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MAR 28 2016

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

March 28, 2016

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

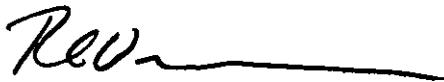
SUBJECT: Reply Comments of PECO Energy Company to PECO's Universal Service
and Energy Conservation Three-Year Plan for 2016-2018, Docket No. M-
2015-2507139

Dear Secretary Chiavetta:

Attached are PECO's reply comments in response to comments to the Pennsylvania Public Utility Commission's Tentative Order that was issued on February 25, 2016. In the Tentative Order, the Commission tentatively approved PECO's Three-Year Plan for the period 2016-2018, but requested comments and information from PECO on seventeen specified issues. PECO is pleased to provide these reply comments to the Commission.

If you have any questions regarding this matter, please call me at 215-841-5777.

Sincerely,



Copies to: Joseph Magee, Bureau of Consumer Services
Sarah Dewey, Bureau of Consumer Services
Louise Fink Smith, Law Bureau
Office of Consumer Advocate
Office of Small Business Advocate
Bureau of Investigation & Enforcement
Community Legal Services
Pennsylvania Utility Law Project

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PECO Energy Company
Universal Service and Energy Conservation Plan for
2016-2018 Submitted in Compliance with 52 Pa.
Code §§ 54.74 and 62.4.**

Docket No. M-2015-2507139

Reply Comments of PECO Energy Company

I. Introduction

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On February 25, 2016, the Commission issued its Tentative Order in this docket. In the Tentative Order (p. 35, Ordering Paragraph 1), the Commission tentatively approved PECO's 2016-18 Three-Year Plan, "subject to the conditions established in this Order." The primary condition established in the Order is the requirement that PECO provide comments and information on seventeen questions specified in the Tentative Order. The Commission (p. 35) also broadly "invited comments on any provision of the Proposed Plan."

On March 16, 2016, PECO filed comments addressing the seventeen issues specified by the Commission. On that same date, comments were filed by three other stakeholders: the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Tenants Union Representative Network and the Action Alliance of Senior Citizens of Greater Philadelphia ("TURN") and the Office of Consumer Advocate (the "OCA"). The purpose of PECO reply comments is to respond to the comments provided by CAUSE-PA, TURN, and the OCA. The three sets of comments had substantial overlap of subject matter; the issues raised in those comments are addressed in the sequence they were raised in the Comments of CAUSE-PA.

II. PECO Reply Comments

1. CAUSE-PA is incorrect in its view that the purpose of this docket is to have a hearing on the implementation of PECO's Fixed Credit Option program.

As noted in the Tentative Order, in October 2016 PECO will implement a new Customer Assistance Program ("CAP") design – the Fixed Credit Option, or "FCO." The design and limits of the FCO program were developed after litigation and extensive negotiations with multiple stakeholders, including CAUSE-PA, TURN, and the OCA. The details of that negotiated design were reduced to writing in the form of a settlement document (the "FCO Settlement"), which on March 20, 2015 was submitted by all stakeholders to the Commission for its approval. On June 11, 2015, the Administrative Law Judge issued a Recommended Decision in which she determined that the FCO Settlement is in the public interest and approved PECO to implement it beginning in October 2016. The Recommended Decision states (p. 35) that:

The parties have presented clear and reasonable reasons for approval of the FCO program. After considering the Joint Petition for Settlement, including the affordability of the new program, the cost containment, the cost recovery, arrearage forgiveness, usage reduction, the proposed evaluation after two years and the ongoing collaborative to address issues that arise and the savings achieved by not litigating the case fully, it is my opinion that the Settlement is fair, just, reasonable and in the public interest.

On July 8, 2015, the Commission adopted the ALJ's Recommended Decision as its Final Order in this docket.

Importantly, the FCO Settlement and the Recommended Decision directly address the question of how the FCO will be implemented. Page 29 of the Recommended Decision notes that the October 2016 "go live" date for the FCO is a material term of the FCO Settlement that was specifically negotiated in order to give PECO time to implement the IT changes necessary for the FCO program. The Recommended Decision states that:

The Term Sheet provides for an October 2016 implementation date for the FCO. This date reflects PECO's best estimate of the amount of time necessary to complete IT transition work to implement the FCO. Adopting a schedule that allows PECO the necessary time to do the IT transition work is a material term of the Term Sheet.

In other words, allowing PECO the 16-month period between July 2015 and October 2016 to implement the FCO in its IT programs was and is a material term of the FCO Settlement.

Notwithstanding this clear provision of the FCO Settlement, CAUSE-PA now claims (p.4)that: "While CAUSE-PA and others actively participated in the design of the CAP program, this proceeding addresses the implementation of that design." (emphasis in original).

This position is directly contrary to the agreed-upon FCO Settlement language, and represents an impermissible attempt to change the terms of the FCO Settlement before the program is even implemented.

PECO notes that, once the Commission approved the FCO Settlement, it began work on FCO implementation almost immediately. To date, the Company has utilized over 5,000 hours of IT staff time on the project, at a cost of over \$1.3 million. IT coding for the FCO program is effectively done, and in April the project will move to the phase known as User Acceptance Testing, in which PECO will run the new code in a series of test environments to ensure that the new coding does not conflict with other portions of its IT environment, such as its Customer Information Management System. There is no room, time, or process for any discussion in this docket to be integrated into that implementation process.

Moreover, even if PECO was starting from scratch today on the FCO design, this docket would still not be an appropriate forum to address implementation issues, for two reasons. First, if this docket were to be referred to the Office of Administrative Law Judge for hearings on "a host of complicated issues," as CAUSE-PA requests (p. 4), no decision would be issued for months – probably not until late in

the second quarter or into the third quarter of this year. The FCO Program goes live in October. If the requested hearings on implementation were allowed to go forward, and were not completed until a few months prior to the go live date, then there would be no possible way to implement and go live in October. Recall that having 16 months to perform the IT implementation is a material term of the original FCO Settlement. PECO simply cannot implement a major program on the time frame now requested by CAUSE-PA, in which implementation would begin only a few months or weeks before the go-live date.

Second, the CAUSE-PA request is essentially that it be allowed to act as a co-manager of implementation of the utility program. That is not an appropriate role for an external stakeholder. As PECO understands it, the regulatory approval process for utility programs follows a standard format: the Commission (or legislature) broadly describes minimum standards or goals that a program must meet; the utility company creates a proposed plan to meet those standards and submits that plan to the Commission; after review, litigation and/or settlement the Commission approves a program design; the Company then implements the program as described and approved; a review is then typically done to determine whether implementation was successful. The external stakeholders have numerous roles in that process, but co-managing the implementation is not one of those roles.

Moreover, that is exactly the format that the parties agreed to in this situation. As noted above, in the FCO Settlement PECO was given 16 months to implement the FCO through its IT systems. The parties also specified exactly how the review process would occur. Section A.5 of the FCO Settlement is entitled "External review of the FCO program;" it specifically states that the external review will occur after the FCO program is implemented via an external review and report to be filed with the Commission on June 30, 2019.

In its Statement in Support of the FCO Settlement, CAUSE-PA singled out this provision as especially important, stating (p. 10):

An appropriately timed, expert review of the FCO program is critical to the program's success, as it provides data-driven analysis that enables the Company – together with the Commission, parties and stakeholders – to make necessary adjustments to ensure that program projections and modeling of affordability are realized. To ensure an appropriate level of data is collected to enable a full and meaningful review of the FCO, the Settlement provides that PECO will seek a one-year extension to its currently scheduled six-year evaluation. This will provide the external evaluators with two full years of data with which to analyze the success of the FCO. CAUSE-PA recognizes the importance of complete data to arrive at meaningful analysis and asserts that regular and robust review of and adjustment to the FCO program is critical to ensure that it meets the projected affordability targets. As such, CAUSE-PA asserts that this provision will ultimately serve the public interest to have a thorough and data-driven evaluation of the FCO program.

Given the clear structure of the FCO Settlement to allow PECO the period from July 2015 to October 2016 to implement the FCO program, and given that the FCO Settlement contains a clearly defined review process built that does not occur until 2019, CAUSE-PA's call for an "implementation proceeding" at this late date should be rejected.¹

2. CAUSE-PA is incorrect in its analysis of enrollment levels. PECO has the best penetration rate in the state for its CAP program.

CAUSE-PA also claims (p. 4) that a hearing is warranted because, it claims, PECO's CAP enrollment of 140,000 is "just 31% of its estimated low income population."

¹ CAUSE-PA also claims (p. 3-4) that, absent such a proceeding, any Commission decision with respect to PECO's Three-Year Plan "will be based on hearsay and opinion evidence alone, thereby denying important due process protections for low-income customers." PECO notes that the Commission's approval will be based, in material part, on the fact that, in April 2015, after several years of litigation and negotiation, CAUSE-PA filed a Statement in Support that clearly stated its position that the FCO Settlement, as written, is in the public interest. Due process has been satisfied.

PECO also notes that, in its Comments, CAUSE-PA noted several times that it served interrogatories on PECO in this docket. PECO analyzed that claim in its Answer to CAUSE-PA's Petition to Intervene, and demonstrated that the right to discovery has not yet attached to this docket. A copy of that filing is attached as Exhibit A and incorporated into these Reply Comments.

This issue does not warrant a hearing. Every year, the Commission collects, analyzes, and publishes data on this precise issue in its annual Report on Universal Service Programs & Collections Performance (“USPCP”). The Commission compares all utilities statewide according to the Commission’s preferred metric for enrollment penetration -- enrollment as a percentage of confirmed low-income customers. In the most recent (2014) USPCP, p.42, the Commission reports that PECO has a penetration rate of 80% for its electric CAP program, and 78% for its gas CAP program. For both programs, this is the highest penetration rate in the Commonwealth, and in both cases the PECO penetration rate is far above the statewide averages of 46% for electric programs, and 37% for natural gas programs.

3. CAUSE-PA’s questions regarding In-Program Arrearage Forgiveness do no warrant a hearing.

CAUSE-PA also argues (pp. 5-8) that PECO should clarify eligibility and enrollment for its new In-Program Arrearage Forgiveness (“InPA”) program. The issues raised do not warrant a hearing.

First, CAUSE-PA states (p. 6) that “PECO’s Plan does not detail how affected CAP customers will enroll in this program.” That is incorrect. Every customer who is enrolled in CAP in October 2016 will be automatically enrolled in the FCO. The steps for determining their credits are set forth in Section A1, Steps 1 through 6, of the FCO Settlement. For customers who enter CAP after October 2016, the procedure for enrollment is set forth at Section A1, Step 7 – the customer must verify their income and household size, just as in the current program.

Second, CAUSE-PA states (p. 6) that “it is unclear from PECO’s filing whether customers who voluntarily cancel service (if they move to an apartment with utilities included, or leave PECO’s service territory, for example) will be able to continue paying on the IPA PAR balance and get the benefit of 2/3 forgiveness if they don’t reconnect to service within the 60 month forgiveness period.” PECO does not believe that is at all unclear. All payment arrangements under the InPA Forgiveness program will have a

60-month duration. Three-Year Plan, p. 37, IPA Settlement, Section II.4. After 60 months, the right to earn arrearage forgiveness expires.

PECO notes that the more general question of what InPA forgiveness rights are retained by a discontinued customer are described in the InPA settlement document. PECO also provided a narrative explanation of how this provision works in its Comment on Commission Question 2.

Third, CAUSE-PA states (p. 7) that “PECO’s Plan also fails to address how it will deal with customers eligible for IPA who are not connected in October 2016, but who later reinstate service.” Again, this is not correct. The InPA Settlement (attached to the Three-Year Plan) clearly states (Sections 2.II and 3.III) that InPA eligibility will be determined “when the FCO program goes live in October 2016” and that PECO will calculate the total pool of In Program Arrearages “in October 2016.” There is no provision for a customer to become eligible after that date. This matter was discussed at great length during negotiations, with the low-income advocates requesting a “Welcome Back” program for customers such as identified in this question. Unfortunately, it is not possible to keep the program eligibility open after October 2016 and also provide the cost recovery certainty that was required by the OCA and other parties to the InPA Forgiveness Settlement. The Welcome Back program was therefore purposefully excluded as part of negotiations. CAUSE-PA should not be allowed to reinvigorate that idea under the guise that PECO “failed to address” the issue. The issue was negotiated and addressed by excluding the suggested program from the final settlement.

4. The Commission cannot and should not order the additional payment arrangements suggested by CAUSE-PA and TURN.

CAUSE-PA (p. 7, 19-29) and TURN (pp. 2-7) both argue that the Commission should require PECO to offer payment arrangements to CAP customers. These payment arrangements would be in addition to the InPA Forgiveness that PECO will already offer to all CAP customers with arrearages in October 2016. There are three reasons that the Commission should reject this suggestion.

First, it would be against the law for the Commission to issue such an order. 66 Pa.C.S. §1405 (c) states that: “Customer assistance program rates shall be timely paid and shall not be the subject of payment agreements negotiated or approved by the commission.”

Second, as with the Welcome Back program discussed in Section 3 of these Reply Comments, the possibility of additional payment arrangements was negotiated at length, but ultimately excluded from the FCO Settlement. To address the issues raised here – customers whose situation changes after the FCO program starts -- the parties agreed to two settlement terms. First, each customer’s credit under the FCO will be recalculated four times a year. Section A1, Step 6. Quarterly recalculations will smooth any adverse lifestyle changes because, if a customer has had a change in usage (upward) or income (downward), that can be reflected in the next quarterly credit determination. Second, a customer can come to PECO between quarterly recalculations and request an immediate credit reset if their income changes, the size of their household changes, or their usage increases “as a result of medical reasons documented by a medical professional . . . ” Section A1, Step 6. These are the provisions that the parties agreed would be put in place to address the issues raised by CAUSE-PA and TURN. PECO is well aware that CAUSE-PA and TURN wanted more than that, and that they specifically wanted the FCO Settlement to include provisions on additional payment arrangements. But the parties, including CAUSE-PA and TURN, settled on a different approach. They should not be allowed to now argue, before the program is even implemented, that the FCO Settlement needs to be changed.

Third, the participants in the FCO Settlement all understood that some CAP customers would receive unaffordable bills under the FCO program – *and they still concluded that the program is in the public interest.* The Statement in Support of CAUSE-PA (p. 6) is quite articulate on this issue:

CAUSE-PA notes that, under the FCO design, there continues to be a portion of low-income customers – particularly those with very high usage and/or very low

or no income – who will continue to receive an unaffordable bill that exceeds the energy burden levels established by the Commission in its CAP Policy Statement. However, the complete package, while not yet achieving full energy burden compliance for all CAP participants, has been arrived at through negotiations and compromise. Together with increased funds for weatherization and energy efficiency programs targeted at the highest users with the lowest incomes, as well as a comprehensive arrearage forgiveness program assisting those negatively affected by current program design flaws, CAUSE-PA believes that the FCO design satisfactorily addresses the varied interests and issues in this proceeding while increasing affordability over the existing PECO program.

The low-income advocates recognized that the FCO program did not solve every problem, but still stated that it “satisfactorily addresses the varied interests and issues in this proceeding.” They should not be allowed to reverse that position even before the FCO program goes into effect.

5. The medical certificate issues raised by CAUSE-PA and TURN should be decided in the upcoming statewide rulemaking to which the Commission deferred when CAUSE-PA made these same arguments in the most recent Chapter 14 rulemaking.

Both CAUSE-PA (pp. 9-11) and TURN (pp.11-12) raise questions with respect to the use of medical certificates in the upcoming FCO program.

PECO’s Three-Year Plan (p. 10) contains the following sentence regarding how medical certificates will be handled in the FCO program: “If a customer fully utilized their medical certificates and renewals prior to entering the InPA Forgiveness program and the account has been coded ‘Medical Certificate Non-Renewal,’ the fact of the customer entering the InPA forgiveness program will not create any rights to the use of additional medical certificates.” In other words, PECO’s Three-Year Plan simply states that the advent of the InPA forgiveness will have no effect on its existing medical certificate policies.

From this single sentence, CAUSE-PA and TURN argue that a hearing is needed to investigate PECO’s existing medical certificate policies, which both CAUSE-PA and TURN suggest are “contrary to

clear directive from the Commission,” (CAUSE-PA, p. 9) or do not meet “Commission regulations.” (TURN, p. 9).

The dispute is over how many medical certificate renewals are allowed when a customer pays their current bills, but nothing toward their arrearage, while on a medical certificate. PECO and other utilities have historically taken the view that, unless a customer materially eliminates their arrearage over the course of a medical certificate and two renewals, a third renewal should not be given. The low-income advocates have historically taken the view that, as long as current bills are being paid, a customer can receive an infinite number of medical certificates and never has to pay anything toward their accumulated arrearage.

In the most recent Chapter 14 rulemaking at Docket No. M-2014-2448824, pp. 13-15, CAUSE-PA asked the Commission to formally adopt CAUSE-PA’s position on medical certificate payment and renewals. The Commission noted the existence of contrary utility arguments (posed in that rulemaking by Duquesne), and stated that it would not take a final position on this question in that rulemaking, instead deferring it to a future (and as yet not convened) rulemaking, stating that:

“[T]hese concerns are best expressed and vetted through a future Chapter 56 rulemaking where all parties will have the opportunity to participate. Until then, we reiterate what we said in the 2011 rulemaking and in the current 52 Pa. Code § 56.116: that customers “shall retain a duty to make payment on all current undisputed bills or budget billing amount ...” while under the protection of a medical certificate. We further reiterate that this means the current bill (or budget bill) amount must be paid in full by the due date. Failure to do so by the customer means that the utility can count the medical certificate toward the limits found in 52 Pa. Code § 56.114.” (emphasis added).

This is not, as CAUSE-PA and TURN claim, a “clear directive from the Commission” to adopt the CAUSE-PA understanding of the medical certificate procedures. To the direct contrary, the Commission clearly stated that it was not adopting the CAUSE-PA view at that time, but was deferring its decision to

a future statewide docket. And, when the Commission convenes the noted statewide rulemaking, PECO intends to participate and argue in favor of its historical position on these regulations.

With that said, in PECO's experience it is quite rare for a customer who is using medical certificates to actually pay their current bills, in full and on-time, over a course of months -- and given the option of receiving some of the due amounts or none of the due amounts, PECO obviously prefers to receive some of them. In the interim period until the Commission convenes its statewide rulemaking on this matter, PECO therefore plans to work with any med cert customer who pays their current bills, in full and on time, to allow them to continue to receive service as long as that bill payment behavior continues.² PECO's experience in doing so will also inform its positions and arguments in the upcoming statewide rulemaking.³

All that remains to address is the CAUSE-PA suggestion (p. 10) that it would be "unjust and unreasonable" to transition to InPA Forgiveness without simultaneously resetting all customers' medical certificate status. CAUSE-PA's rationale for this argument is that the arrearages in question may have been created, in whole or in part, due to unaffordability -- and that PECO should therefore reset all medical certificate status and allow an infinite number of medical certificates as long as a customer pays their current bill. PECO simply notes that, when the Commission deferred the decision of whether to allow an infinite number of medical certificates to a future statewide rulemaking, it did so with the understanding that PECO's customers owed the entire amount -- three thirds -- of their accumulated arrearages. The InPA Forgiveness program reduces that presumed responsibility to 1/3. That means

² PECO is not, however, prepared to spend funds hard-coding this issue into its IT systems prior to the Commission's ultimate resolution of it in the statewide rulemaking.

³ As CAUSE-PA admits (p. 9) PECO already informed the low-income advocates, at a recent Universal Services Advisory Committee Meeting, of its intention to work with good-paying customers between now and the rulemaking. In that same conversation, PECO also informed the advocates that it intends to present its positions on this issue in the future rulemaking, and of its reasons for not formally coding this practice into its IT systems pending final outcome of the Commission's rulemaking.

that the InPA Forgiveness makes it less urgent, not more urgent, to resolve the medical certificate issue for PECO's customers. PECO therefore respectfully suggests that, rather than making a utility-specific judgment in this docket, the Commission should continue with the approach it outlined in Docket No. M-2014-2448824 – convene a statewide rulemaking where all parties will have the opportunity to participate.

6. CAUSE-PA's request that LIHEAP recipients be automatically enrolled in the FCO program is directly contrary to agreed-upon language in the FCO settlement. However, PECO will adopt the suggestion of the OCA regarding use of LIHEAP rolls for CAP outreach.

CAUSE-PA requests (p. 11) that LIHEAP recipients should be automatically enrolled in PECO's FCO CAP program, pending income verification.

The FCO Settlement directly addresses the effect of receiving LIHEAP on FCO enrollment. Section A1 of the FCO Settlement deals with determination of credits; within that section Step 2 is to "Determine Verified Household Income and Federal Poverty Level." Step 2 states that:

PECO's existing income verification procedures will be used to determine Verified Household Income. PECO will then use that information and the number of people in the household to determine the household's Federal Poverty Level. Customers determined eligible as a result of a LIHEAP cash grant will, if possible, be placed into the federal poverty level commensurate with the grant amount. If PECO is not able to determine the FPL of a customer from LIHEAP cash grant materials, then PECO will utilize the LIHEAP Cash Grant recipient list to perform FCO outreach to the grant recipients. (emphasis added).

CAUSE-PA's request to enroll LIHEAP recipients in CAP pending income verification is directly contrary to the agreed-upon settlement provision.⁴ The agreed-upon approach is that, where income can be determined from LIHEAP materials, enrollment will automatically occur; otherwise, outreach will be made to the customer. CAUSE-PA's request to alter this settlement provision should be rejected out of hand.

⁴ The proposal that CAUSE-PA makes in these comments was discussed at length during the settlement negotiations, but was not adopted by the negotiating stakeholders.

In its Comments, the OCA suggests (pp. 7-8) that PECO should, in its enrollment outreach for the FCO, include provisions to contact prior LIHEAP recipients (if they are not currently CAP customers) and include information to inform CAP customers that there will be benefits to the FCO program other than FCO credits – such as In-Program Arrearage Forgiveness – that would warrant staying in the FCO program even if the customer does not receive an FCO credit. PECO believes that both of those ideas are worth pursuing, and it will include them in its outreach plan.

7. The consumer education collaborative is underway and will continue when PECO's draft communication materials are prepared.

In the FCO settlement, PECO agreed to a stakeholder collaborative to:

- i. Develop a detailed and comprehensive consumer education program regarding the CAP design changes and the effect of the changes on CAP participant benefits and obligations;
- ii. Educational materials regarding the effect on CAP customers of shopping decisions and the interrelationship of price changes to the CAP bill. (This collaborative agenda item will not be addressed until final resolution of the CAP shopping docket);⁵
- iii. Educational materials regarding the importance of LIURP and Act 129 measures;
- iv. The intended audiences of these education programs will be: CAP participants, low-income customers who are not CAP participants, and social service and health agencies;⁶
- v. Determination of alternative languages for the translation of educational materials.⁷
- vi. Suggested measures to be pursued in the de facto heating programs;⁸

⁵ The CAP Shopping docket is pending before the Pennsylvania Supreme Court. This agenda item is therefore not ripe for collaboration.

⁶ This language is directive of the scope of audience of items 1-3, and therefore can only be discussed in conjunction with items 1-3.

⁷ This language pertains to the scope of audience of items 1-3, and therefore can only be discussed in conjunction with items 1-3.

⁸ As noted in PECO's Comments to Commission Question 7, 11, and 12, the *de facto* heating program does not begin until October 2017. As PECO stated in its Comments to Q7:

Indeed, this pilot does not begin until 2017 specifically to allow PECO to implement its Fixed Credit Option program in October 2016 and then, based on how that program develops, to allow PECO to coordinate use of these funds with the up-and-running FCO program. (Not incidentally, the timing also allows PECO to keep its Universal Services and support personnel focused on

- vii. For each of the above, cost recovery mechanisms for the program involved.⁹

In its comments (p. 12), CAUSE-PA claims that: “Despite the requirement that a collaborative occur with 90 days of [July 8, 2015], no such collaborative meetings have taken place.” (A similar claim is made on page 6.)

This is simply untrue. PECO convened a meeting of the collaborative group on September 30, 2015. CAUSE-PA was invited to, *and attended*, that meeting.¹⁰ At that initial collaborative meeting, PECO gave an outline of the consumer education process and timeline, and specifically noted that its draft consumer educational materials would not be prepared and available for review until April 2016. (See page 7 of the Power Point presentation that is attached to these Reply Comments as part of Exhibit B.)

As PECO noted in its Comments to Commission Question 3, once it develops its content messaging, it will socialize those documents with the low-income advocates and the Commission. That is the appropriate time to conduct any additional collaborative meeting.

implementation of the Fixed Credit Option CAP Program through October 2016 and then refocus on the *de facto* pilot after that time.) For PECO, the ability to have the FCO program up-and-running before designing the pilot was a material factor in agreeing to even pursue the *de facto* heating pilot. Consequently, the level of detail requested by this question is simply not known at *this time, and will not be known until pilot design progresses in 2017.*

The *de facto* heating pilot is thus not ripe for collaboration at this time.

⁹ The low-income advocates do not appear to be concerned about this collaborative item.

¹⁰ As Exhibit B to these Reply Comments, PECO has appended a copy of the meeting request, showing that CAUSE-PA was invited; a contemporaneous email to the low-income stakeholders, including CAUSE-PA, in which the meeting was described as: “this is the Collaborative referenced in the FCO settlement agreement where we will meet to discuss educational materials for the FCO;” the sign-in sheet for that day’s Universal Services Advisory Committee meeting showing that the low-income advocates in general, and CAUSE-PA’s lawyers in particular, were in attendance at PECO’s Main Office Building that day; and the PowerPoint presentation that PECO distributed to the collaborative attendees on that day.

PECO agrees with the OCA's brief comments (p. 9) supporting a focus on customer education. In addition, the OCA recommends (p. 9) that during the *de facto* heating pilot, PECO should track and report "estimates of CAP credits avoided." As noted in footnote 8, the *de facto* pilot does not begin until October 2017 and is still in design. Nonetheless, PECO sees merit in the OCA's suggestion, and will include that point in discussion during the *de facto* collaboration.

8. The re-enrollment issues raised by CAUSE-PA and TURN do not warrant a hearing.

Both CAUSE-PA (pp. 113-14) and TURN (pp. 13-14) raise a series of questions regarding what happens to a CAP customer who is removed from CAP for refusal to submit to a LIURP audit. CAUSE-PA raises a separate issue (p. 14) regarding re-enrollment for failure to re-certify income on a timely basis.

As to re-enrollment after a LIURP refusal, CAUSE-PA initially states (p. 13) that PECO must be clear as to what is required for a customer to re-enroll after the customer refuses to submit to a LIURP audit. PECO provided that clarity in its Comment to Commission Question 5: When a customer is removed from CAP for refusing to submit to a LIURP audit, "[t]he customer may re-enroll after they allow PECO to complete a LIURP audit as well as any associated remediation measures identified during the LIURP audit."

In reply,¹¹ CAUSE-PA proposes (p. 13) that the customer should only be required to submit to a LIURP audit (which identifies the measures that will decrease usage), but not to LIURP remediation measures themselves (which are the steps that actually reduce usage), before they are allowed to re-enroll in CAP.

At the outset of this discussion, PECO wishes to note that, for many years, CAUSE-PA and TURN have been vociferous advocates for increased LIURP funding. Indeed, this Three-Year Plan describes settlements, negotiated by the low-income advocates, that require PECO to spend \$5.1 million in

¹¹ Even though CAUSE-PA requested clarification on this issue, it also notes (p. 13) that it was aware of PECO's policy on this issue prior to PECO filing its Comments.

additional funds devoted to LIURP and the closely related issue of *de facto* heating over the period 2017-2020. Both of these parties are strongly on record, in numerous proceedings over the years, on the critical importance of having funds available to get into the homes of low-income customers and to weatherize those homes. Indeed, the CAUSE-PA Statement in Support of the FCO Settlement, as quoted above in Section 4 of these Reply Comments, called out these weatherization funds as being the leavening influence that allowed CAUSE-PA to proceed with settlement given the shortfalls it perceived to exist in the FCO. It is therefore very disconcerting to have the low-income advocates now argue that a customer should be allowed, with impunity, to short-change the LIURP process.

PECO respectfully disagrees with the approach advocated by CAUSE-PA and TURN. FCO customers with high usage will, by definition, have part of their bill paid by PECO's other residential customers. The requirement to have high-usage CAP customers submit to both LIURP audits and remedial measures is protective of both the low-income customer and the other ratepayers, both of which are paying part of the cost of providing service to the low-income customer.

PECO provides multiple communications and ample opportunity for a customer to submit to a LIURP audit before they are deemed to have refused the LIURP process. Some have actively refused the LIURP audit; others have adamantly refused to engage in the process by ignoring all outreach to them. In either case, the customer has established that they will be difficult to work with, and that they likely will take steps to further delay completion of the LIURP process at their residence.

Allowing the customer back on CAP when the LIURP audit is done, but before the remedial measures are done, is an invitation to further delay. In that fact pattern, the customer – who has already exhibited disdain of the LIURP process – will have no incentive to allow PECO to proceed with the remedial measures, because there will be no consequence to continued refusal. Without the remedial measures, the customer's usage (paid for in part by other customers) will remain high. That is

not a good outcome for anyone. The customer must allow the audit and the remedial measures to be completed before they are allowed to re-enroll.

The same must be said of the CAUSE-PA proposal to allow retroactive enrollment after failure to complete a LIURP audit. Under this proposal, a customer could resist LIURP remediation for an extended period of time, thus maintaining high usage for a period of months or years – and then get a discount on all of that high usage by submitting to a LIURP audit years later. This would create a disincentive to complete the LIURP process in a timely fashion.

For its part, TURN notes that PECO has removed 2,979 high users from CAP for failure to submit to a LIURP audit, and that to date only 675 have completed the LIURP process and been allowed to re-enroll. TURN refers to this as a “shockingly low” number, and then attributes it – with no evidence or analysis whatsoever – to PECO’s communications on LIURP and to “the sufficiency of the steps that PECO takes to warn customers of the consequences of LIURP ‘refusal.’”¹²

PECO respectfully submits that the more likely reason for the low re-enrollment rate is that there are some customers who, for their own reasons, do not wish to submit to a LIURP audit. However, given that PECO has already committed, as part of the consumer education collaborative discussed previously, to work with the low-income advocates to develop materials “regarding the importance of LIURP,” PECO is happy to work with the low-income advocates on such language. It should be understood, however, that PECO will aim to include language, as requested by TURN, that makes it very clear that failure to submit to a LIURP audit and to allow remedial measures will have severe consequences, including removal from CAP until the remedial measures are complete. PECO will not

¹² Presumably, TURN wants PECO to be very clear that failure to submit to a LIURP audit will have significant consequences. This appears to be in stark contrast to CAUSE-PA’s position, as set forth above, that failure to submit to a LIURP audit should have minimal consequences.

aim to include language to implement the CAUSE-PA suggestion that LIURP refusal will have minimal consequences.

TURN also requests that PECO provide two exemptions to the rule that LIURP refusal will result in removal from CAP: (1) where the refusal comes from a landlord rather than a tenant, and (2) where the customer is in good standing with payments.

PECO agrees with the landlord exemption. Indeed, PECO does not even characterize a landlord refusal as a "customer refusal" of LIURP. PECO's policy therefore is that a customer remains on CAP even if the customer's landlord refuses LIURP treatment for the property.

PECO cannot, however, agree with the "good standing" exemption. Just because a CAP customer has managed to pay their high bill is no excuse for refusing a LIURP audit. Other customers subsidize the bills of CAP customers, and under the FCO a customer with high usage will receive a higher amount of subsidy. That customer has a responsibility, as a *quid pro quo* for receiving discounted rates, to allow PECO to enter its home, do a LIURP audit (for free) and implement remedial measures (for free) to reduce overall usage at that residence. In fact, given the fact that the low-income advocates have historically stated that LIURP treatment is critical to providing affordable service to CAP customers, and further given the efforts made by the low-income advocates to obtain ever-increasing amounts of LIURP funding, it is difficult to understand why this is even a point of debate.

The final point to be addressed as to re-enrollment is CAUSE-PA's suggestion (p. 14) that a customer who fails to timely recertify their income (once every two years) should be allowed "to enroll retroactively, and continue with any arrearage forgiveness."

If the relief CAUSE-PA wants is limited to InPA Forgiveness, then no change or accommodation by PECO is required. If a CAP customer with an active InPA fails to recertify, their InPA forgiveness plan

will remain active even though they are a non-CAP customer. They can pay down the debt any time during the 60 month tenure of the InPA forgiveness program. That is entirely within the customer's control.

However, if CAUSE is requesting that FCO credits be provided retroactively, PECO must disagree. As with the LIURP refusals discussed above, if there is no consequence to the customer delaying the activity, then there is no incentive for the customer to engage in the activity on a timely basis. Simply, if a customer wants to continue to receive FCO credits, they need to take the time – once every two years – to verify their income. This is not too much to ask.

9. PECO is willing to make some changes to its fraud investigation practice, but the practice should continue.

For many years, PECO has found it difficult to identify and pursue cases of CAP fraud. From time to time, PECO would anecdotally hear of an obvious abuse of CAP – for example, a few years ago PECO identified (and removed) a CAP customer who owned a hotel and restaurant, and a 10,000 square foot Main Line home with an in-ground pool and tennis courts – but it has been difficult to find a systematic way to review the 140,000 enrollees to determine the extent of fraud and address the most obvious cases.

Recently, however, PECO identified a potential comprehensive solution to this issue. One of the major credit reporting agencies informed PECO that it could review information on identified individuals and determine a presumptive income level for that customer based upon factors such as the amount the customer is paying in mortgage or rent, the number of loans being regularly paid, etc. After discussions with the credit reporting agency, PECO concluded that it would like to have identifying information for any CAP customer whose presumptive income level exceeds \$100,000 annually. When such people are identified, PECO sends them a letter asking them to explain how they pay these relatively higher bills if they only have the income that they reported to PECO on their CAP application.

If they provide a reasonable explanation of sources of funds other than income, then no further action is taken. If, however, they cannot or do not provide such an explanation, PECO removes them from CAP for income ineligibility. The customer can then file a complaint with the Commission to challenge that determination.

CAUSE-PA (pp. 14-16) and TURN (pp. 9-11) take issue with these investigations for a variety of reasons.

First, CAUSE-PA notes (p. 15) that PECO submitted over 12,000 accounts to the credit reporting agency, which resulted in 23 customers being identified as potentially having over \$100,000 incomes. CAUSE-PA suggests that this low “hit” rate means that the program is fundamentally flawed. PECO completely disagrees. If the same ratio plays out over the entire 140,000 CAP enrollee population, that would mean that there are approximately 250 customers receiving CAP benefits who have spending habits that suggest an income of over \$100,000. In PECO’s view, that is too many cases of potential fraud to leave alone. PECO’s is attempting to identify these people and, if they in fact have that much income, remove them from CAP.

Second, CAUSE-PA claims (p. 14) that this method of determining likely income is “incredibly problematic” because it does not take into consideration non-income methods that a low-income may be using to finance its lifestyle, including “loans and gifts from family members and friends, retirement¹³ accounts, or charitable gifts . . .” If those sources are being used, the customer can simply so state in response to the PECO inquiry letter, and no further action will be taken.

¹³ PECO does have some concern that CAUSE-PA does not seem to be aware that funds withdrawn from a tax-deferred account, such as an IRA or 401k, are treated as taxable income unless tax was paid on the contributions when made (e.g., in a Roth account).

Third, CAUSE-PA is concerned about the cost of the program. At the present time, the cost is quite minimal – a few thousand dollars per “run” to cover the expenses of the credit reporting agency, the letters and follow-up with the customers who exceed the presumptive target income level.

Fourth, CAUSE-PA is concerned that this practice will result in a credit inquiry appearing on the customer’s credit record, which can cause a decrease in credit score. PECO simply notes that the inquiry undertaken on its behalf is not a credit inquiry, and does not appear on the customers’ credit record.

Fifth, TURN argues (p.9) that a customer going through such an inquiry should be allowed to use a “self-attestation of income” or to have their neighbors present signed letters of income. PECO respectfully submits that TURN misunderstands this program. If a customer is identified as having spending habits that would typically be associated with more than \$100,000 in income, but the customer has already stated that they have no or low income, then PECO requests that the customer tell it where that money is coming from – because it avowedly is not coming from the customer’s income. If the customer self-attests (or his neighbor’s confirm) that he has over \$100,000 in income, then PECO will accept that self-attestation and remove him from the program. Also, if he tries to self-attest that he only has \$10,000 in income, PECO will also accept that self-attestation – but then the customer will still need to explain how, given that claimed income level, he affords a \$100,000 lifestyle. If he does not or cannot do so, he will be removed from CAP regardless of PECO’s acceptance of his self-attestation of income.

Sixth, CAUSE-PA argues (p. 16) that PECO should not be allowed to require, as part of the CAP application process, that customers give permission to run this inquiry. That is PECO’s current practice – the 12,000 names that it previously submitted were all for customers who had granted written permission during their most recent application or recertification. The only rationale that CAUSE-PA

gives for its view that PECO should not be allowed to request this permission is that this might “ding” the applicant’s credit report. As stated above, that does not occur.

Finally, both CAUSE-PA and TURN argue that this practice is the equivalent of taking an adverse action based upon a credit inquiry, and that PECO is therefore required to let customers know that they have certain rights under the Fair Credit Reporting Act (“FCRA”). As just noted, no credit inquiry is made in this practice. Moreover, the only consequence of being identified through this practice is that the customer receives a letter asking them to explain how they are paying their bills. The further adverse consequence – removal from CAP – is not based on the information from the credit agency, but instead is based upon the customer’s further information provided to PECO. Consequently, PECO has concluded that FCRA does not attach to this practice.

With that said, PECO has no objection to informing customers that they have FCRA rights, so that if the customer believes this is a FCRA activity and wishes to pursue that avenue they will have information to do so. PECO will therefore add FCRA language to future communications that could later lead to an adverse action.

Eligibility for CAP is based upon income. PECO’s preliminary results suggest that there may be hundreds of customers who are receiving CAP benefits while living a \$100,000 lifestyle. This should not be tolerated. PECO should be allowed to continue its efforts to identify such customers and, if those customers cannot or do not explain how they live a \$100,000 lifestyle with little or no income, PECO should be allowed to remove those customers from CAP for being income ineligible.

10. The arguments of CAUSE-PA and TURN regarding “unintentional misrepresentation” do not warrant a hearing. PECO will adopt the OCA’s recommendation regarding “related account collections,” but reserves the right to propose tariff language to allow such collections.

In its Three-Year Plan (pp. 10-11), PECO sets forth its policies for dealing with fraud, theft of service, and other misappropriations of service. Both CAUSE-PA (pp. 16-17) and TURN (pp. 7-9) raise

questions regarding “unintentional misrepresentation,” and state that events of “unintentional misrepresentation” should not fall within the policies for fraud, theft of service, and other misappropriation of service.

PECO does not believe there is any real disagreement here. Fraud, theft, and misappropriation are all intentional acts.¹⁴ PECO’s policies on fraud, theft, and misappropriation of service only apply to intentional acts.

PECO does not agree, however, with the apparent view of TURN that “unintentional misrepresentation” should be overlooked. If a customer gives PECO bad data regarding family size or income and thus obtains CAP benefits when they were not eligible for those benefits, it makes no difference why or how they provided that bad information – the true state of affairs is that the customer was not income-eligible for the CAP program. In that situation, the customer was not entitled to receive discounts, and was not entitled to receive arrearage forgiveness. (PECO provided further information on this issue in its Comment to Commission Question 4.) It simply cannot be good policy to allow such a person to retain all of the benefits they obtained by giving PECO the bad information about income or family size. Allowing customers who are not eligible for CAP to enjoy the benefits of CAP should not be treated so casually as TURN suggests.

For its part, CAUSE-PA states (p. 17) that PECO should be required to develop and publish a “clear policy as to what constitutes intentional fraud or intentional misrepresentation, the specific definitions of each, and the mechanisms by which customers can challenge those determinations, including but not limited to filing complaints with the PUC.” There’s no need for this. As TURN clearly

¹⁴ In its footnote 20, TURN takes PECO to task because its Three-Year Plan “fails to acknowledge that fraud requires an element of intent.” That is true. Fraud requires intent, and the concept of “unintentional fraud” is thus so oxymoronic that PECO did not feel any need to disavow that meaning when it used the term “fraud.” In fact, until reviewing the Comments of CAUSE-PA and TURN, PECO had not given any thought to the concept of “unintentional fraud.”

points out in its footnote 20, the courts have already defined “fraud” and related concepts. As to the customer’s ability to challenge a fraud determination via the filing of a complaint with the PUC, those rights are already spelled out in Chapter 56. There is no need for PECO to restate those rights in its Three-Year Plan; the right to file a formal complaint exists prior to and independent of anything said in that document.

The OCA notes (pp. 9-11) that PECO’s tariff does not specifically provide that PECO may collect “related account collections” in cases of fraud or theft, and therefore recommends that PECO should not pursue this activity. After review of the language identified by the OCA, PECO agrees that its tariff does not address these charges. It will therefore not seek “related account collections” in cases of fraud. However, PECO reserves the right to propose new tariff language that would allow it to pursue such costs.

11. PECO agrees to reflect the \$700,000 *de facto* heating pilot and the \$1,000,000 LIURP settlement in its Three-Year Plan.

CAUSE-PA also notes (p. 17) that PECO should amend its Plan to reflect the \$700,000 *de facto* heating pilot and the \$1,000,000 LIURP settlement. PECO agrees; reference to the \$1,000,000 LIURP settlement was left out by oversight. PECO provided suggested language to address this issue in its Comment on Commission Questions 7 and 11.

12. PECO’s CARES program is adequately staffed.

CAUSE-PA also requests (p. 17-18) that PECO expand its CARES program to have more resources to deal with victims of domestic violence. In support of this position, CAUSE-PA notes that thousands of Protection from Abuse orders are issued by the courts each year, but only a few such customers receive service from PECO’s CARES unit.

PECO notes that, in virtually every proceeding in which they participate, CAUSE-PA and TURN request that PECO increase the size of its CARES unit. PECO, however, does not see a backlog of CARES work, or undone CARES work, that would warrant making that expenditure.

Moreover, PECO regularly requests that, when the low-income advocates identify cases that need CARES attention, they contact PECO and identify those cases. They do so from time-to-time, but even with those additional channels for potential customers, PECO still finds that its current staffing is adequate to handle the CARES workflow. It therefore does not agree to the proposal to expand its CARES staff.

13. Under federal bankruptcy law, PECO can charge deposits to CAP customers in specified situations.

When a customer files a bankruptcy petition, everything that they owe prior to the filing of the petition – “pre-petition debt” – is set aside and resolved in the bankruptcy proceeding. Virtually all creditors have the right, at that point in time, to cease doing business with the bankrupt debtor. That is how they protect themselves from developing any further “post-petition debt.”

Utilities are not given that option – they are required to continue to provide service, even when the customer is in bankruptcy. The Bankruptcy Code balances that requirement by allowing utilities to obtain deposits or other credit assurances as a condition of providing that service. If the deposit is not received, then the utility may discontinue service to the customer. *See* 11 USC §366.

PECO recognizes that this language appears to be in direct conflict with 66 Pa.C.S. §1404(a1), which was passed by the Pennsylvania General Assembly and which on its face states that a utility may not require a cash deposit from a CAP eligible customer. Both CAUSE (p. 19) and TURN (p. 13) challenge PECO’s bankruptcy practice based on that statutory language.

PECO simply notes that, when a customer files bankruptcy, the Bankruptcy Code provides certain rights and responsibilities for the customer and the utility. The customer cannot claim only rights under the Bankruptcy Code (forgiveness of pre-petition date) and not the responsibilities under the Bankruptcy Code (providing a deposit to the utility). To PECO's knowledge, the Commission has always deferred to the Bankruptcy Code and Court in such situations.

CAUSE-PA notes (p. 19) that 66 Pa.C.S. §1404(a1) does not contain a "carve out for post-bankruptcy accounts." It doesn't have to. When a customer files bankruptcy, the Bankruptcy Code requires that the customer provide the utility with adequate assurance of future performance in the form of a deposit and permits the utility to terminate service for failure to provide that deposit. This requirement in the federal Bankruptcy Code pre-empts any contrary state law. Simply, the General Assembly does not have the authority to override a provision of the Federal Bankruptcy Code.

III. Conclusion

For the reasons set forth above, PECO requests that the Commission issue an Order stating that PECO must file a Revised Three-Year Plan that incorporates the changes identified in PECO's Comments and Reply Comments, and granting final approval for that Revised Three-Year Plan.

Respectfully submitted,



Ward Smith
Assistant General Counsel
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Exhibit A

PECO's Reply to CAUSE-PA Petition to Intervene

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Print this page for your records. The date filed on will be the current day if the filing occurs on a business day before or at 4:30 PM Harrisburg, PA time. It will be the next business day if the filing occurs after 4:30 PM Harrisburg, PA time or on weekends or holidays.

If your filing exceeds 250 pages, you are required to submit one paper copy of the filing within 3 business days of submitting the electronic filing. This paper copy can be mailed to: Secretary, Pennsylvania Public Utility Commission, Commonwealth Keystone Building, 400 North Street, 2nd Floor, Harrisburg, PA 17120 . Please print a copy of this page and attach it to the paper copy of your filing as the first page.

eFiling Confirmation	
Docket Number:	M-2015-2507139
Description:	PECO Energy Company - Answer to Petition to Intervene of CAUSE- PA
Transmission Date:	3/22/2016 3:28:21 PM
Filed On:	3/22/2016 3:28:21 PM
eFiling Confirmation Number:	1626437

Uploaded File List

File Name	Document Class	Document Type
PECO - Answer to Petition to Intervene.pdf	Communication	Answer to Petition



An Exelon Company

Legal Department
2301 Market Street / S23-1
Philadelphia, PA 19101-8699

Direct Dial: 215-841-6863

March 22, 2016

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

RE: PECO Energy Company Universal Service and Energy Conservation Plan
for 2016-2018 Submitted in Compliance with 52 Pa. Code §§ 54.74 and
62.4
Docket No. M-2015-2507139

Dear Ms. Chiavetta:

Enclosed for filing with the Commission is *Answer of PECO Energy Company to Petition to Intervene of CAUSE-PA* in the matter referenced above.

Very truly yours,

A handwritten signature in cursive script that reads "Ward L. Smith".

Ward L. Smith
Counsel for PECO Energy Company

WS/ab
Enclosure

cc: Joline Price Esquire
Elizabeth R. Marx, Esquire
Patrick M. Cicero, Esquire

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PECO Energy Company
Universal Service and Energy Conservation Plan for
2016-2018 Submitted in Compliance with 52 Pa. Code
§§ 54.74 and 62.4.

Docket No. M-2015-2507139

Answer of PECO Energy Company
To Petition to Intervene of CAUSE-PA

I. Introduction and Argument

On March 3, 2016, PECO received by U.S. mail the Petition to Intervene of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") in this matter.¹

PECO has no objection to CAUSE-PA filing Comments in this docket, as indeed it did on March 16, 2016. If the Commission ultimately sets this matter for an on-the-record hearing, PECO also does not intend to object to CAUSE-PA's intervention in that on-the-record proceeding. But it is premature to grant CAUSE-PA's Petition to Intervene at this time, because there is no on-the-record proceeding in which to intervene. Indeed, PECO is not aware of any other occasion on which an entity has filed a Petition to Intervene at the Comment stage of a proceeding. Certainly, no other Petitions to Intervene were filed in this docket.

The impetus for CAUSE-PA's Petition to Intervene may not be fully apparent on the face of the Petition itself. However, the filing of the Petition to Intervene can be understood by noting that, with the Petition, CAUSE-PA contemporaneously served extensive discovery on PECO probing into multiple aspects of PECO's 2016-18 Three-Year Plan. Indeed, the discovery served by CAUSE-PA was substantially more extensive than the seventeen questions posed by the Commission itself in the Tentative Order.

¹ PECO also received email service on February 29, 2016.

PECO believes that CAUSE-PA correctly concluded that discovery is only available to entities that have been granted party status,² and thus quickly sought party status in the belief that it would then have the right to serve discovery on PECO during the Comment stage of this docket.

PECO believes that is an incorrect view. The Commission's discovery rules, 52 Pa. Code §5.321, state that discovery is available only after one of three triggering events, none of which have occurred in this docket. 52 Pa. Code §5.321(a) (Scope), sets forth the three events that trigger the beginning of discovery:

(a) *Applicability.* This subchapter applies to a proceeding in which:

- (1) A complaint, protest or other adverse pleading has been filed.
- (2) The Commission institutes an investigation.
- (3) The Commission institutes an on-the-record proceeding.

No "complaint, protest, or other adverse pleading" has been filed in this docket. This matter was docketed using an "M-" designation; Commission investigations are docketed using the "I-" designation. And the Commission has not referred this matter to the Office of Administrative Law Judge for an on-the-record proceeding.³ The right to discovery has therefore not attached to this docket, and there is no on-the-record proceeding in which to intervene.

² See 52 Pa. Code §5.341(a): "Subject to the limitations provided by § 5.361 (relating to limitation of scope of discovery and deposition), a party may serve upon another party written interrogatories"

³ PECO also notes that party status will not actually be conferred on CAUSE-PA until after the Commission issues an order granting its Petition to Intervene. The Commission's intervention rules, 52 Pa. Code §5.71(a)(2), state in relevant part that: "Participation in a proceeding as an intervenor may be initiated as follows: 2) By order of the presiding officer or the Commission upon grant of a petition to intervene." While that order can come from the Commission itself, typically such orders are issued by the presiding Administrative Law Judge, which again suggests that Petitions to Intervene are appropriate for on-the-record proceedings, but not before.

Moreover, even if the Petition to Intervene is granted at this time, the timing sequence set forth in the Commission's regulations renders any discovery useless for the Comment or Reply Comment period. The Tentative Order allowed 30 days total for Comments and Reply Comments. The Commission's regulations allow

II. Conclusion

For these reasons, PECO submits that it is premature to grant CAUSE-PA's Petition to Intervene until such time, if any, that the Commission refers this matter to the Office of Administrative Law Judge for an on-the-record proceeding. PECO therefore respectfully requests that the Commission either defer consideration of the Petition until such events occur, or deny the Petition outright as being premature.

Respectfully submitted,



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PECO 20 days to answer the Petition to Intervene and then, if the Commission were to grant party status to CAUSE-PA, PECO would have 20 days from that point to answer discovery. Even on that optimistic timing scenario, the Reply Comment period would close 10 days before PECO would be required to answer discovery. This timing sequence underscores that Petitions to Intervene and discovery are not appropriate at the Comment stage.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PECO Energy Company :
Universal Service and Energy Conservation Plan for : M-2015-2507139
2016-2018 Submitted in Compliance with 52 Pa. Code :
§§ 54.74 and 62.4 :

CERTIFICATE OF SERVICE

I, Ward L. Smith, hereby certify that I have this day served a copy of the Answer of PECO Energy Company to Petition to Intervene of CAUSE-PA parties via e-mail and postage prepaid to:

Pennsylvania Utility Law Project
Joline Price Esquire
Elizabeth R. Marx, Esquire
Patrick M. Cicero, Esquire
118 Locust Street
Harrisburg, PA 17101

Dated at Philadelphia, Pennsylvania, March 22, 2016



Ward L. Smith
Counsel for PECO Energy Company
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Fax: 215.568.3389
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Exhibit B

Materials Related to the Consumer Education Collaborative

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King, Patricia A:(PECO)

Subject: Collaborative mtg
Location: CR MOB S6 (Executive)

Start: Wed 9/30/2015 2:00 PM
End: Wed 9/30/2015 3:00 PM

Recurrence: (none)

Meeting Status: Meeting organizer

Organizer: King, Patricia A:(PECO)
Required Attendees: King, Patricia A:(PECO); 'rballenger@clsphila.org'; 'jpickens@clsphila.org'; 'ttran@clsphila.org'; 'cappleby@paoca.org'; 'ahirakis@paoca.org'; 'tmccloskey@paoca.org'; 'pciceropulp@palegalaid.net'; 'emarxpulp@palegalaid.net'; Hightower, Willa J:(PECO); Foisy, Bernadette O:(PECO); Kehl, Mark:(PECO); Smith, Ward L:(PECO)

Optional Attendees: Armstrong, Benjamin W:(PECO)
Resources: CR MOB S6 (Executive)

Importance: High

UPDATE: Meeting time extended to 1 hour. Thank you. ~cwj

Please note: This meeting will immediately follow the already scheduled USAC 3rd Quarter meeting.

Thank you.

~chris
Christine Williams Jenkins, Administrative Coordinator
for Willa J. Hightower, Director
PECO Customer Financial Operations
2301 Market Street, N4-4; Philadelphia, PA 19103
215.841.4177 (p); 267.560.2578 (c); 215.841.4648 (f)
christine.williamsjenkins@exeloncorp.com

King, Patricia A:(PECO)

From: King, Patricia A:(PECO)
Sent: Thursday, September 24, 2015 3:28 PM
To: Thu Tran
Cc: Smith, Ward L:(PECO); Zack, Lynn R:(BSC); Hightower, Willa J:(PECO); Robert Ballenger; Josie Pickens; Patrick Cicero; 'Elizabeth Marx (emarxPULP@palegalaid.net)'; Kehl, Mark:(PECO); Foisy, Bernadette O:(PECO)
Subject: RE: September 30th Meeting/s at PECO

Thu,

Yes, as promised, we can discuss the topic of Protections for Survivors of Domestic Violence at the USAC next week.

Regarding the Collaborative, this is the Collaborative referenced in the FCO settlement agreement where we will meet to discuss educational materials for the FCO. I increased the meeting time from 30 minutes to 1 hour.

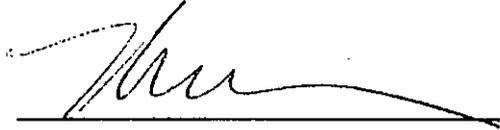
Thanks,

Patricia King
PECO
Manager, Universal Services
Patricia.king@peco-energy.com
215-841-6347

**Universal Services - Advisory Council
Sign In Sheet
September 30, 2015**

CLS

<u>Name</u>	<u>Organization</u>
Thu B. Tran, Esq.	Community Legal Services - Energy Project
Josie B. Pickens	Community Legal Services - Energy Project
Robert Ballenger	Community Legal Services - Energy Project





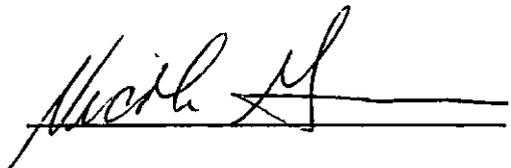
ECA

<u>Name</u>	<u>Organization</u>
Aleta Rogers	Energy Coordinating Agency of Philadelphia
Elizabeth Robinson	Energy Coordinating Agency of Philadelphia
Lorraine Horton	Energy Coordinating Agency of Philadelphia



EAP

<u>Name</u>	<u>Organization</u>
Nicole Gear	Energy Association of PA



**Universal Services - Advisory Council
Sign In Sheet
September 30, 2015**

OCA

<u>Name</u>	<u>Organization</u>
Christy Appleby	Office of Consumer Advocate
Amy Hirakis	Office of Consumer Advocate
Tanya McCloskey	Office of Consumer Advocate

Amy E. Hirakis

PCA

<u>Name</u>	<u>Organization</u>
Rick Spector	Philadelphia Corporation for Aging

Rick Spector

PULP

<u>Name</u>	<u>Organization</u>
Patrick Cicero	Pennsylvania Utility Law Project
Elizabeth R. Marx, Esq	Pennsylvania Utility Law Project

Elizabeth R. Marx

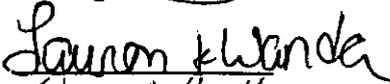
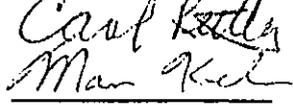
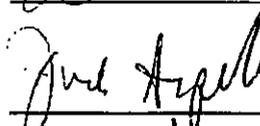
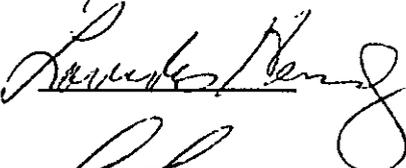
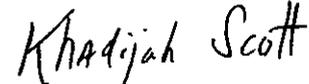
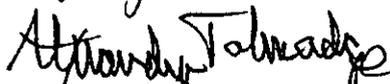
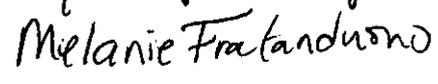
PAIEUG

**Universal Services - Advisory Council
Sign In Sheet
September 30, 2015**

MEAF

<u>Name</u>	<u>Organization</u>	
Eil�en Albillar	Bucks County Opportunity Council	_____
Nicole Yerkes	Bucks County Opportunity Council	<u><i>[Signature]</i></u>
Tammy Schoonover	Bucks County Opportunity Council	<u><i>[Signature]</i></u>
Dinah Boykin	Community Action Agency of Delaware County	<u><i>[Signature]</i></u>
Danita Miller	Community Action Agency of Delaware County	<u><i>[Signature]</i></u>
Elena Baker	Montgomery County Community Action Development Commission	<u>ELENA BAKER</u>
Rick Beaton	Montgomery County Community Action Development Commission	_____
John Rowe	Utility Emergency Services Fund	<u><i>[Signature]</i></u>
Michele Thomas	Utility Emergency Services Fund	<u><i>[Signature]</i></u>
Susan Bowen	Mason-Dixon Cares of York County	_____
Barbara Richardson	Mason-Dixon Cares of York County	_____

**Universal Services - Advisory Council
Sign In Sheet
September 30, 2015
PECO**

<u>Name</u>	<u>Organization</u>	
Frank Jiruska	VP Customer Operations	<hr/>
Willa Hightower	Director Customer Financial Operations	
Bernadette Foisy	Manager Regulatory Performance	
Mark Kehl	Rates and Regulatory Specialist	
Ward Smith	Assistant General Counsel	
Jude Scarpello	Manager Customer Analytics	
Patricia King	Manager Universal Services	
Valeria Bullock	Sr Rev Recovery Specialist - LIURP	
Lourdes Hernandez	Sr Rev Recovery Specialist - OUTREACH	
Tim Lau	Sr Rev Recovery Specialist - LIHEAP/MEAF	
Vicky Young	Business Analyst - LIHEAP/MEAF	<hr/>
	Rev. Management	
	PECO Universal Services	
	Rev Mgmt	

PECO Customer Assistance Program Changes

**High Level Customer and Key Stakeholder
Education Plan**

September 30, 2015

Strategy

- ✓ Execute comprehensive communications campaign to educate customers on:
 - The changes to PECO's Customer Assistance Program
 - The new Fixed Credit Option
 - o How it is calculated
 - Each customer's CAP Credit
 - o When/how the credit can change
 - o How credit is provided against a customer's bill
 - o Requirements for continued participation
 - PECO's comprehensive suite of low-income programs
 - LIHEAP, LIURP, MEAF, CARES

Earned Media

- ✓ News Release
- ✓ Media Advisories
- ✓ Interview Opportunities
 - Broadcast TV and Radio Consumer Reporter outreach
 - Outreach to major market newspapers – Phila Inquirer and regional dailies and weeklies
 - Outreach to radio and newspapers serving predominantly low-income markets

Direct Communications

- ✓ Customer Letters
- ✓ Brochures
- ✓ Targeted Customer Newsletter/Bill Inserts
- ✓ Upfront Interactive Voice Response Messaging
 - CAP Call Center

Web-based Communication

✓ Internet

- peco.com/help (low-income programs)
- Downloadable brochure

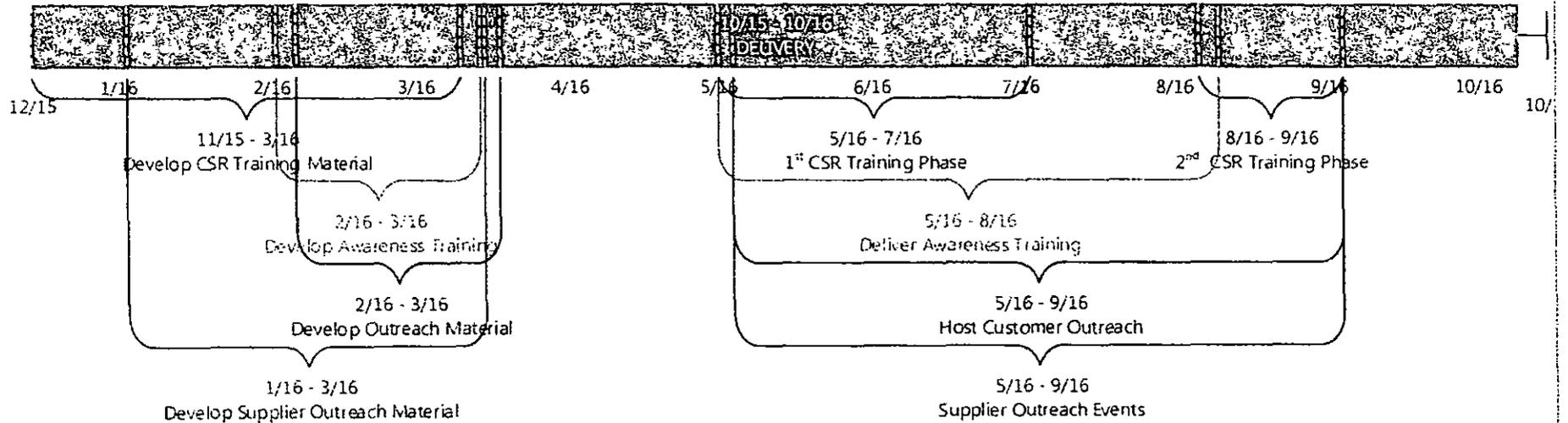
✓ Social Media

- Facebook and Twitter messaging
- Utilize channels to promote education events

Community and Direct Customer Engagement

- ✓ Two-pronged outreach approach
 - Direct Customer Engagement
 - Outreach Events
 - Mix of existing and targeted events
 - Tabling Information
 - Individual Customer Credit Review
 - In Home Education
 - Upon Request and Availability
 - Current CAP Customers
 - Individual Customer Account and Credit Review
 - Key Stakeholder Education
 - Outreach Sessions/Events

High Level Communications Timeline



ORIGIN ID:REDA (215) 841-6863
WARD SMITH
PECO ENERGY COMPANY
2301 MARKET STREET, S23-1

PHILADELPHIA, PA 19103
UNITED STATES US

SHIP DATE: 28MAR16
ACTWGT: 1.00 LB
CAD: 1040781997/NET3730

BILL SENDER

TO ROSEMARY CHIAVETTA, SECRETARY
PENNSYLVANIA PUBLIC UTILITY COMMISS
400 NORTH STREET
COMMONWEALTH KEYSTONE BUILDING
HARRISBURG PA 17120

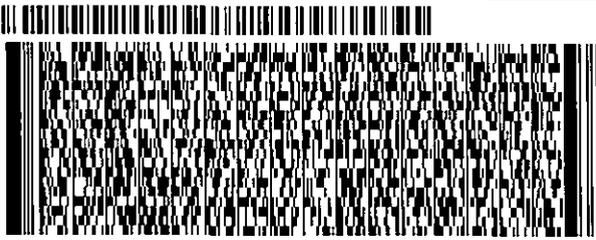
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(000) 000-0000

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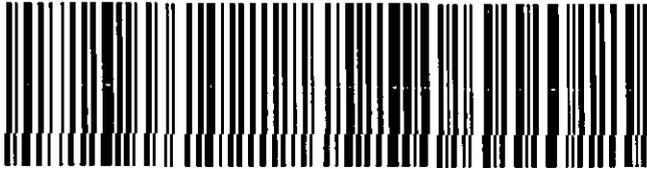
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TUE - 29 MAR 3:00P
STANDARD OVERNIGHT

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0201

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17120
PA-US MDT



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