432,958	$12,373,328	77	$278	$161
AL	$63,831,510	$4,247,397	873	$73	$5
AR	$39,710,892	$5,431,356	593	$67	$9
AZ	$28,726,260	$23,973,951	1,463	$20	$16
CA	$246,390,527	$940,212,820	7,196	$34	$131
CO	$71,351,514	$31,969,650	748	$95	$43
CT	$125,886,559	$24,472,439	395	$319	$62
DC	$16,248,702	$14,094,100	127	$128	$111
DE	$18,748,265	$4,464,800	131	$143	$34
FL	$101,674,587	$8,988,545	3,366	$30	$3
GA	$80,409,964	$37,966,864	1,867	$43	$20
HI	$5,182,356		179	$29	$0
IA	$76,929,443	$17,757,105	408	$189	$44
ID	$28,555,821	$5,444,128	277	$103	$20
IL	$265,679,324	$82,894,786	2,055	$129	$40
IN	$116,479,239	$36,713,341	1,150	$101	$32
KS	$49,495,553	$333,333	510	$97	$1
KY	$75,055,015	$11,329,196	938	$80	$12
LA	$61,501,777	$8,363,121	1,055	$58	$8
MA	$213,414,372	$100,922,662	934	$228	$108
MD	$109,164,402	$59,836,840	682	$160	$88
ME	$76,292,701	$25,080,832	208	$367	$121
MI	$248,106,417	$170,108,062	1,690	$147	$101
MN	$163,982,395	$36,910,007	668	$245	$55
MO	$114,902,312	$9,922,798	1,023	$112	$10
MS	$42,540,837	$1,261,512	774	$55	$2
MT	$29,048,774	$7,857,101	177	$164	$44
NC	$130,171,566	$17,974,295	1,764	$74	$10
ND	$30,412,599		98	$310	$0
NE	$44,069,564	$333,333	262	$168	$1
NH	$47,736,727	$30,874,612	124	$385	$249
NJ	$185,773,240	$240,526,626	1,074	$173	$224
NM	$25,265,599	$27,185,029	509	$50	$53
NV	$14,599,076	$12,776,021	388	$38	$33
NY	$537,649,066	$189,899,512	3,585	$150	$53
OH	$245,750,378	$352,345,668	2,035	$121	$173
OK	$48,092,270	$10,978,941	662	$73	$17
OR	$50,649,524	$35,748,220	605	$84	$59
PA	$308,394,335	$372,465,363	1,763	$175	$211
RI	$38,543,560	$9,587,203	166	$232	$58
SC	$51,046,655	$3,355,000	852	$60	$4
SD	$25,535,815	$1,422,720	132	$193	$11
TN	$80,511,543	$5,000,000	1,339	$60	$4
TX	$169,195,961	$54,172,187	5,380	$31	$10
UT	$35,254,984	$2,300,000	297	$119	$8
VA	$127,668,416	$20,995,732	1,093	$117	$19
VT	$36,155,603	$16,456,232	75	$482	$219
WA	$81,201,334	$50,215,881	840	$97	$60
WI	$147,607,702	$75,696,192	757	$195	$100
WV	$45,018,758	$3,000,000	369	$122	$8
WY	$14,081,452	$3,000,000	71	$198	$42
Totals	$5,011,128,203	$3,219,246,389	53,804	$93	$60

Sources: U.S. Census Bureau - Current Population Survey, Annual Social and Economic Supplement

LIHEAP Clearinghouse (Non-federal Supplements to LIHEAP include state appropriations, public benefit funds, fuel funds, utility payment assistance, and utility low-income energy efficiency

Summary and Conclusions

- Full utility credit reporting is being aggressively promoted as a way of pushing utility bills to the top of consumers' "to-pay" piles.

- Currently, the vast majority of electric and natural gas utilities report only on seriously delinquent accounts that have been referred to a collection agency or written off as uncollectible.

- Millions of electric and natural gas utility accounts that are in arrears but have not been written off are currently not reported, but would be under full utility credit reporting.

- A single late payment damages a credit score by 60 to 110 points. Low credit scores signal fee harvesters and predatory lenders to market consumers.

- Low-income consumers are far more likely than their higher-income counterparts to be late in paying a home energy bill.

- Full utility credit reporting would exert additional financial pressure on low-income households, and increase the likelihood that expenditures for necessities such as food or medical care will be reduced to avoid serious credit scoring consequences. these pressures bring particularly serious threats to the health, safety, and wellbeing of elders.

- Full utility credit reporting would undermine the policy objectives of state regulatory consumer protections intended to shield vulnerable consumers, particularly elderly and disabled consumers, from loss of necessary electric and natural gas utility service.

- There is tremendous disparity between states in the stringency of customer service rules, the level of home energy prices, and the availability of low-income energy assistance programs.

- Full utility credit reporting will not adequately reflect these disparities, and will unfairly penalize consumers living in states where such conditions are not favorable.

Based on the foregoing and absent availability of a consumer "opt-in" mechanism, we oppose full utility credit reporting and urge that the practice be prohibited by state and federal policy-makers.