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October 13, 2020

VIA e-FILING

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

**Re: PECO Energy Company's 2016-2018 Universal Service and Energy
Conservation Plan
Docket No. M-2015-2507139**

**Pennsylvania Public Utility Commission v. PECO Energy Company
Docket No. R-2018-3000164**

Dear Secretary Chiavetta:

Enclosed please find **PECO Energy Company's Petition for Expedited Approval to Extend its De Facto Heating Pilot Program and to use Unspent 2020 Pilot Program and Health and Safety Funds in 2021**, in the above-captioned proceeding.

Should you have any questions regarding this filing, please do not hesitate to contact me.

Very truly yours,



Jennedy S. Johnson

JSJ/ab
Enclosures

cc: Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PECO ENERGY COMPANY’S 2016- 2018 UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN	:	
	:	DOCKET No. M-2015-2507139
	:	
	:	
PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
v.	:	DOCKET No. R-2018-3000164
PECO ENERGY COMPANY	:	

**PETITION OF PECO ENERGY COMPANY FOR EXPEDITED APPROVAL TO
EXTEND ITS DE FACTO HEATING PILOT PROGRAM AND TO USE UNSPENT 2020
PILOT PROGRAM AND HEALTH AND SAFETY FUNDS IN 2021**

I. INTRODUCTION

PECO Energy Company (“PECO” or the “Company”), pursuant to 52 Pa. Code § 5.41, hereby petitions the Pennsylvania Public Utility Commission (the “Commission”) for approval of (1) an extension of the Company’s De Facto Heating Pilot Program (“De Facto Pilot”) until the *earlier* of (a) the date all remaining De Facto Pilot monies are exhausted or (b) September 30, 2021; and (2) the use in calendar year 2021¹ of funds for both the De Facto Pilot and PECO’s Low-Income Usage Reduction Program health and safety (“LIURP Health and Safety”) measures commitment from PECO’s most recent Electric Base Rate case settlement² originally required to be spent in 2020, as PECO has been unable to use these funds to provide services in 2020 due to the COVID-19 pandemic.

¹ In 2020, PECO plans to complete the twenty-four De Facto jobs that were scheduled for March and April but were cancelled due to the pandemic. PECO will also resume the remainder of its De Facto Pilot upon issuance of a Commission Order approving such. Therefore, if the Commission issues an Order in 2020, PECO may utilize the other unspent De Facto monies this calendar year.

² *PA Public Utility Commission v. PECO Energy Company*, Docket No. R-2018-3000164 (Appendix C, Joint Petition for Partial Settlement filed August 28, 2018).

The Company's proposal will ensure that low-incomes customers will receive the services and treatments that these 2020 funds were intended to provide. In order to ensure the Company is able to provide these services using the transferred funds as soon as possible, PECO is requested expedited consideration of this Petition.

II. BACKGROUND

1. PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office in Philadelphia, Pennsylvania. PECO provides electric delivery service to approximately 1.6 million customers and natural gas delivery service to more than 534,000 customers in Pennsylvania.

2. Pennsylvania's Electricity Generation Customer Choice and Competition Act and Natural Gas Choice and Competition Act include several provisions relating to universal service to ensure that policies, practices and services are in place to help low-income customers maintain utility service.³ The statutory definition of "universal service and energy conservation" includes customer assistance programs, usage reduction programs, service termination protections, and consumer education. 66 Pa. C.S. §§ 2202 and 2803.

3. The Commission has established universal service regulations that, among other things, require each electric distribution company serving more than 60,000 residential accounts and each natural gas distribution company serving more than 100,000 residential accounts to submit an updated USECP every three years to the Commission for approval. 52 Pa. Code §§ 54.74 and 62.4.

³ The Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, became effective on January 1, 1997. The Natural Gas Choice and Competition Act, 66 Pa.C.S. §§ 2201-2212, became effective on July 1, 1999. *See* 66 Pa.C.S. §§ 2203(7) and 2802(10).

4. PECO's 2016-2018 USECP was submitted on October 1, 2015 and approved by the Commission on August 11, 2016 ("*August 2016 Order on 2016-2018 USECP*").⁴ A number of revisions were made to the 2016-2018 USECP after its initial approval. On November 2, 2017, the Company submitted an addendum to its 2016-2018 USECP to establish the De Facto Pilot to assist customers in reducing the use of electric portable space heating as a primary source of heating.⁵ Most recently, on June 26, 2020, the Company filed for approval of suite of temporary measures to assist customers during the pandemic.⁶

5. PECO filed its proposed 2019-2021 USECP on November 1, 2018, and a corrected version on November 26, 2019.⁷

6. On October 3, 2019, at Docket No. M-2019-3012601, the Commission entered an order extending the duration of existing or proposed USECPs from three years to five years and directing utilities to provide enrollment and budgetary projections for any additional years added to their existing or proposed USECPs.⁸ In accordance with that Order, on January 16, 2020, PECO filed a proposed USECP for the 2019-2024 period.⁹

⁴ See *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 (Order entered August 11, 2016) (hereinafter *August 2016 Order on 2016-2018 USECP*).

⁵ See *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 (Addendum F: *PECO De Facto Heating Pilot Program*, filed November 2, 2017).

⁶ At its August 6, 2020 Public Meeting, the Commission voted 2-2 on PECO's filing. See *PECO Energy Company's Petition for Expedited Approval of Temporary Universal Service Measures*, Docket No. P-2020-3020555; motion of Vice Chairman Sweet available at: <http://www.puc.pa.gov/pcdocs/1672412.pdf> (no action taken August 6, 2020).

⁷ See Docket No. M-2018-3005795.

⁸ *Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601 (Order entered October 3, 2019).

⁹ See Docket No. M-2018-3005795. PECO filed its first amendment to the now 2019-2024 USECP on July 8, 2020, in which the Company proposed transitioning its Customer Assistance Program ("CAP") from a Fixed Credit Option ("FCO") to a Percentage of Income Payment Plan ("PIPP"). *PECO Energy Company's 2019-2024 Universal Service and Energy Conservation Plan*, Docket No. M-2018-3005795 (Amended Proposed USECP filed July 8, 2020). The Company filed a second amendment to the 2019-2024 USECP on September 25, 2020, proposing to

7. On March 6, 2020, Governor Tom Wolf issued a Proclamation of Disaster Emergency due to the emergence of COVID-19 in the United States and the Commonwealth of Pennsylvania.¹⁰

8. On March 13, 2020, the Commission issued an Emergency Order establishing a moratorium on the termination of public utility service.¹¹

9. As of October 1, 2020, the Pennsylvania Department of Health has reported 158,422 cases of COVID-19 in the Commonwealth, with a total of 8,160 COVID-19 deaths.¹² Since mid-March, over 2.1 million Pennsylvanians have filed unemployment claims.¹³

10. The Commission has recognized the impact of the COVID-19 pandemic on financially-stressed customers and has urged customers to “work together with their utilities to tap into numerous utility assistance programs intended to make utility bills more manageable.”¹⁴

III. EXTENSION OF DE FACTO HEATING PILOT AND APPLY UNSPENT DE FACTO AND LIURP HEALTH AND SAFETY FUNDS IN 2021

11. The De Facto Pilot is a 3-year long pilot program approved as part the settlement of PECO’s 2016-2018 USECP.¹⁵ “*De facto*” heating refers to those households with non-

implement the Energy Burdens from the Commission’s CAP Policy Statement Order⁹ for the FCO on a going-forward basis. *PECO Energy Company’s 2019-2024 Universal Service and Energy Conservation Plan*, Docket No. M-2018-3005795 (Second Amended Proposed USECP filed September 25, 2020); *2019 Amendments to Policy Statement on Customer Assistance Program*, 52 Pa. Code § 69.261–69.267, Docket No. M-2019-3012599 (Final Order on Reconsideration entered February 6, 2020).

¹⁰ See <https://www.governor.pa.gov/wp-content/uploads/2020/03/20200306-COVID19-Digital-Proclamation.pdf>.

¹¹ See http://www.puc.pa.gov/general/pdf/Emergency_Order_M-2020-3019244_031320.pdf.

¹² COVID-19 Data for Pennsylvania, Pennsylvania Department of Health, <https://www.health.pa.gov/topics/disease/coronavirus/Pages/Cases.aspx>.

¹³ Unemployment Compensation Claim Statistics & COVID-19, Pennsylvania Department of Labor and Industry, <https://www.uc.pa.gov/COVID-19/Pages/UC-Claim-Statistics.aspx>.

¹⁴ March 27, 2020 Press Release of the Pennsylvania Public Utility Commission, http://www.puc.state.pa.us/about_puc/press_releases.aspx?ShowPR=4336.

¹⁵ *August 2016 Order on 2016-2018 USECP*.

heating electric accounts (*i.e.*, Rate R) that use electricity for heat because their primary heating source (*e.g.*, oil, gas) is inoperable or unaffordable. Many of these households then use potentially unsafe and inefficient space heaters. This subsequently increases the customer's electric bill, which can compound any existing payment trouble. The De Facto Pilot targeted these eligible customers, who were also at or below 200% FPL, by installing new heating systems and weatherization measures (among others) with tangible energy reduction benefits.¹⁶

12. The De Facto Pilot, that began on October 1, 2017 and ended September 30, 2020, had an annual budget of \$1.7 million.¹⁷

13. Due to the pandemic, PECO suspended all in-home appointments between March 23, 2020 and October 5, 2020. As a result, the Company was unable to spend all the funds budgeted for the final year of the De Facto Pilot prior to September 30, 2020. The Company estimates that approximately \$422,000 remains unspent.¹⁸

14. PECO is therefore requesting Commission approval to extend the De Facto Pilot until the *earlier* of (a) the date all remaining De Facto Pilot monies are exhausted or (b) September 30, 2021, during which time it anticipates being able to provide the remaining services and measures using any unspent funds from the final 2020 program year.¹⁹

¹⁶ *Id.* at 45-48.

¹⁷ See *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 (Addendum F: PECO *De Facto* Heating Pilot Program, filed November 2, 2017).

¹⁸ While PECO suspended the De Facto Pilot due to the pandemic, the Company does not expect to incur any additional costs to restart the program.

¹⁹ As noted above, in 2020, PECO plans to complete the twenty-four De Facto jobs that were scheduled for March and April but were cancelled due to the pandemic. PECO will also resume the remainder of its De Facto Pilot upon issuance of a Commission Order approving such. Therefore, if the Commission issues an Order in 2020, PECO may utilize the other unspent De Facto monies this calendar year.

15. PECO is also requesting approval to use any unspent 2020 LIURP Health and Safety funds in 2021. As part of the Settlement in PECO's 2018 rate case ("Rate Case Settlement"), PECO increased its annual LIURP budget by \$1 million to resolve health, safety, and structural issues in low-income customers' homes that would otherwise prohibit or hamper LIURP measures/treatments for these customers.²⁰

16. As with the De Facto Pilot, PECO suspended all in-home LIURP appointments between March 23, 2020 and October 5, 2020. As a result, the Company estimates that approximately \$264,000 of the \$1 million 2020 LIURP Health and Safety budget will remain unspent at the end of the calendar year.

17. Under the terms of the Rate Case Settlement, "PECO is [sic] shall use its best efforts to spend these incremental LIURP funds."²¹ Consistent with this obligation, PECO believes that applying funds that PECO was unable to use to deliver measures to customers in 2020 due to the COVID-19 pandemic in calendar year 2021 will enable PECO to fulfill this obligation and allow more low-income customers to receive the treatments and measures that will reduce energy consumption.²²

²⁰ *PA Public Utility Commission v. PECO Energy Company*, Docket No. R-2018-3000164 (Appendix C, Joint Petition for Partial Settlement filed August 28, 2018).

²¹ Rate Case Settlement, Appendix C, p. 3.

²² All of PECO's budgeted, non-incremental LIURP funding unspent in 2020 will be "rolled over" to increase future LIURP program spending. *Cf.* Opinion and Order, *National Fuel Gas Distribution Corporation's Universal Service and Energy Conservation Plan for 2017-2020 Submitted in Compliance with 52 Pa. Code s 62.4*, Docket No. M-2016-2573847 (Order entered March 1, 2018), p. 59 ("Additionally, the LIURP regulations do not expressly require that a company rollover unspent LIURP funds from one program year to the next, but many companies choose to do so."). In light of continuing COVID-related limitations and vendor capacity, PECO is planning to allocate unspent 2020 funds to support LIURP spending above budgeted amounts in both 2021 and 2022.

IV. REQUEST FOR EXPEDITED CONSIDERATION

18. PECO is seeking expedited approval to extend its De Facto Heating Pilot Program and to use the unspent 2020 funds associated with both the De Facto Pilot and LIURP Health and Safety measures in 2021.²³ Without expedited approval, PECO will be unable to continue its De Facto Pilot. In addition, if the unspent LIURP Healthy and Safety funds are not available in 2021, fewer of PECO's most vulnerable customers will receive the treatments and measures needed to reduce their energy consumption. For all these reasons, PECO requests that the Commission consider this Petition on an expedited basis.

V. NOTICE

19. PECO is serving copies of this filing on the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and the Tenant Union Representative Network. Due to the pandemic, service will be made by email only.

²³ PECO plans to complete the twenty-four previously scheduled De Facto jobs in 2020 and will also resume its De Facto Pilot upon issuance of a Commission Order approving such. Therefore, if the Commission issues an Order in 2020, PECO may utilize unspent De Facto monies this calendar year.

VI. CONCLUSION

Based upon the foregoing, PECO respectfully requests that the Commission grant this Petition and approve the extension of its De Facto Heating Pilot Program and the use of unspent 2020 funds associated with both the De Facto Pilot and LIURP Health and Safety measures in 2021.

Respectfully submitted,



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Dated: October 13, 2020

VERIFICATION

I, Richard G. Webster, Jr., hereby declare that I am the Vice President of Regulatory Policy and Strategy for PECO Energy Company; that, as such, I am authorized to make this verification on its behalf; that the facts set forth in the foregoing Petition are true and correct to the best of my knowledge, information and belief; and that I make this verification subject to the penalties of 18 Pa.C.S. § 4904 pertaining to false statements to authorities.

A handwritten signature in black ink, consisting of the initials 'R.G.W.' followed by a long, horizontal, wavy line.

Dated: October 13, 2020

Richard G. Webster, Jr.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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	:	DOCKET No. M-2015-2507139
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PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
v.	:	DOCKET No. R-2018-3000164
PECO ENERGY COMPANY	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a true and correct copy of the **PECO Energy Company’s Petition for Expedited Approval to Extend its De Facto Heating Pilot Program and to use Unspent 2020 Pilot Program and Health and Safety Funds in 2021** on the following persons, in the manner specified below, in accordance with the requirements of 52 Pa. Code Section 1.54:

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