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Chairman Robert F. Powelson
Vice Chairman John F. Coleman Jr.
Commissioner James H. Cawley
Commissioner Wayne E. Gardner
Commissioner Pamela A. Witmer
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Dear Commissioners:

Thank you for your October 9, 2012 letter regarding the Commission's tenth "Prepare Now" campaign. As the public utility with the largest low-income population in Pennsylvania, PECO manages the largest and most comprehensive Universal Services program in the Commonwealth, and therefore appreciates the Commission's ongoing leadership in this area.

PECO continues to use a mix of traditional and innovative outreach methods to inform customers about its low-income programs, continuously expanding the coverage of PECO's programs. For example, PECO's CAP Rate Rider now provides discounted rates to approximately 138,000.

During the past several years, PECO has proposed and implemented significant enhancements to its low-income programs, for both the short and long term. In 2011, PECO implemented low-income rate design changes that created a more stratified seven-tier CAP program. The change to a seven-tier program, and additional discounts for electric service, were approved by the Commission in PECO's electric base rate case and new customer benefits under those programs were provided beginning in January 2011. On October 2012, PECO also filed a rate change for CAP Residential Heating customers in order to return some benefits that were inadvertently removed during the Residential Heating Rate elimination effective January 2013.

During the fourth quarter of 2011, PECO completed a CAP in-program arrearage (CAP IPA) forgiveness program for approximately 16,000 customers who were significantly behind on their bills. Those customers were able to avoid service suspension prior to last year's heating season. Of this same population that remains active, 70% have no past due balance and another 10% have small arrearages. As a result of this program, approximately 80% of these formerly delinquent customers will enter the coming winter season with their service intact.

In addition, PECO is doing weatherization efforts via dollars negotiated during PECO's Default Service Provider negotiations. As a part of those negotiations, a total of $7 million is being spent over a period of four years towards usage reduction efforts. For the 2012 calendar year, $2.0 million will be spent via appliance swaps and weatherization on multi-family dwellings that serve low-income residents.

For the winter of 2012, PECO will pursue many of the measures discussed in your October 9, 2012 letter.

1. Again this year, PECO continues to leverage methods to expand our LIHEAP outreach. Activities include comprehensive advertising, community events, direct mail targeted to potential new recipients, telephone outreach, and significant media/public affairs participation. As you will see in our response to Question 3, PECO continues to assist customers by leveraging multiple grant programs to assist them with maintaining or restoring service prior to the end of year.

2. All customers who report an income of 150% or lower of the Federal Poverty Level are referred to PECO's CAP program as well as to LIHEAP during the LIHEAP season. The determination of whether a customer is eligible for CAP is incorporated into the process of establishing service and handling all credit related calls, including customer requests for payment arrangements and contacts in response to termination notices. If a customer is income-eligible for CAP but is not on CAP, PECO stays termination for 15 days to give the customer the opportunity to apply for CAP. As noted earlier in this letter, PECO's total outreach program has caused its CAP program to grow to 138,000 customers in September 2012.

3. PECO continues to conduct numerous community outreach sessions each year to make sure that the low-income community is aware of its programs, including CAP, MEAF (PECO's Hardship Fund), LIHEAP, LIURP, and CARES. In 2012, PECO has significantly increased donations to local programs to assist customers who need help paying their utility bills. Specific highlights from 2012 include:

- PECO's annual MEAF fundraiser in October 2012 generated almost $49,000, which PECO matched and is the largest amount in its 16-year history.
- PECO extended its Government Grant Assistance Program for 2012 which matches grant funds from local and county governments to assist low-income customers avoid service termination and to have service restored.
- PECO increased promotion of MEAF by creating a brochure specifically for MEAF donations (one-time or on-going). In addition, we added a QR (or Quick Response) code to our PECO bill envelope which allows customers to scan the code with their smart phone and be taken directly to the MEAF donation page at PECO.com. And as in years past, PECO's automatic payment system allows customers to make contributions to MEAF. Customers may elect to contribute to MEAF through a check off box on their bill. With the check-off box, customers can choose to make a one-time donation to MEAF or become an on-going contributor via their monthly bill payments.

4. PECO restores service to customers upon first-time enrollment into its CAP program. The first-time enrollee's arrearage is also set aside and forgiven if the customer makes full, on-time payments of their new, reduced bills during a period of months.

5. PECO is not limiting low-income terminations in the months prior to the winter season. In PECO's experience, when terminations are limited in the fall, low-income customers decrease their utility bill payments and become irretrievably behind on their accounts, resulting in a long-term crisis of payment and loss of service the next spring – at a time when assistance from government agencies is less available. PECO believes that the better policy is to enrich its Universal Services programs to assist needy customers and to provide flexibility to low-income customers on non-termination issues, all as described elsewhere in this letter.

The approach, which PECO continued in 2012, is to be more proactive with terminations in Spring, allowing customers more time to receive the assistance needed and to catch up on their arrearages. As an additional measure to help customers as of December 2012, PECO will restore service to any verified occupied property that was terminated, not yet restored and with total arrearages less than $250 with the permission of the customer. PECO will also restore service to customers who bring their balance at or below $250. Further, as part of PECO's field visits during the Winter Survey process, PECO is leaving behind information on eligibility to all of its Universal Services programs, as well as contact information for LIHEAP (both Cash and Exceptional Crisis) and the aforementioned restoration policy.

6. PECO currently waives security deposits for all customers with verified income levels of 250% or less of the Federal Poverty Level. PECO also continues to waive security deposits for all of its CAP customers. If a new customer has no unpaid balance, PECO will bill the security deposit in three installments. PECO reviews reconnection fees and late payment fees on a case-by-case basis to determine if they are an impediment to restoration of service or establishing a payment arrangement.

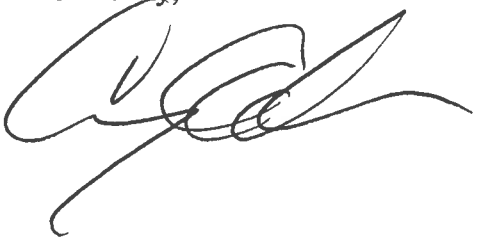
7. PECO accepts most combinations of LIHEAP grants, crisis grants, and Hardship Fund grants as sufficient funds to turn on or reconnect service for a low-income customer. PECO works with the Department of Public Welfare's crisis program to coordinate its efforts with the agency's requirements. Under many circumstances, if the grant amount is insufficient to pay the customer's entire balance, PECO will grant an additional payment agreement on the remaining balance and/or forgive some portion of the balance.

8. PECO continues to voluntarily provide an additional payment arrangement, beyond that required by statute, for its low-income customers if they experience a reduction in income. As stated above, PECO also will provide an additional payment arrangement when LIHEAP Crisis grant amounts are insufficient to pay the customer's entire balance. In addition, PECO also has implemented a "Minimum Payment Option" which provides the customer the option of paying less than the full balance while offering them an additional month to pay off the remaining balance. PECO continues to offer the "significant payment" process, whereas a customer can avoid termination by paying either one-third of the balance or $1,000, whichever is greater.

9. PECO provides written and verbal information on home heating safety. It conducts thousands of LIURP audits every year, and each audit includes a review of home heating options and safety. If needed repairs can be conducted while meeting the LIURP requirements, PECO will also conduct home heating repairs at no cost to the customer. Other measures PECO uses to educate its customers include its energy newsletter bill insert (Energy@Home), its website, billboards, news releases, media interviews, and other forms of media. Safety information relating to theft of service is also included in the winter survey materials left behind after the field visit.

10. PECO actively promotes its budget billing programs through advertising, its Energy@Home mailings, the Internet, news releases, media interviews, and its Universal Services publications. Since last year, PECO's budget billing program has grown more than 27% with 240,000 customers currently enrolled in budget bill. PECO also allows the designation of third parties to be notified prior to customer termination this program will be featured in PECO's November Energy@Home newsletter.

11. PECO has an active education and outreach program to assist its customers, including its low-income customers, in conservation efforts. It pursues this program through its LIURP audits and program, advertising, its Energy@Home mailings, the Internet, news releases, media interviews, and its Universal Services publications. As part of PECO's low-income weatherization program, the approximate 8,000 customers who receive these services each year are given extensive education on how they can continue to reduce their energy usage which has been a mainstay of PECO's LIURP program. Also, as part of PECO's Act 129 EE&C Plan, more than 25,000 eligible low-income customers have received an energy audit and approximately 837,000 CFL bulbs have been installed or distributed since the program launched in January 2010. In addition, educators from PECO's Universal Services program and the Act 129 EE&C program have participated in multiple outreach events together to educate low-income customers on both the programs available to them as well as what they can do to lower their energy usage.

Again, PECO thanks the Commission for its leadership in this important effort.

Sincerely,