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|  | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSIONP.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE**P-2020-3022785M-2015-2507139R-2018-3000164 |

**January 11, 2021**

**TO**: All Parties of Record in Docket Nos. P‑2020‑3022785, M‑2015‑2507139, and R‑2018‑3000164

**RE: Petition of PECO Energy Company (PECO) to temporarily amend its current 2016-2018 Universal Service and Energy Conservation Plan (2016 USECP)[[1]](#footnote-2)**

**Via email[[2]](#footnote-3)**

This Secretarial Letter approves PECO’s October 13, 2020 Petition (October 13 Petition) to (1) extend its De Facto Heating[[3]](#footnote-4) Pilot Program[[4]](#footnote-5) (De Facto Pilot) until all remaining De Facto Pilot funds are exhausted or until September 30, 2021, whichever comes first; and (2) use 2020 De Facto Pilot and Low Income Usage Reduction Program[[5]](#footnote-6) Health and Safety (LIURP Health and Safety) funds in 2021.

*Background*

PECO’s De Facto Pilot is designed to assist customers in reducing their need to use electric portable space heaters as their primary source of heating. Electric and natural gas customers who participate in PECO’s LIURP and whose primary heating source is inoperable or unaffordable are eligible for the De Facto Pilot. PECO customers who have lost their primary heating source due to non-payment of their heating bill are ineligible for the De Facto Pilot. The De Facto Pilot’s budget for program year 2017-18 was $1.7 million. For program years 2018-19 and 2019-20, $700,000 per year was allocated for De Facto heating jobs, and $1 million was allocated per year for LIURP that could be used towards De Facto heating jobs or additional LIURP measures, at PECO’s discretion.  *See* PECO’s 2016 USECP Addendum F, Docket No. M‑2015-2507139 (filed on November 2, 2017).[[6]](#footnote-7)

PECO’s LIURP Health and Safety measures include installing devices such as smoke alarms and carbon monoxide detectors, performing combustion analyses, and identifying potential hazards such as mold, asbestos, and moisture. *See* PECO’s 2016 USECP, Docket No. M-2015-2507139, at 13-14 (filed on February 17, 2017).[[7]](#footnote-8)

By Order entered on August 11, 2016, at docket M-2015-2507139, the Pennsylvania Public Utility Commission (Commission) approved[[8]](#footnote-9) PECO’s proposed 2016 USECP, including, *inter alia*, increasing its current LIURP budget by $700,000 for a three-year period starting in October 2017, to implement a De Facto Pilot. By Secretarial Letter issued on September 5, 2017, the Commission directed PECO to meet with Commission staff and parties of record to reach an agreement regarding the projected costs, implementation, and operation of the De Facto Pilot. On September 22, 2017, PECO filed a Letter (September 22 Letter) to assert that after review and discussion, the parties reached an agreement on costs, implementation, and operation of the pilot. In its September 22 Letter, PECO committed to not seek recovery of the excess costs if the pilot costs exceed the clarified cost estimates. PECO further committed to applying budget funds not spent on the De Facto Pilot to other LIURP measures. September 22 Letter at 1.

*October 13 Petition*

On October 13, 2020, PECO filed the instant Petition at Docket Nos. M‑2015‑2507139 and R‑2018‑3000164, for approval to extend its De Facto Pilot and to use the funds for both the De Facto Pilot and LIURP Health and Safety measures[[9]](#footnote-10) commitment from PECO’s 2018 Electric Base Rate Case Settlement[[10]](#footnote-11) (2018 Rate Case Settlement) in 2021 that were originally required to be spent in 2020. PECO proposes to extend its De Facto Pilot until all remaining De Facto Pilot funds are exhausted or September 30, 2021, whichever comes first. October 13 Petition at 1. PECO’s current De Facto pilot began on October 1, 2017, and ended September 30, 2020. October 13 Petition at 5.[[11]](#footnote-12)

In response to the COVID-19 pandemic,[[12]](#footnote-13) PECO suspended all in-home weatherization program services between March 23, 2020 and October 5, 2020. As a result, PECO explains that it was unable to spend all the funds for the final year of the pilot prior to September 30, 2020. PECO reports that twenty-four (24) De Facto jobs that were scheduled for March and April of 2020 were not completed and estimates that approximately $422,000 in pilot funds remain unspent. October 13 Petition at 5. PECO also estimates that approximately $264,000 of its 2020 LIURP Health and Safety budget remain unspent. October 13 Petition at 6.

PECO proposes to use the remaining 2020 unspent pilot funds to complete in 2021 the 24 De Facto jobs that were cancelled due to the COVID-19 pandemic in 2020.[[13]](#footnote-14) October 13 Petition at 5. PECO also proposes to use the remaining 2020 LIURP Health and Safety funds in 2021 to resolve health, safety, and structural issues in low-income customers’ homes. PECO further explains that applying the unspent funds associated with both the De Facto Pilot and 2020 LIURP Health and Safety budget in 2021 will enable PECO to fulfill its obligations in the 2018 Rate Case Settlement and allow low-income customers to receive the treatments and measures that will reduce energy consumption. October 13 Petition at 6.

PECO asserts that without expedited approval to extend its De Facto Pilot and use unspent 2020 funds associated with both the De Facto Pilot and LIURP Health and Safety measures it will be unable to continue its De Facto Pilot and that fewer of the most vulnerable customers will receive the LIURP Health and Safety measures needed to reduce their energy consumption.[[14]](#footnote-15) October 13 Petition at 7.

On October 23, 2020, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed an Answer in support of the October 13 Petition. On November 2, 2020, the Tenant Union Representative Network (TURN) filed an Answer in support and the Office of Consumer Advocate (OCA) filed a Letter in support of the October 13 Petition.[[15]](#footnote-16)

*Resolution*

The Commission recognizes that utilities have been forced to postpone in-person LIURP weatherization work for many weeks in 2020 due to the COVID-19 pandemic. The Commission supports efforts to ensure that weatherization funding and assistance for low-income households are not lost due to this cessation of services. Therefore, the Commission supports PECO’s proposal to extend its De Facto Pilot and to use 2020 unspent funds associated with the De Facto Pilot and LIURP Health and Safety measures in 2021.

Accordingly, the Commission hereby approves PECO’s Petition to (1) extend its De Facto Pilot until all remaining De Facto Pilot funds are exhausted or until September 30, 2021, whichever comes first; (2) use 2020 LIURP Health and Safety funds in 2021; and (3) allocate remaining unspent 2020 De Facto Pilot and 2020 LIURP Health and Safety funds to support LIURP jobs in 2021 and 2022.

If you have any questions, please contact Regina Carter in the Commission’s Bureau of Consumer Services at regincarte@pa.gov or 717-425-5441.

 Sincerely,

#  Rosemary Chiavetta

 Secretary

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1. PECO’s 2016 USECP, at Docket No. M-2015-2507139, remains in effect until replaced. On November 1, 2018, PECO submitted its Proposed 2019-2021 USECP (Proposed 2019 USECP) at Docket No. M‑2018‑3005795. PECO’s Proposed 2019 USECP was extended through 2024 pursuant to *USECP Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601 (Order entered on October 3, 2019). The Proposed 2019 USECP remains under review. [↑](#footnote-ref-2)
2. Pursuant to Emergency Order, Docket No. M-2020-3019262 (entered on March 20, 2020; ratified on March 26, 2020; modified on July 27, 2020). [↑](#footnote-ref-3)
3. *“*De facto*”* heating refers to those households with non-heating electric accounts that use electricity for heat because their primary heating source is inoperable or unaffordable. October 13 Petition at 4-5. [↑](#footnote-ref-4)
4. A de facto heating pilot program was part of a settlement relative to PECO’s 2013-2015 USECP at Docket No. M-2012-2290911. *See* Joint Settlement filed March 20, 2015, at 10-12. [↑](#footnote-ref-5)
5. PECO’s LIURP is for residential customers with household income at or below 200% of the federal income guidelines (FPIG) and have a household monthly average usage levels that exceeds 600 kWh for electric baseload, 1,400 kWh for electric heat, or 50 Ccf for natural gas heat. Customers with monthly average usage at or above 500 kWh who are in PECO’s customer assistance program are also eligible for LIURP. PECO 2016 USECP at 14. [↑](#footnote-ref-6)
6. <https://www.puc.pa.gov/pcdocs/1542176.pdf> [↑](#footnote-ref-7)
7. <http://www.puc.pa.gov/pcdocs/1510970.pdf> [↑](#footnote-ref-8)
8. The Commission approved, in concept, PECO’s De Facto Pilot as the details of the De Facto Pilot were still in the planning stages. [↑](#footnote-ref-9)
9. LIURP Health and Safety Allowances are described in PECO’s 2016 USECP, Docket No. M‑2015‑2507139, (filed on February 17, 2017) at 13-14. <https://www.puc.pa.gov/pcdocs/1510970.pdf> [↑](#footnote-ref-10)
10. 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 as part of the 2018 Rate Case Settlement. *See* Joint Petition for Partial Settlement, *PA Public Utility Commission v. PECO Energy Company*, Docket No. R-2018-3000164, *et al*. Appendix C at ii (filed on August 28, 2018). By Recommended Decision issued October 18, 2018, the Administrative Law Judge recommended approving the Joint Petition. In an Order entered on December 20, 2018, the Commission adopted the Recommended Decision. [↑](#footnote-ref-11)
11. Section 1.15(a) provides that a utility should request an extension of time “before expiration of the period originally prescribed” for performance or show “reasonable grounds . . . for the failure to act.” 52 Pa. Code § 1.15(a). Considering the impact of the totality of the circumstances arising from COVID-19 as asserted by PECO, it appears that PECO provided reasonable grounds for filing its petition on October 13, 2020, rather than before September 30, 2020. Further, pursuant to the *Modification of Filing and Service Requirements*, Docket No. M‑2020-3019262 (Emergency Order entered on March 20, 2020, ratified on March 26, 2020), the Director of the Commission’s Bureau of Consumer Services would have had authority to extend the due date for performance relative to using the USECP funds for 90 days. A lengthier extension requires certification of the request to the Commission resulting in this Secretarial Letter. [↑](#footnote-ref-12)
12. On March 6, 2020, Governor Tom Wolf issued a Proclamation of Disaster Emergency (Emergency Proclamation) in response to the COVID-19 pandemic, available at <https://www.governor.pa.gov/wp-content/uploads/2020/03/20200306-COVID19-Digital-Proclamation.pdf>. [↑](#footnote-ref-13)
13. PECO does not expect to incur additional costs to restart the De Facto Pilot. October 13 Petition at FN 18. [↑](#footnote-ref-14)
14. PECO proposes to carryover unspent 2020 non-incremental LIURP funding to support LIURP spending above budgeted amounts in both 2021 and 2022. October 13 Petition at FN 22. [↑](#footnote-ref-15)
15. *See* CAUSE-PA’s and TURN’s individual Answers, and OCA’s Letter in support of PECO’s Petition, filed at Docket M-2015-2507139. [↑](#footnote-ref-16)