



# **PECO Energy Company Universal Service and Energy Conservation Plan 2019 to 2028**

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## I. INTRODUCTION

The Universal Services programs offered by PECO Energy Company (“PECO” or “the Company”) are designed to provide low-income, residential customers with electric and/or gas service affordable bills based on individual household needs including gross household income and usage. PECO’s first Three-Year Plan was submitted in 2002. PECO is pleased to submit the following Universal Services Plan for calendar years 2019-2024 in accordance with 52 Pa. Code § 54.74.

PECO’s Customer Assistance Program (“CAP”) began in 1984 and all participants paid a fixed minimum charge each month. Twelve years later, by 1996, PECO had enrolled approximately 30,000 customers into CAP. During 1996, PECO also implemented a new pilot CAP Rate, initially limited to 10,000 customers, in which participants were placed in various rate discount tiers based upon their household income levels. By early 1998, the pilot CAP Rate program became fully subscribed up to the 10,000-customer limit. As part of its 1998 Electric Restructuring Settlement, PECO transferred 30,000 customers from the CAP program that incorporated a fixed monthly charge to the CAP Rate tiered program and expanded participation on an open enrollment basis to those who qualified with an initial maximum participation level of 100,000 customers. Participation in the tiered CAP Rate program grew to about 83,000 customers by March 2000. In that month, PECO also entered into the PECO/Unicom Merger Settlement, in which it agreed to continue the CAP Rate as an open enrollment program with a provisional maximum participation level of 125,000 customers. By 2005, CAP Rate participation increased to approximately 103,000 customers, making PECO’s program the largest Universal Services program in Pennsylvania. In 2006, CAP Rate was opened up to unlimited participation.

From 1998 to the present, PECO’s CAP Rate tier program was regularly modified as a result of Settlements and Orders of the Pennsylvania Public Utility Commission (“Commission” or “PUC”) but remained within the overall tiered rate approach. In 2014, and 2015, however, PECO met with interested stakeholders and agreed to implement a new form of CAP program known as the Fixed Credit Option, or (“FCO,”) beginning in October 2016. On July 8, 2015, the Commission approved that proposal. The CAP FCO program was designed to provide eligible customers with a fixed credit for the year that would result in the customer receiving affordable bills for utility service.

After meeting with interested stakeholders in 2019 and 2020, PECO committed to implement a new CAP format called a Percent of Income Payment Plan (“PIPP”). The CAP PIPP will provide eligible customers with a fixed bill each month that is determined by applying an energy burden percentage to the customer’s annual income. On June 16, 2022<sup>1</sup>, the Commission issued an Order (“June 2022 USECP Order”) approving the PIPP implementation. As explained in the Petition for Rehearing filed by the Company on July

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<sup>1</sup> PECO Energy Company Universal Service and Energy Conservation Plan for 2019-2024 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4, Docket No. M-2018-3005795 (Order entered June 16, 2022) (“June 2022 USECP Order”).

1, 2022, the PIPP will be implemented by December 16, 2022.<sup>2</sup> Prior to PIPP Implementation, PECO will continue the CAP FCO. The Company is working on implementing the revised Energy Burdens found at 52 Pa. Code §69.265(2)(i) within the CAP FCO until PECO transitions to the CAP PIPP.

PECO’s Universal Services Program has six components:

- CAP
- Low Income Usage Reduction Program (“LIURP”)
- Matching Energy Assistance Fund (“MEAF”)
- Customer Assistance and Referral Evaluation Services (“CARES”)
- Education-Outreach Programs
- External Grant Program Administration (e.g., “LIHEAP”)

## II. NEEDS ASSESSMENT

PECO utilizes data from the U.S. Census Bureau and its Customer Information Management System (“CIMS”) to determine the possible number of low-income customers in its service territory that may qualify for the Company’s Universal Services programs.

<b>PECO Service Territory Poverty Chart</b>		
<b>County</b>	<b>Households &lt; 150% FPL</b> <i>(FPL - Federal Poverty Level)</i>	<b>Households &lt; 200% FPL</b>
Bucks	22,666	36,300
Chester	15,231	23,573
Montgomery	27,546	41,682
Philadelphia	182,242	230,340
Delaware	27,280	39,722
<b>Total</b>	<b>274,966</b>	<b>371,616</b>

<sup>2</sup> PECO Energy Company’s 2019-2024 Universal Service and Energy Conservation Plan, *Petition for Rehearing, or, in the Alternative, Rescission and Amendment of the Commission’s Ordered Entered June 16, 2022*, Docket No. M-2018-3005795 (Petition filed July 1, 2022).

	PECO Residential Service	CAP Income-Eligible Households (150% of FPL)		LIURP Income-Eligible Households (200% of FPL)	
	Number	Number	Percent	Number	Percent
Bucks	232,158	22,666	10%	36,300	16%
Chester	184,069	15,231	8%	23,573	13%
Delaware	199,248	27,280	14%	39,722	20%
Montgomery	300,249	27,546	9%	41,682	14%
Philadelphia	567,234	182,242	32%	230,340	41%
<b>Total Service Territory</b>	<b>1,482,958</b>	<b>274,966</b>	<b>19%</b>	<b>371,616</b>	<b>25%</b>

APPRISE – Applied Public Policy Research Institute for Study and Evaluation conducted analyses using ACS data files from 2017, 2018, and 2019 to determine the numbers in the chart above (*see Memo dated May 14, 2021 from APPRISE to Mark Kehl in Addendum E*).

Utilizing 2017-2019 ACS (American Community Survey) data, PECO estimates that it has a population of 371,616 households that may be eligible to receive assistance from PECO’s low-income programs including CAP, LIURP, CARES, and MEAF. PECO estimates that 274,966 households may be eligible for CAP.

Not all households in the aforementioned table are direct customers of PECO (*i.e. mass-metered apartment buildings, etc.*). Therefore, the numbers in the aforementioned table overstate PECO’s opportunity for enrollment in its various low-income assistance programs.

### III. PECO’S UNIVERSAL SERVICES DEPARTMENT

PECO has a full staff of experienced Universal Services employees that support the Company’s low-income programs. In addition, PECO engages various vendors who assist in the implementation of these programs.

PECO’s Universal Services department consists of a manager, analysts, CARES administrators, contractors, and outsourced vendors.

#### 1. CUSTOMER ASSISTANCE PROGRAM

##### A. Program Description

“CAP” is an assistance program for PECO’s low-income, residential customers whose total household income levels are at or below 150% FPL. PECO identifies CAP customers through a variety of means such as when a customer calls into one of our PECO call centers, at an Outreach event or by referrals from various human services agencies, stakeholders, and elected official offices.

On June 16, 2022<sup>3</sup>, the Commission issued an Order (“June 2022 USECP Order”) approving the PIPP implementation. As explained in the Petition for Rehearing filed by the Company on July 1, 2022, the PIPP will be implemented by December 16, 2022. The PIPP provides eligible customers with a fixed bill equal to what the CAP customer can afford to pay for utility service. A multi-step process, which is described in detail in Addendum G, will be used to derive the fixed bill amount. PECO will first determine a household’s Federal Poverty Level (“FPL”) by using information on household income and the number of people living in the household. PECO then will determine the household’s allowable Energy Burden, which means the percentage of the household’s income that may be used to pay for their energy usage.

### **Energy Burdens**

FPL	Electric Non-Heating	Electric Heating	Gas
0-50%	2%	6%	4%
51-100%	4%	10%	6%
101-150%	4%	10%	6%

A customer’s annual PIPP bill will be determined by multiplying the household income by the household’s allowable Energy Burden. The customer’s monthly bill will be 1/12<sup>th</sup> of the annual PIPP bill (the “monthly PIPP bill”). CAP credits will be applied to reduce the customer’s monthly undiscounted bill to the monthly PIPP bill amount.

Bills issued under the CAP PIPP will be subject to both monthly minimum bill amounts and annual maximum credit amounts, as shown in the tables below. Each monthly PIPP bill rendered will have an asked-to-pay amount that is equal to or greater than the applicable monthly minimum bill amount.

### **Monthly Minimum Bill Amounts**

Electric Non-Heating (Rate R)	Electric Heating (Rate RH)	Gas
\$10	\$20	\$20

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<sup>3</sup> PECO Energy Company Universal Service and Energy Conservation Plan for 2019-2024 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4, Docket No. M-2018-3005795 (Order entered June 16, 2022) (“June 2022 USECP Order”).

### Annual Maximum Credit Amounts

FPL	Electric Non-Heating (Rate R) <sup>4</sup>	Electric Heating (Rate RH) <sup>5</sup>	Gas
0-50%	\$3,016	\$4,284	No maximum
51-100%	\$2,125	\$2,845	No maximum
101-150%	\$1,925	\$2,541	No maximum

PECO will notify customers as they approach their annual maximum credit amounts. At a minimum, PECO will issue letters notifying customers when they have received 75% and 90% of their annual credit amount. A customer who creates an online PECO account can set their notification preferences to receive such notifications more frequently, if preferred.

If an electric CAP customer uses in-home medical equipment, they may be eligible for an exemption from the annual electric maximum credit limit. Instructions to apply for eligibility are included in the CAP Annual Max Credit notification letter.

#### **B. Eligibility Criteria and Program Requirements for CAP**

Eligibility Criteria: A residential heating or non-heating customer with a verified, total household gross income at or below 150% of the FPL is eligible for PECO’s CAP program. Income verification must be documented through either: (1) PECO’s income verification process; or (2) the Department of Human Services (“DHS”) data sharing process for LIHEAP grant<sup>6</sup> recipients who have consented to sharing income information with the utility and whose income information was received by the DHS within the prior 12 months and/or the current or prior LIHEAP program year (such customers who direct any portion of their LIHEAP grant to PECO are referred to as “DHS Data Sharing customers”).

#### CAP Program Requirements:

- A. Complete a CAP application and provide documented proof of income for all adult household members (*18 years of age or older*).<sup>7</sup> The CAP application includes a section for customers to indicate if they consented to have DHS

<sup>4</sup> If PECO is granted an electric base rate increase in residential distribution rates in a future base rate proceeding, the maximum allowable credits will be increased by a percentage equal to the system-wide residential distribution rate increase, applied to the portion of the maximum credit that is attributable to distribution rates.

<sup>5</sup> If PECO is granted an electric base rate increase in residential heating distribution rates in a future base rate proceeding, the maximum allowable credits will be increased as described in the previous footnote.

<sup>6</sup> If a customer does not direct any portion of their LIHEAP grant to PECO, DHS will not provide that customer’s income information to PECO, and the customer will need to provide complete proof of income for any new or recertification CAP application submissions.

<sup>7</sup> If the household has no members age 18 or over that are earning income, only one “no income” form needs to be provided for the entire household.

share their income information. Beginning with the 2026-2027 LIHEAP season,<sup>8</sup> DHS Data Sharing customers may submit a signed Informed Consent Form in lieu of completing a CAP application.<sup>9</sup>

- Throughout the LIHEAP season, PECO obtains LIHEAP grants from DHS that are applied to customer accounts. After application of LIHEAP funding, PECO mails non-CAP customers a LIHEAP Auto-Solicitation letter that includes a CAP application and a prepaid return envelope. Beginning with the 2026-2027 LIHEAP season, the Auto-Solicitation mailing will include the Informed Consent Form that can be used by DHS Data Sharing customers to request enrollment in CAP.
- B. Provide proof of household income at or below 150% FPL (either through PECO's income verification process or through the DHS data sharing process)
  - C. Report any change in household income to PECO right away
  - D. Agree to recertification at applicable intervals
  - E. Participate in energy reduction and conservation programs offered by PECO (*i.e. LIURP*), if identified as high-usage
  - F. Provide social security numbers or Individual Taxpayer Identification Number ("ITIN") for themselves and any member of their household (*optional*)
  - G. Identify one premises to apply CAP benefits (*note: a customer cannot enroll multiple premises on CAP*)
  - H. Apply for a LIHEAP grant each LIHEAP season (*note: PECO encourages but does not mandate that CAP customers apply for LIHEAP*)
  - I. Receive default generation service from PECO (*note: this provision will be updated as necessary to reflect any CAP shopping orders issued by the Commission*)

Enrollment Process (CAP Application or Informed Consent Form): In order to be considered for CAP, a customer is required to complete and sign a CAP application and provide household income verification documentation showing a household FPL of 150% or below. PECO considers income verified when the customer provides proof of income for all adult household members (18 years of age or older) or submits a no-income form for the entire household. Income will be based on the lesser of the last 30 days of income

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<sup>8</sup> The 2025-2026 LIHEAP season is scheduled to conclude on April 10, 2026. The implementation of the Informed Consent Form process will begin with the 2026-2027 LIHEAP Season.

<sup>9</sup> In accordance with the Commission's January 15, 2026 Order in Docket No. M-2018-3005795, PECO consulted with its Universal Services Advisory Committee on February 11, 2026 as part of the Company's development of a new process to obtain informed consent from LIHEAP Data Sharing customers who want to enroll in CAP that does not require completing a new CAP application.

or the last twelve months. Acceptable forms of proof of income are listed on the back of the CAP application (see Addendum H); that list is not comprehensive. If a household has no income, the customer must complete a no income form.

PECO currently receives CAP applications via four communication mediums – U.S. mail, fax, email, and online. While the majority of CAP applications continue to come to PECO via U.S. mail, PECO encourages customers to use electronic communication mediums for CAP enrollment, namely email and online submissions.

Beginning with the 2026-2027 LIHEAP season, DHS Data Sharing customers may submit a signed Informed Consent Form in lieu of completing a CAP application and providing household income verification documentation. Forms may be submitted to PECO via U.S. mail, fax, or email.

In 2019, PECO began to allow CAP enrollment to be processed by Community Based Organizations (“CBOs”).<sup>10</sup> The CBO will complete and send the CAP application and all relevant documents to PECO to process the CAP enrollment. Please see Section 1.E for more information.

In order to place a customer in the CAP program, a customer must complete a CAP application and PECO must have information on the customer’s actual income, not merely a range of incomes, as well as the customer’s household size. DHS Data Sharing customers may submit a signed Informed Consent Form in lieu of completing a CAP application and providing household income verification documentation. If a LIHEAP grant recipient does not give DHS permission to share income information, it is not possible to use LIHEAP grant information in lieu of complete proof of income along with a CAP application. However, PECO utilizes the list of all non-CAP LIHEAP recipients to identify potential CAP customers. In these instances, PECO mails a CAP application to those customers along with a letter explaining CAP and the benefits of CAP.

CAP Reenrollment: PECO customers previously removed from CAP that subsequently submit a completed CAP application or an Informed Consent Form (and are income eligible for CAP) are reenrolled in CAP.

Beginning no later than December 16, 2022, those customers who were removed from CAP will be eligible for retroactive CAP credits for the months where they were charged non-CAP bills, provided that the customer reenrolls within 12 months after removal. Also, beginning no later than December 16, 2022, if a customer has remaining Pre-Program Arrearage (PPA) when removed from CAP and reenrolls in CAP within 12 months after such removal, any full payments made by the customer (equal to one month of the CAP charges a customer would have been assessed had they remained on CAP) will be considered as eligible for 1/12<sup>th</sup> PPA forgiveness; this occurs at the time of reenrollment when any existing PPA is re-isolated. Customers reenrolled in CAP are not eligible for

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<sup>10</sup> This provision is from the Joint Petition for Partial Settlement in PECO’s 2018 distribution rate case. *Pa. P.U.C. v PECO Energy Company*, Docket No. R-2018-3000164.

additional PPA forgiveness. Customers are not required to pay any past due amounts to reenroll in CAP.

CAP Recertification: CAP customers must recertify their income eligibility every 2 years unless the customer receives a LIHEAP grant or reports no household income. Customers who receive a LIHEAP grant must recertify every 4 years and customers reporting no household income must recertify every 6 months. DHS Data Sharing customers will be automatically recertified when the normal recertification due date is reached if they continue to meet CAP income eligibility requirements. Customers are informed of the recertification requirement during the initial enrollment process.

The recertification process spans approximately 45 days. It starts approximately 30 days prior to the recertification date and concludes approximately 15 days after the recertification date. If recertification is not completed within 45 days, the customer may lose the benefits of CAP. Once a customer is removed from CAP, the customer will return to standard rates. The customer is eligible to reapply for CAP at any time.

When the customer responds to the initial recertification letter with complete documentation and remains eligible for CAP, they will receive a letter from PECO confirming that the process has been completed. This letter reaffirms Universal Services program requirements and customer obligations.

If the customer responds with incomplete or inadequate information, PECO will notify the customer requesting the missing information.

If there is no response from the customer to the initial recertification letter, a second letter is sent 15 days later requesting the necessary income information and explaining the risk of being removed from CAP.

If customer gets a LIHEAP grant and is due for recertification:

A CAP customer that is due for recertification and that has received a LIHEAP grant, but did not provide consent to DHS for utility data sharing, may automatically be validated for recertification if LIHEAP income eligibility was based upon identical or lower income parameters as CAP and if the income verification process of the DHS is acceptable to PECO. The customer could then be recertified and may not be required to provide a new, completed CAP application for recertification. This process is referred to as LIHEAP/CAP auto-recertification. Although PECO will allow CAP auto-recertification for customers who received a LIHEAP grant, in order to maintain the integrity of the CAP program, PECO will require a completed CAP application or Informed Consent Form at least every 4 years regardless of LIHEAP status.

As stated above, DHS Data Sharing customers will be automatically recertified if they continue to meet CAP income eligibility requirements. The customer will be recertified using the income data provided by DHS, and their next recertification date will be set to 2 years (or 6 months for 0% FPL customers) from the date of the automatic recertification.

If customer does not receive a LIHEAP grant and is due for recertification:

If a CAP customer has not received a LIHEAP grant, the customer must recertify: (1) every 2 years if the customer has reported household income; or (2) every 6 months if the customer has reported no household income.

6. Pre-Program Arrearage: Pre-Program Arrearage (“PPA”) forgiveness is delinquency incurred before the customer’s initial enrollment in CAP. PPA is a key element of PECO’s CAP as PPA is designed to provide the customer with a fresh start and also achieve the goal of improving customer payment behaviors.

CAP customers are entitled to PPA forgiveness only at their initial enrollment in CAP. If a customer is eligible for PPA forgiveness (i.e., they have not received or benefited from PPA forgiveness in the past), the customer’s total arrearage is set-aside and divided into 12 equal parts. Each month the CAP customer pays their new, affordable CAP bill in-full and on-time, one-twelfth of their PPA is forgiven.

The intent of PPA forgiveness is to encourage customers to pay their CAP bill on-time every month to establish a positive payment history for the customer enabling them to remain current and out of the collection process.

Customers who benefited from PPA forgiveness as an adult household member at another address may not be eligible for PPA forgiveness at a new address.

PECO allows for CAP customers who may have missed PPA forgiveness due to late or missed payments to “catch-up” on missed forgiveness. When a customer brings their bill current, PECO will forgive any missed forgiveness the customer did not receive during that time. This will include when a CAP customer is removed from CAP and returns within 12 months and reenrolls in the Program (see Section 1.B.4, above).

7. Portability: Both CAP and PPA programs port, as noted below.

CAP Portability – PECO’s CAP program is portable and moves from one premises to another premises within PECO’s service territory, as long as the direct transfer of service occurs within the designated window from the date the service was disconnected at the previous address to the date the service was connected at the current address (the “Transfer Window”). The Transfer Window will be 60 days until PECO implements its new customer information system, Customer Care and Billing (“CC&B”). Once CC&B is implemented, which is anticipated to occur in the first quarter of 2024, the Transfer Window will be 180 days.

PPA Portability – If a CAP customer moves from one premise to another, previously unforgiven PPA will be transferred to the customer’s new address and the customer will continue to be eligible for forgiveness as long as the customer remains CAP eligible.

8. Arrearages: Every PECO customer (including CAP customers) is subject to PECO’s credit and collection policies, up to and including termination of service.

CAP customers are only eligible for payment arrangements under the following circumstances:

1. CAP Reinstatement (i.e. off CAP for more than 12 months)
2. LIHEAP Crisis Grant
3. Protection from Abuse (“PFA”)
4. Budget Billing Settlement (“BB”)<sup>11</sup>
5. Reduced Restoration (but only if one or fewer broken payment arrangement)

CAP Rate customers who were converted to the new CAP FCO in October 2016 were afforded a one-time In-Program Arrearage Forgiveness (“InPA”). In October 2016, if a customer had developed an arrearage since joining the CAP program – known as an InPA – PECO provided a special arrangement that allows the customer to pay 1/3 of that arrearage amount and have the remaining 2/3 forgiven. This program was approved by the Commission in early 2015 as part of PECO’s last base rate case proceeding. The details of the In-Program Arrearage Forgiveness program are included in Addendum D to this Plan. Once a customer was enrolled in the InPA program, the customer continued to be eligible to receive InPA arrearage forgiveness through the 60-month term of the InPA program, even if the customer moved to a non-CAP rate, provided that the customer was not moved to a non-CAP rate due to theft of service or other misappropriation of service. If a customer’s account was finalized, and the customer came back to PECO within the length of the original InPA installment plan, that customer’s InPA was automatically reinstated (with the customer forfeiting any InPA forgiveness for the time period when the customer did not receive service from PECO). The InPA program ended in late 2021; as per the terms of the program, any InPA balances that were not paid are now reflected as part of a customer’s current balance.

9. CAP Restoration Requirements: CAP customers can have their service restored if they pay their past-due balance. PECO will also restore CAP customers if they provide a valid medical certificate or Protection From Abuse order (or a court order issued by a court of competent jurisdiction in this Commonwealth, which provides clear evidence of domestic violence against the applicant or customer). Additionally, CAP eligible customers who have never been on CAP may have their service restored and will be enrolled in CAP after service restoration. Their prior arrearages would go into PPA (Pre-Program Arrearage Forgiveness). Existing CAP customers are required to pay the restoration requirements defined in 52 Pa. Code § 56.191(c)(2) (hereinafter “Chapter 56”).

10. Dismissal from CAP: Customers may be dismissed by PECO from CAP for the following reasons: over income guidelines, failure to meet program requirements,

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<sup>11</sup> Under budget billing, customers receive a fixed bill that is recalculated every four months. Once the CAP PIPP is implemented, CAP customers will no longer be eligible for budget billing because CAP PIPP will provide a fixed bill that will remain constant until the customer’s verified income changes. The process for budget bill settlement at PIPP conversion is detailed in Addendum G, Step 5.

failure to accept program services, failure to participate in a LIURP audit, failure to complete the recertification process, and theft of service or other misappropriations of service. Please note that if a landlord refuses a LIURP audit, the tenant will not be dismissed from CAP.

11. Policies for Theft of Service and Other Misappropriations of Service: PECO views theft of service as a serious public safety issue. In cases of theft of service, the customer is placing both his/her household as well as the community at large in an unsafe condition. For this reason, PECO will not tolerate theft of service.

PECO will conduct an investigation of any CAP account if PECO becomes aware of potential theft of service or other misappropriations of service (e.g., investigate inconsistent household/demographic information provided during the application process, theft of service, etc.)

PECO will follow its normal practices for investigation of theft of service and other misappropriations of service, which may result in some or all of the following: back billing, removal from CAP, and termination of service.

Once an account is removed from CAP for theft of service or other misappropriations of service, the customer will not be eligible to receive CAP benefits for one full year from the date of removal. Customers may also be held liable for some or all of the following: account arrearages (both forgiven or not forgiven), pre-program arrearages, In-Program Arrearage Forgiveness, and related account collection fees.

12. Enrollment Limits: There are currently no enrollment limits for CAP.

### **C. Projected Enrollment Levels**

The past 3 years have seen a CAP enrollment decline. PECO has implemented several initiatives to combat the decline, including targeted outreach and calling campaigns to various categories of customers. PECO will continue to monitor and address CAP enrollment levels.

To reflect the current forecast, PECO's anticipated CAP enrollment levels for the calendar years covering Plan are as follows:

2019	111,000 customers
2020	112,000 customers
2021	113,000 customers
2022	116,000 customers
2023	119,000 customers

2024 120,000 customers<sup>12</sup>

**D. CAP Program Budget**

See Section VI Budget.

**E. Plans to use Community Based Organizations**

PECO will continue to partner with Community-Based Organizations (“CBOs”) to promote its CAP program.

PECO will accept certification by a CBO as confirmation of customer annual household gross income for purposes of CAP enrollment and verification of confirmed income status, contingent upon the following:

- a. The CBO must be an attendee of PECO’s Universal Services Advisory Committee meetings or otherwise demonstrate to PECO’s satisfaction that it is qualified to perform income certification;
- b. PECO and the CBO must reach agreement, through arms-length negotiations, regarding the scope of work to be performed by the CBO and cost reimbursement from PECO to the CBO (such agreement to include the right for PECO to audit and/or terminate for quality control purposes); and
- c. PECO will be allowed to recover all funds paid to CBO’s for this function, on a dollar-for-dollar basis through its period USFC filings without offsets for working capital (5%) or receivables (22%).

**F. Explanation of any differences between this plan and previous 3-Year plan**

- Modified recertification timeframes by: (1) adding a 6-month recertification requirement for customers reporting no household income; and (2) extending the recertification timeframe for customer who have received a LIHEAP grant from 3 years to 4 years.
- Added CAP payment agreement types under #8 – Arrearages, above
- Added the following CAP program requirements for CAP:
  - An adult is a household member 18 years of age or older
  - Added ITIN in addition to Social Security Number (optional)
- Updated CAP enrollment forecast
- Transition from CAP FCO to CAP PIPP (no later than December 16, 2022)
- Elimination of Late Payment Charges (before January 1, 2021)

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<sup>12</sup> PECO utilizes a 5-year planning horizon at a high level; however detailed resource planning is generally done with a 2-year look ahead. As of the date of this filing, PECO has not forecasted enrollment levels past 2024.

- Utilization of a standardized no income form (before January 1, 2021)
- Updated Universal Service Outreach and Education Program
- Utilization of revised Energy Burdens at 52 Pa. Code §69.265(2)(i)
- Added clarification regarding submission of no income form where no household members over 18 have income
- Removed credit verification from program requirements
- Added clarification of proof of income requirements and identified list of acceptable income documentation
- Added provision providing for retroactive CAP credits and PPA forgiveness for customers who reenroll in CAP within 12 months after removal
- Added provision regarding unpaid InPA balances at the conclusion of the program
- Added provision regarding process for budget bill settlement at PIPP conversion
- Added reference to additional court orders that will be accepted for CAP restoration
- Added provision stating that if landlord refuses LIURP audit, tenant will not be dismissed from CAP
- Removed references to fraud
- Added clarification that CAP is open to residential heating and non-heating customers
- Removed references to Gas “Heat”
- Increased CAP Portability to 180 days
- Allowed proof of income for CAP applications and recertifications through the DHS data sharing process for customers participating in the DHS data sharing process.
- Revised guidelines for receiving income data for DHS data sharing from “prior two” program years to “prior 12 months and/or the current or prior LIHEAP program year”
- Revised references to income for adults from “over the age of 18” to state “age 18 and older”
- Added 2025 values for electric CAP annual maximum credit limits
- Added information regarding the electric health usage rider exemption from the CAP electric annual maximum credit limit
- Added clarification that CAP customers who participate in DHS data sharing and are up for recertification must still meet PECO’s CAP income eligibility requirements

- Removed references to Customer Solution Center, which closed effective September 1, 2025
- Added references to Informed Consent Form process that may be used by DHS Data Sharing customers.

## **2. LOW INCOME USAGE REDUCTION PROGRAM (“LIURP”)**

### **A. Program Description**

LIURP is a usage reduction program for low income, residential customers with household gross income at or below 200% of the FPL and high usage as defined under LIURP eligibility criteria in Section B, below – LIURP Eligibility Criteria.

LIURP assistance includes direct weatherization and conservation measures as well as in-home education that promotes usage reduction for the customer. PECO also refers LIURP participants to CAP, LIHEAP, MEAF, and other appropriate low-income programs.

PECO made the following changes to its LIURP program:

- Beginning October 2017, for a period of three years, PECO increased its current annual electric LIURP budget by \$700,000 per year for the purpose of implementing measures under a pilot program for Defacto Heating customers.<sup>13</sup>
- Beginning October 2017, for a period of three years, PECO increased its current annual LIURP budget by \$1,000,000 per year for the purpose of additional LIURP services which may or may not be additional Defacto Heating services as PECO may determine.
- Beginning January 2019, PECO increased its annual LIURP budget by \$1,000,000. These incremental LIURP funds may be used to resolve related health and safety issues as well as structural issues that would otherwise prohibit or hamper LIURP measures in the home. PECO will use its best efforts to spend these incremental LIURP funds.
- Beginning January 2022, PECO increased its annual LIURP Health and Safety budget by \$500,000. These incremental LIURP funds will be used to resolve related health and safety issues as well as structural issues that would otherwise

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<sup>13</sup> De facto heating refers to the situation (for Rate R customers), where a customer’s residence is normally heated by a source other than electricity, but where the customer is actually heating with electricity (usually space heaters) because the other fuel heating is not available. This can be due to a broken gas or oil furnace; it can also be due to inability to pay gas or oil bills, resulting in termination of that service. In such situations, the customer often heats their home using inefficient electric space heaters, increasing their electric bills.

prohibit or hamper LIURP measures in the home. PECO will use its best efforts to spend these incremental LIURP funds.

- Beginning January 2022, for a period of two years, PECO increased its current annual electric LIURP budget by \$500,000 per year for the purpose of implementing measures under a pilot program for Defacto Heating Pilot
- Beginning January 2023, PECO will increase its annual LIURP Electric budget by \$1,000,000. These incremental funds will be used to provide additional LIURP Electric services or serve additional Electric customers.

#### LIURP Health and Safety Allowances:

PECO's LIURP values the health and safety of our participants and service providers. Our comprehensive approach to client health and safety includes lifesaving devices such as smoke detectors and carbon monoxide alarms, which are installed on-site during the initial audit. Our auditors perform an in-depth visual inspection of the building, along with diagnostic testing such as combustion analysis, zonal pressure diagnostics, and infrared thermography where applicable.

The customer is always informed of any hazards found during this inspection, including, but not limited to: gross moisture problems, visible mold growth, friable asbestos, potential carbon monoxide sources, and other real or potential indoor air quality (“IAQ”) concerns.

Carbon monoxide and other combustion appliance hazards are remedied through service or replacement as needed. Space heaters are addressed through client education in every house where such heaters are found. We refer clients to other programs for assistance with hazards that are beyond the scope of LIURP, such as electrical problems, structural damage to the property, or heating system malfunctions that our program is unable to address.

#### LIURP Contractors:

PECO has vendors who have contractual responsibility for managing all subcontractors for PECO's LIURP program. PECO requires that the primary vendor as well as all subcontractors (including Energy Auditors, Field Supervisors, Inspectors, Plumbers, Electricians, etc.) are certified in their particular craft(s) and hold and maintain professional licenses, certifications, and BPI certification.

#### LIURP Quality Controls:

PECO's LIURP vendor is required to inspect all heating audits and 5% of all base-load audits once all identified measures have been installed and completed. Both energy auditors and sub-contractors have on-site and in-progress supervision and inspections.

The LIURP Customer Call Center conducts real-time observations of telephone calls in addition to having floor supervision, which provides support to LIURP Customer Service Representatives (“CSRs”) during communication with customers.

PECO’s LIURP quality control activities focus on customer and contractor safety, quality workmanship, customer satisfaction, and adherence to LIURP guidelines and OSHA standards.

## **B. LIURP Eligibility Criteria**

Low-income residential customers whose household incomes are at or below 200% FPL and are deemed high usage as defined in the paragraph below are eligible for LIURP. Special consideration is given to CAP households.

LIURP applicants must have household monthly average usage levels that exceed 600 kWh per month for electric base load, 1,400 kWh per month for electric heat, or 50 Ccf per month for gas heat. CAP customers with monthly average usage at or above 500 kWh per month for electric base load are also eligible for LIURP.

LIURP is required for CAP customers who are deemed high users. CAP customers who refuse a LIURP audit will be removed from CAP after a series of communications including letters and phone calls. Customers who are removed from CAP for failure to submit to a LIURP audit can be reenrolled in CAP as soon as they allow PECO to conduct a LIURP audit on their home and install any follow-up remediations identified during the LIURP audit. If the installation takes more than 30 days and the customer is not responsible for the delay, PECO will reenroll the customer in CAP. If the customer does not allow PECO to do the install at a later date when the equipment becomes available, the customer will be removed from CAP again.

Please note that if a landlord refuses a LIURP audit, the tenant will not be dismissed from CAP.

PECO’s LIURP program is available to eligible residential customers any month of the calendar year.

## **C. Projected Enrollment Levels**

The number of customers who receive LIURP services is determined annually. The projected enrollment levels are based on the average cost per audit serviced in the current program year plus anticipated cost increases. The average cost per audit is applied to the annual program budget less anticipated administrative costs to determine the projected enrollment levels for the upcoming program year.

PECO anticipates the LIURP program will serve a consistent number of customers in the next years. PECO’s LIURP Program forecast an average of 3,700 - 4,200 customers per year (note: The number of audits could decrease as the cost of measures increase).

#### **D. LIURP Program Budget**

The anticipated LIURP program budget for each program year of this USECP varies by year. The budget for the electric LIURP program will be \$7,600,000 starting in 2025. The budget for the gas LIURP program is \$3,650,000. The administrative costs will not exceed the standards set in Chapter 58, Residential Low-Income Usage Reduction Program, and our LIURP commitment in any Commission-approved settlement agreement.

Per the CAP settlement agreement of 2015, the LIURP budget increased by \$700,000 for a period of three years beginning in October 2017 for the purpose of treating Defacto heating conditions. The LIURP budget increased by \$1,000,000 for a period of three years beginning in October 2017 for the purpose of additional LIURP measures.

Commencing January 2019, a \$1,000,000 budget increase was added for LIURP Health and Safety measures.<sup>14</sup> These incremental LIURP funds may be used to resolve related safety/health issues and structural issues that would otherwise prohibit or hamper LIURP measures in the home. PECO will initially target these funds to customers who exceed the applicable CAP credit maximum after the increase in the CAP credit maximums is implemented. PECO will evaluate each such residence and determine whether: (1) performing LIURP work would require safety/health/structural work, and (2) performing such safety/health/structural work is appropriate to allow LIURP measures to be implemented. PECO will retain discretion of whether to expend LIURP funds at any such residence.

Commencing January 2022, PECO added an additional \$500,000 to its Health and Safety budget. Also starting January 2022, PECO agreed to extend the Defacto Heating Pilot for another two years with an annual budget of \$500,000.

Beginning January 2023, PECO will increase its annual LIURP Electric budget by \$1,000,000 and its annual LIURP Gas budget by \$900,000. These incremental funds will be used to provide additional LIURP services or serve additional customers.

Beginning January 2025, PECO will increase its annual LIURP Electric budget by \$1,000,000 and its annual LIURP Gas budget by \$500,000. These incremental funds will be used to provide additional LIURP services or serve additional customers.

#### **E. Plans to Use Community-Based Organizations**

The Company does not propose to utilize community-based organizations in the delivery of LIURP services.

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<sup>14</sup> This provision is from the Joint Petition for Partial Settlement in PECO's 2018 distribution rate case. *Pa. P.U.C. v PECO Energy Company*, Docket No. R-2018-3000164.

## **F. LIURP in Landlord/Tenant Situations**

Obtaining Landlord Consent: PECO does the following to attempt to receive landlord consent:

- After obtaining the landlord's contact information from the tenant during LIURP customer intake, LIURP calls the landlord three times to attempt verbal consent in addition to mailing out a paper version of the landlord consent agreement with a postage paid return envelope. A paper version and postage paid return envelope is also provided to the customer at their audit appointment in case they physically see the landlord. A PDF version can also be sent to either the tenant or landlord or both if that is their contact preference.
- The landlord contact attempts by phone are spaced out a minimum of 3 business days from one another. All customer and landlord contact attempts, regardless of method, are documented in Customer Information Management System ("CIMS"). After three unsuccessful landlord contacts attempts by phone, LIURP will call the tenant customer to update on the situation and ask for help to get in touch with the landlord.
- Sixty days from the date of the last landlord contact attempt, the LIURP measures pending landlord approval are cancelled. A letter is sent out to the customer to officially notify that the additional measures recommended by LIURP have been cancelled because of the inability to reach the landlord. If the landlord reaches out to provide approval after services have been cancelled, the work can be re-issued as long as consent is received within a calendar year of the original audit appointment date.

LIURP Measures Not Requiring Landlord Consent: The following measures can be completed without landlord consent:

- LIURP customers are eligible for a LIURP audit without landlord approval. At the audit, the customer receives a full report on where energy is being used in their home as well as the largest opportunities for savings. The report may also indicate additional services that the program can provide once landlord approval is received. As part of every LIURP audit, the customer is provided energy education materials and a LIURP blanket to reinforce behavior-based energy savings.
- Non-invasive savings and safety measures can be installed at the LIURP audit without landlord approval. These include:
  - LIURP Safety Measures
    - 10 yr. Smoke Alarm
    - Carbon Monoxide Alarm
    - 9v Battery Replacement in existing smoke/CO alarms

- Non-Invasive Combustion Testing
- LIURP Savings Measures
  - Door Weather Stripping
  - Sealing gaps around window AC unit(s)
  - Furnace Filter Slot Cover
  - Digital Thermostat
  - Low flow Showerhead (std or handheld)
  - Shower TRV (Thermostatic Restrictor Valve)
  - Bathroom and Kitchen Faucet Aerators
  - Water Heater Temperature Setback
  - Water Heater Pipe Insulation
- Act 129 Savings Measures (provided at LIURP appointments)
  - LED Bulb Replacement (multiple styles and sizes)
  - LED Nightlight
  - Advanced Power Strips (multiple styles)

LIURP Measures Requiring Landlord Consent: The following measures cannot be completed without landlord consent:

- Electrical Repairs and Upgrades
- Heating System Repairs and Upgrades
- Water Heater Repairs and Upgrades
- Insulation
- Enhanced Air Sealing
- Refrigerator Replacement
- Window/Wall AC Replacement
- Blower Door Testing
- Full Combustion Testing

Additional Provisions related to Landlord Consent: Copies of landlord consent are available by request to both the tenant and property owner. Documentation of verified consent is provided by LIURP via the communication method preferred by the landlord or tenant customer making the request. There is no automatic process to send out copies of verified landlord consent, so the service is provided by request only.

Landlords must provide direct consent through either a verbal or written response to LIURP's request for consent. That original request provides the landlord with the full agreement form to which they must agree. These forms are not countersigned by LIURP, so the signed (or verbally confirmed) consent that landlord provides back to LIURP is the final version and does not need to be sent back to the landlord. Copies remain available by request.

The tenant is notified by phone once a landlord's consent for LIURP measures has been received. LIURP notifies the customer to expect a scheduling call from a LIURP contractor for the additional measures that had been approved by the landlord. LIURP keeps record of all verified consent forms and can provide a copy to the tenant at any time if requested.

#### **G. LIURP Quality Control**

There are several ways in which a faulty or unsuccessful LIURP measure can be identified:

- Direct customer reporting (must be within 1 year of installation)
- Customer survey responses (must be within 1 year of installation)
- LIURP vendor audits

In the event there is an issue with the measure or remediation, LIURP quality control technicians are authorized to replace faulty or non-working direct install conservation measures while on site during the inspection, at no cost to the program. In addition, measures or remediations deemed to be increasing usage and/or cause customer service issues may be removed and credited back to the utility. Measures and remediations completed by professional installation teams that are faulty or non-working will be highlighted in inspection reports for the responsible entity. Repair, replacement, or removal of these measures, as is needed, is completed at no cost to the program

#### **H. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

- Added references to budget increases for general LIURP, LIURP Health and Safety, and the Defacto Heating Pilot
- Updated projected enrollment levels
- Added sections addressing LIURP in landlord/tenant situations
- Added section regarding LIURP quality control
- Added updated LIURP budgets for 2025
- Added provision stating that if landlord refuses LIURP audit, tenant will not be dismissed from CAP
- Added clarification that in 2023, PECO increased its annual LIURP gas budget by \$900,000
- Added clarification that in 2025, PECO increased its annual LIURP electric and gas budgets by \$1,000,000 and \$500,000 respectively

### 3. **MATCHING ENERGY ASSISTANCE FUND (“MEAF”)**

The information provided in this section reflects the current procedures and policies for the administration of MEAF.

#### **A. Program Description**

MEAF is PECO’s hardship fund program with two categories of participants: MEAF contributors and MEAF grant recipients.

- ***Contributors*** – Customers or interested parties that pledge donations through monthly bill payments or the PECO website ([www.peco.com](http://www.peco.com)). Donations can be either one-time or recurring, which can be added to the customer’s bill on a monthly basis. Funds are made available by contributions to eligible residential customers.
- ***Grant Recipients*** – Residential customers whose income is at or below 200% of the FPL; that have not received a MEAF grant in the past 12 months; that are in imminent danger of service termination or their services have been terminated; and that can bring their balance to zero are eligible for a MEAF grant.

The maximum MEAF grant is one thousand two hundred fifty dollars (\$1,250) per account. The grant must eliminate the total termination notice amount due, excluding pre-program arrearage (PPA), or as otherwise agreed to by PECO. If the grant amount does not bring the termination notice amount to zero, the customer will be required to make a payment and/or solicit other third-party grants to satisfy the remaining total amount due before receiving the MEAF grant.

PECO will continue its MEAF fundraising by utilizing MEAF bill inserts as a vehicle for customer outreach and contribution solicitation. In addition, customers can contribute to MEAF via a check off box on their bill stub.

PECO has established MEAF intake sites in 5 counties within its service territory. The list of MEAF agency intake sites is found in Addendum A.

If PECO has received income information about a customer through the DHS data sharing process and that customer has a shutoff notice issued or has been terminated, PECO will perform outreach to that customer.

#### **B. Eligibility Criteria**

A residential customer must meet all of the following criteria for MEAF eligibility:

- Income at or below 200% FPL; the MEAF intake site will ask a customer if they have received a LIHEAP grant directed, in whole or in part, to PECO and given DHS permission to share their income information with their utility. If the customer responds in the affirmative, the MEAF intake site will request

that PECO verify income-eligibility through the DHS data sharing process instead of requesting new proof of income from the customer.

- Hardship (i.e. service is in imminent danger of termination or has already been terminated);
- Reside within the county where they are applying for a MEAF grant;
- Has not received a MEAF grant in the past 12 months; and
- Must bring account balance to zero – this requirement can be met via a combination of MEAF grant, customer co-payments, and/or other grants.

A residential customer will remain eligible for MEAF assistance even if they use a medical certificate or enter into a payment arrangement after applying for MEAF. PECO will permit customers to receive MEAF assistance even if they entered into long term payment arrangements pursuant to the Commission’s March 13, 2021 Order at Docket No. M-2020-3019244 and are no longer at risk of termination. For such customers, PECO will apply the MEAF grant to the remaining balance subject to the payment agreement, and thereafter offer a new payment arrangement on such remaining balance of the same or greater duration than originally agreed.

**C. Projected Enrollment Levels**

Over the past 3 years, an average of 1,000 customers a year have benefited from a MEAF grant. Due to the unpredictability of customer donations and additional amounts from fundraising efforts, PECO has not estimated enrollment levels for the period of 2019-2027; however, PECO believes that ~1,000 customers helped annually is a reasonable planning estimate.

**D. MEAF Program Budget**

See Section VI - Budget

**E. Plans To Use Community-Based Organizations**

PECO uses non-profit, MEAF affiliated CBOs to administer MEAF. The agencies are members of the Universal Service Advisory Committee. See Addendum A of this Plan for current MEAF agency listings

**F. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

- Revised income criteria from 175% of FPL to 200% of FPL
- Added provisions regarding eligibility for MEAF where customer has a medical certificate or payment arrangement
- Revised has not received a MEAF grant from 24 months to 12 months

- Added provision for proactive MEAF outreach by MEAF agencies to customers: (1) with a termination notice or termination; and (2) for whom PECO has received information under the DHS data sharing process.
- Added provision for the MEAF intake site to request that PECO verify income-eligibility through the DHS data sharing process instead of requesting new proof of income from a customer who participates in the DHS data sharing process.
- Updated MEAF eligibility to be \$1,250 per account based on the total termination notice amount due, excluding pre-program arrearage (PPA), or as otherwise agreed to by PECO
- Revised outreach guidelines for DHS recipients to indicate PECO will be performing outreach

#### **4. CUSTOMER ASSISTANCE AND REFERRAL EVALUATION SERVICES PROGRAM (“CARES”)**

##### **A. Program Description**

PECO’ CARES program is a referral and information service designed to assist low-income customers with special needs or extenuating circumstances that hinder their ability to pay their utility bill. Eligible customers may receive temporary protection from termination of service as well as specific education and referral information for energy and non-energy related assistance.

The goal of the CARES component of Universal Services is to educate and inform PECO customers regarding available resources such as energy and non-energy assistance, budget counseling, and housing assistance. The purpose of CARES services is to maximize the ability of customers to pay their energy bills.

There are two components to PECO’s CARES program. The first component is an extensive referral network of community organizations, government agencies, and social service agencies that assist low-income customers. The second component is an in-house assistance program that includes Universal Services’ CARES administrators. CARES administrators assist customers on a personal basis with the identification of grant assistance and direct referrals. They also work with individual customers to ensure the customer receives the assistance they are eligible for based upon their income and circumstances and directly follow-up with the customer as appropriate. Follow-up may be conducted with the agency accepting the CARES referral.

##### **B. Eligibility Criteria**

Customers who are at or below 200% FPL and have special needs or extenuating circumstances.

**C. Projected Enrollment Levels**

Special needs and extenuating circumstances are difficult to forecast. PECO has provided CARES services to an average of 2,500 customers a year historically via direct CARES referrals; this serves as our best estimate for the potential eligible population during this plan period.

**D. CARES Program Budget**

See Section VI - Budget

**E. Plans to Use Community-Based Organizations**

PECO will continue to use the services and referrals from community-based organizations to assist in the enrollment of low-income residential customers into the CARES program. See Addendum A of this Plan for a list of agency referrals.

**F. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

➤ None.

**5. OUTREACH AND EDUCATION**

**A. Program Description**

PECO created a new Community Engagement team in 2019 to expand PECO's outreach to the low-income community throughout its service territory. This team is focused on education, outreach, and enrollment in PECO's suite of low-income assistance programs. Specifically, the Community Engagement team was designed to create a consistent and broader awareness of program benefits, provide tools for a streamlined and complete enrollment process, and maintain PECO's relationship within the low-income community as a full community partner. To further expand PECO's outreach and education program, PECO requested a \$500,000 annual increase to the budget as part of its 2020 electric rate case. This additional funding is reflected in the Budget schedule listed in Section VI and will be recovered through the Consumer Education Surcharge ("CEC").

As part of PECO's 2024 electric rate case, PECO obtained approval to spend an additional \$300,000 on electric outreach and education starting in 2025.

PECO's current Outreach and Education Plan is outlined below. In accordance with the June 2022 USECP Order, this plan may be modified or enhanced within the duration of this USECP.<sup>15</sup>

PECO utilizes several approaches for outreach including but not limited to: direct solicitation, outreach events (both virtual and in person), radio remotes, emails, phone calls, and social media postings. Additionally, PECO performs cross-program referrals, such as:

- LIURP recipients are referred to other assistance programs for evaluation;
- MEAF recipients are referred to MEAF agencies for additional programs/services;
- LIHEAP recipients are referred for CAP enrollment;
- LIHEAP is used for CAP recertification; and
- Universal Services' website provides a description and contact information for CAP, LIURP, MEAF, LIHEAP, and CARES, as well as an editable and printable CAP application and online CAP enrollment.

## **B. Outreach and Training**

PECO conducts two primary types of outreach:

### **1. Direct Customer Outreach**

PECO conducts outreach events for low-income customers in every county in its service territory where information is presented directly to customers. The purpose of these events is to increase awareness of and enrollment in PECO's assistance programs. PECO representatives are available in-person or virtually to help with LIHEAP and CAP applications. Direct Outreach consists of:

- Outreach events – PECO provides presentations, education, and application assistance at events with community partners, public schools, religious institutions, elected officials' offices, etc.
- In-Home Assistance – In-home visits for customers who have special needs (*Conducted by County Social Service Offices on PECO's behalf*)
- Additional direct customer outreach includes:
  - Phone calls – Direct dial to targeted customer groups;
  - Emails – To targeted customer groups;
  - Mailings – Postcard or letter;
  - Social media postings – Facebook, Twitter, and NextDoor;
  - Posters with tear-offs and QR codes– placed in targeted low-income zip codes;<sup>16</sup> and
  - Website – Updates with specific information

### **2. Training/Information Sharing**

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<sup>15</sup> See, June 2022 USECP at 74-75, OP 5(f).

<sup>16</sup> Using data from PECO's Customer Information Management System, PECO identifies zip codes that have large percentages of low-income customers (i.e., 25% or more) and targets those areas to place posters in high traffic areas like grocery stores.

PECO provides training sessions to educate/update social service agencies and community organizations, such as Neighborhood Energy Centers (“NECs”) and Community Based Organizations (“CBOs”), on PECO’s portfolio of low-income assistance programs. Additional training opportunities include:

- Press releases – sent to PECO’s network of low-income advocates and social service agencies
- Legislative forums – Updates on PECO programs and services to staff of state and local elected officials’ offices
- Townhall Meetings – Geared toward social service providers like CBOs and NECs
- CAP Enrollment Sites – Community Partners/Social Service agencies located in low-income zip codes who perform CAP enrollment assistance; sessions consist of CAP enrollment training and income verification requirements

### **C. PECO’s Community Engagement Outreach Strategy**

PECO’s Outreach strategy is comprehensive. PECO understands that there are unique customer segments of low-income customers with unique needs. For example, veterans, victims of domestic abuse, etc. For this reason, PECO works with various organizations that support various customers segments to better understand their unique needs and better serve them. PECO also works to improve its messaging to ensure that it is easy to read and understand and accessible via multiple means (e.g., US mail, digitally, etc.). Additionally, the Company revisits the same locations and/or areas multiple times in a given year to better reach our low-income customers who have competing priorities and minimal means.

To assist with Outreach, PECO onboarded 23 social services agencies (i.e., CBOs and NECs), in early 2019 to serve as CAP enrollment sites. PECO trained these agencies to do CAP enrollments and compensates them for each successful enrollment. These partnerships are a critical component of our success. These agencies are respected entities in the communities they serve. Our customers know them, trust them, and reach out to them when they need assistance. These partnerships help build strong relationships between PECO and the customers we serve.

Finally, PECO has extended external partnerships to include more than just CBOs and NECs. PECO has expanded our partnerships to include several local hospital systems, public school systems, large employers who hire and serve low-income customers, domestic abuse agencies, veterans’ organizations, and more. These additional tenacles in our community allow for a broad and comprehensive Outreach strategy that is far reaching.

#### **D. Outreach to Low-Income Customers at or below 50% FPL**

PECO understands that customers in deep poverty (i.e., 50% FPL and below), have unique needs. For that reason, PECO developed a comprehensive Plan for Outreach to this population. The complete 0-50% FPL Outreach Plan is found in Addendum I of this document.

#### **E. Limited English Proficiency (“LEP”)**

PECO has a broad Limited English Proficiency policy applicable to all PECO customers. PECO provides LEP services for all dominant languages. Dominant languages are those spoken by 5% of the population or more. In PECO’s service territory, Spanish is the only language that qualifies as a dominant language (comprising ~5% of the population in PECO’s service territory). To that end, PECO provides general customer information (i.e., the PECO Customer Handbook) in English and Spanish. PECO also employs Customer Service Representatives (“CSRs”) who are fluent in both written and spoken Spanish and are available to assist all PECO customers.

When customers call into PECO’s call center, they are given the opportunity to request a Spanish speaking CSR to assist them through PECO’s Interactive Voice Response (“IVR”) system. For customers who speak languages other than English or Spanish, PECO provides the services of Language Line. Language Line has over 120 language assistance options. If a customer expresses or demonstrates a need for language assistance, the PECO CSR will engage Language Line to provide translation services for the customer.

For low-income LEP customers, PECO provides the CAP and LIHEAP applications in English and Spanish in both printed form and on its website. PECO also provides other written low-income information in Spanish as well, including press releases, fliers, and posters. Finally, PECO provides radio advertising about PECO’s suite of low-income offerings in and Spanish.

Even though the percentage of customers in PECO’s service territory who speak various Asian languages is ~3%, PECO also provides literature, such as press releases and fliers, in these languages. Additionally, PECO has strong relationships with social service agencies that serve LEP communities throughout our service territory.

PECO recently (July 2022) translated the unauthenticated sections of our website in Spanish and Simplified Chinese. Now, when customers go to PECO.com, they will have the option to have the entire website converted to either Spanish or Simplified Chinese. This includes the entire low-income section of the website which can be found at PECO.com/Help.

In 2022, PECO did data analysis to determine the correlation of LEP customers in areas where we have high concentration of termination activity. The results of this analysis can be found in Addendum J.

#### **F. CAP PIPP Outreach**

After Commission approval of the new CAP PIPP program and prior to its implementation, PECO will do the following to ensure its customer base is updated and educated on the new program:

- Create educational materials and provide training to all our community partners/social service agencies – this will empower these agencies with the knowledge necessary to explain the new program to low-income clients they encounter;
- Update legislative staff (i.e. elected officials and their staffs) on the new program via targeted sessions/communications (e.g., Legislative Forums);
- Update low-income advocates via targeted sessions/communications (i.e. Universal Services Advisory Committee meetings, emails, etc.);
- Create educational materials and job aids and train Customer Service Representatives to empower them with the knowledge necessary to explain the new program to customers that call into any of PECO’s call centers;
- Create printed materials (i.e. postcards, posters, fliers, etc.) and deliver to low-income customers and service providers via a variety of methods (i.e. mail, email, in-person distribution, etc.);
- Incorporate talking points into presentations given at outreach events to explain the new CAP program and allow for a live, customer question-and-answer period; and
- Implement a marketing campaign to advertise the new CAP program and encourage enrollment. Specific elements of this advertising campaign will be decided, at a later date, depending on funding and the cost of various advertising channels.

#### **G. LIHEAP DHS Data Sharing Outreach**

After DHS approval of PECO’s LIHEAP Data Sharing Agreement, PECO will do the following to update and educate its customer base on the new process:

- PECO will create flyers to inform customers about the purpose and effect of the checkbox on the LIHEAP application which will grant permission for DHS to share information with the utility. PECO will distribute the flyers no later than October, 2024: (1) to our CAP enrollment sites, including all of our MEAF CBOs; (2) during outreach events; and (3) during outreach presentations to both customers and service providers.
- PECO will create bill inserts to be sent in October, 2024 to inform CAP customers about the checkbox on the LIHEAP application and the process changes regarding CAP enrollment and recertification.

PECO will update its CAP and LIHEAP webpages, as well as its CAP application, to provide background and instructions on how the LIHEAP DHS Data Sharing process can facilitate CAP enrollment and recertification.

## **H. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

- Added PECO’s specified approval to spend an additional \$300,000 pursuant to PECO’s 2024 electric rate case
- Added and revised DHS Data Sharing outreach plan details to be completed by October 2024 for the 2024-2025 LIHEAP application cycle

## **6. EXTERNAL GRANT PROGRAM (e.g. LIHEAP)**

PECO supports the Federal grant program called “LIHEAP” – Low Income Home Energy Assistance Program:

LIHEAP has three components: Cash, Crisis, and weatherization assistance. Recipients can allocate their LIHEAP payment to any primary or secondary heating utility or deliverable fuel company that serves them. The Cash program provides a direct payment to a vendor, such as PECO. The Crisis program allocates funding for emergencies including purchasing home heating fuel, preventing service termination, or reinstating service that was terminated for non-payment. The entire LIHEAP grant payment (whether Cash or Crisis) is applied directly to the customer’s account. The weatherization program provides funding for winter emergencies including repairing leaking pipes and broken furnaces. Funding for the LIHEAP program is appropriated by Congress under the Labor/Health and Human Services Appropriations Bill. The federal funding (and any state funding) is subject to change each year. In Pennsylvania, this program is administered by DHS.

### Program Characteristics:

- Grant amounts are based on household size and income, type of fuel used, and geographical region.
- Late payment charges are suspended and reconnection fees are waived on a LIHEAP recipient’s account from the time the grant is received until the end of the LIHEAP season (as per the annual LIHEAP State Plan).
- PECO will continue to review the size of LIHEAP grants annually in order to establish a maximum threshold for acceptance of LIHEAP Crisis grants. The ceiling will be established annually in order to give customers the best opportunity for success moving forward.
- PECO conducts a Winter Survey each year that identifies customers terminated and not restored in the given year. PECO then reaches out to those customers to confirm the property is occupied and to encourage these customers to apply for LIHEAP Cash and Crisis grants to have their service restored.

- To help low-income customers maintain active service, with the approval of DHS, every February, PECO conducts an “expedited mailing” to customers that have been identified as being Crisis eligible. The mailing includes a termination notice with a termination date of April 1<sup>st</sup>. The termination notice is required for the customer to receive a LIHEAP Crisis grant. The mailing also includes a letter informing the customer they are LIHEAP Crisis eligible and explaining how to apply for a LIHEAP Crisis grant. In the explanation letter, customers are asked to call PECO’s LIHEAP Hotline for more information.
- LIHEAP grants are posted to customer accounts in the following order:
  - past due balance
  - current charges
  - credit to account

**A. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

- Removed outreach details in accordance with changes listed in section 5G above

**IV. COLLECTION STRATEGY**

PECO’s collection strategy for CAP customers is not materially different from its standard collection strategy and procedure. PECO’s strategy is to begin collection action as soon as a customer becomes past-due. This enables the customer to bring the account current as soon as possible to avoid catch-up situations that are more difficult to manage. CAP customers that do not pay their PECO bill will be subject to termination for non-payment.

As of January 1, 2021, PECO no longer charges Late Payment Charges when a CAP customer does not pay their monthly bill on-time and in-full.

PECO treats all CAP customers requesting medical certificates the same as non-CAP residential customers, per Chapter 56.

If a customer pays more than the amount due in a given billing period, or otherwise has a credit balance at the end of their billing period, the credit balance will be carried forward to the next month’s bill. The credit balance amount will then be applied against the next month’s bill, using the Company’s payment priority posting rules.

PECO maintains the same collection rules for CAP customers as non-CAP customers, however, Chapter 56 offers the following provisions for CAP customers:

- A deposit will not be charged for customers eligible for CAP. However, a deposit will be charged regardless of income level in the case of a post-bankruptcy account, in accordance with 11 U.S.C. Section 366. PECO will educate post-bankruptcy low-income customers about the availability of

temporary service for no more than 20 days post-petition without a security deposit before initiating the termination process

- If PECO confirms that any low-income customer has paid or been assessed a deposit, it will promptly have the deposit credited back to the customer's account.<sup>17</sup>
- Service will not be terminated for verified low-income customers (250% FPL or below) during the winter period (December 1<sup>st</sup> – April 1<sup>st</sup>) per Chapter 14 section 1406 (E)<sup>18</sup>

## V. COST RECOVERY

The Commission has stated that utilities' USECP filings should incorporate a utility's CAP rules into its tariff and that the cost recovery mechanisms for its low-income programs should be included in the USECP filing.

PECO's CAP program rules are materially incorporated in its existing CAP Tariffs, which have been previously approved by the Commission. Prior to the implementation of the CAP PIPP, the Company will file updated CAP Tariffs.

As to cost recovery, PECO's CARES costs, LIHEAP administrative costs, and MEAF administrative costs are included in its existing base rates. MEAF matching contributions are funded by shareholders and cost recovery is not obtained.

For electric, PECO's CAP costs are recovered through base rates. Adjustments to that amount, up or down, are implemented through its Electric USFC.

For natural gas, PECO's CAP costs are recovered through its base rates. Adjustments to that amount, up or down, are implemented through its Gas USFC.

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<sup>17</sup> This provision is from the Joint Petition for Partial Settlement in PECO's 2018 distribution rate case. *Pa. P.U.C. v PECO Energy Company*, Docket No. R-2018-3000164.

<sup>18</sup> PECO's Electric Service Tariff Rule 18.1 previously set forth PECO's procedures for verifying the income status of customers for winter termination purposes. On May 16, 2018, in Docket No. M-2018-2531404, PECO agreed to revise and provide additional detail with respect to its procedures for determining low income status for winter termination. On February 7, 2019, the Commission issued an Opinion and Order approving PECO's proposal, with certain modifications that PECO accepted. On April 3, 2018, PECO made a compliance tariff filing that created a new Tariff Rule 18.1.1, which sets forth in detail its Commission-approved procedures verifying customer status prior to winter termination. On April 17, 2019, the Commission issued a Secretarial Letter accepting PECO's tariff revision and stating that new Rule 18.1.1 was effective by operation of law.

## VI. BUDGET

Universal Services Cost Description	2019 Projected Costs	2020 Projected Costs	2021 Projected Costs	2022 Projected Costs	2023 Projected Costs	2024 Projected Costs
<b>by Expense Type:</b>						
Internal staffing and related expenses	\$1,355,891	\$1,378,246	\$1,425,665	\$1,461,307	\$1,497,839	\$1,535,285
Outreach and Advertising	\$328,000	\$336,201	\$344,598	\$353,213	\$362,043	\$371,094
Company MEAF contribution <sup>1</sup>	\$276,750	\$283,662	\$290,754	\$298,023	\$305,473	\$313,110
Consumer Education	\$11,275	\$11,557	\$11,846	\$12,142	\$12,446	\$12,757
Contractor Costs	\$14,540,599	\$14,131,020	\$12,970,078	\$13,294,330	\$13,626,688	\$13,967,355
<b>Total expense</b>	<b>\$16,512,515</b>	<b>\$16,140,686</b>	<b>\$15,042,941</b>	<b>\$15,419,015</b>	<b>\$15,804,490</b>	<b>\$16,199,602</b>
<b>by Program Type:</b>						
CAP	\$2,851,597	\$2,973,855	\$3,050,362	\$3,126,621	\$3,204,786	\$3,284,906
CARES	\$412,133	\$419,149	\$433,318	\$444,151	\$455,255	\$466,636
LIHEAP	\$1,103,605	\$1,129,707	\$1,159,599	\$1,188,589	\$1,218,304	\$1,248,761
LIURP	\$10,652,436	\$10,229,426	\$8,972,900	\$9,197,222	\$9,427,153	\$9,662,831
MEAF <sup>1</sup>	\$791,186	\$809,477	\$831,368	\$852,152	\$873,456	\$895,292
OUTREACH	\$263,774	\$268,720	\$277,287	\$284,219	\$291,324	\$298,607
OTHER	\$437,785	\$310,353	\$318,108	\$326,061	\$334,212	\$342,568
<b>Total expense</b>	<b>\$16,512,515</b>	<b>\$16,140,686</b>	<b>\$15,042,941</b>	<b>\$15,419,015</b>	<b>\$15,804,490</b>	<b>\$16,199,602</b>
<b>Total CAP Rates Costs:</b>						
CAP Operations expense (from above)	\$2,851,597	\$2,973,855	\$3,050,362	\$3,126,621	\$3,204,786	\$3,284,906
PPA Set-Aside <sup>2</sup>	\$7,200,000	\$7,300,000	\$7,400,000	\$7,600,000	\$7,900,000	\$8,200,000
CAP Credits (Shortfall)	\$60,000,000	\$60,000,000	\$60,600,000	\$82,500,000	\$84,562,500	\$85,408,125
<b>Total expense</b>	<b>\$70,051,597</b>	<b>\$70,273,855</b>	<b>\$71,050,362</b>	<b>\$93,226,621</b>	<b>\$95,667,286</b>	<b>\$96,893,031</b>

<sup>1</sup> PECO's MEAF Company Matching Contribution, currently averaging at \$250k per year, is not included in base rates or the USFC and is funded by the corporation.

<sup>2</sup> When dollars are designated to be set aside as CAP pre-program arrearage ("PPA"), PECO accounts for those dollars as fully uncollectible. The full amount of the PPA is thus accounted for as a program cost.

Note: All Universal Service expense, excluding the MEAF company match, are recoverable either through base rates or the USFC. The USFC is a mechanism to adjust the CAP shortfall amount established in the base rate case for the actual shortfall. All other Universal Service costs are recovered through base rates and are not subject to an annual adjustment.

### Additional Notes:

- At the end of each program year, PECO will carry over any unspent LIURP funds, and will add those funds to the budget for the following year.
- The "Other" category encompasses the administration costs PECO pays to Utility Emergency Services Fund (UESF) – the Philadelphia MEAF agency for MEAF. Additionally, the "Other" expenses also include the Gift of Energy program, a campaign where individuals can give money directly to a known PECO customer account

## **VII. USE OF COMMUNITY BASED ORGANIZATIONS**

PECO continually seeks community partners that provide opportunities and access to resources that offer the assistance that our customers may need. The Company maintains relationships with the following community-based organizations (CBOs):

- Utility Emergency Services Fund (UESF) – Philadelphia County
- Community Action Agency of Delaware County – Delaware County
- Montgomery County Community Action Agency Development Commission – Montgomery County
- Bucks County Opportunity Council Inc. – Bucks County
- Human Services, Inc. – Chester County
- Mason Dixon Cares – York County

PECO continuously works with several other CBOs throughout PECO's service territory to develop an ongoing relationship to provide referral services such as job/skill training, budget counseling and to conduct education workshops.

See Addendum A for Key CBOs as of 6/15/20.

## ADDENDUM A

### Community Based Organizations (CBOs)

ORGANIZATION	ADDRESS	PHONE
<b>PHILADELPHIA COUNTY</b>		
Action Wellness	1216 Arch Street, 6 <sup>th</sup> Floor, Phila., PA 19107	(215) 981-0088
ACHIEVEability	59 N 60th Street, Phila., PA 19139	(215) 748-8800
Center in the Park	5818 Germantown Avenue, Phila., PA 19144	(215) 848-7722
Coalition of Culturally Competent Providers	4900 Wyalusing Avenue, Phila., PA 19131	(267) 295-8841
CONCILIO	141 E. Hunting Park Phila., PA 19124	(215) 627-3100
CONGRESO	216 W Somerset Street, Phila., PA 19133	(215) 763-8870
Diversified Community Services	1529 S. 22nd Street, Phila., PA 19146	(215) 336-5505
Germantown Crisis Ministry	35 W Cheltenham Avenue, Phila., PA 19144	(215) 843-2340
GPASS - Greater Philadelphia Asian Social Services	4943 N 5th Street, Phila., PA, 19120	(215) 456-1662
HACE - Hispanic Assoc. of Contractors & Enterprises	167 W. Allegheny Ave, Suite 200, Phila., PA 19140	(215) 426-8025
Hunting Park NAC	3760 N Delhi Street, Phila., PA 19140	(215) 225-5560
Mt. Vernon Manor CDC/NAC	631 N. 39th Street, Phila., PA 19104	(215) 475-9492
New Kensington CDC	2771 Ruth Street, Suite 1, Phila., PA 19134	(215) 427-0350
Nicetown CDC	4300 Germantown Avenue, Phila., PA 19140	(215)329-1824
People's Emergency Center	3902 Spring Garden Street Phila., PA 19104	(215) 382-7522
Strawberry Mansion NAC	2829 W. Diamond Street, Phila., PA 19121	(215) 235-7505
Southwest CDC	6328 Paschall Avenue, Phila., PA 19142	(215) 729-0800
UESF – Utility Emergency Services Fund*	1608 Walnut Street, Ste. 600, Phila., PA 19103	(215) 972-5170
United Communities	2029 S 8th Street, Phila., PA 19148	(215) 468-1645
Urban League of Philadelphia	121 S Broad Street, Suite Phila., PA 19107	(215) 985-3220
We Never Say Never	4427 Lancaster Avenue, Phila., PA 19104	(215) 452-0440
<b>BUCKS COUNTY</b>		
Bucks County Opportunity Council*	100 Doyle Street, Doylestown, PA 18901	(215) 345-3295
<b>CHESTER COUNTY</b>		
Human Services, Inc. *	50 James Buchanan Drive, Thorndale, PA 19372	(610) 873-1010
Open Hearth	101 Main St Suite A-1, Spring City, PA 19475	(610) 792-9282
Orion Communities	237 Bridge St, Phoenixville, PA 19460	(610) 415-1140
<b>DELAWARE COUNTY</b>		
Community Action Agency of Delaware County*	201 West Front Street, Media, PA 19063	(610) 874-8451
<b>MONTGOMERY COUNTY</b>		

Montgomery County Action Development Commission*	113 East Main Street, Norristown, PA 19401	(610) 277-6363
<b>YORK COUNTY</b>		
Mason Dixon Community Services*	5 Pendryrus Street, Suite 2, Delta PA 17314	(717) 456-5559

PECO continually seeks community-based organizations (CBOs) that provide opportunities and access to resources that offer assistance to our low-income, residential customers. Through direct outreach, PECO seeks to leverage customer assistance throughout our service territory. PECO continues to provide advocacy for federal funding when available.

*Note: Contact information for the aforementioned CBOs, inclusive of PECO's MEAF agencies, can change during the years governing this Plan.*

*\* Indicates a MEAF agency*

## ADDENDUM B

### 2018 Rate Case Settlement Petition: Appendix C from *Pa. P.U.C. v PECO Energy Company*, Docket No. R-2018-3000164

#### Residential and Low-Income Customer Issues

Items 1-5 will have a commencement date of January 1, 2019. Dates for items 6-7 are discussed in the text of those items.

#### 1. CAP Enrollment

PECO will accept certification by a Community-Based Organization (“CBO”) as confirmation of customer annual household gross income for purposes of CAP enrollment and verification of confirmed income status, contingent upon the following:

- (a) The CBO must be an attendee of PECO’s Universal Services Advisory Committee meetings or otherwise demonstrate to PECO’s satisfaction that it is qualified to perform income certification;
- (b) PECO and the CBO must reach agreement, through arms-length negotiations, regarding the scope of work to be performed by the CBO and cost reimbursement from PECO to the CBO (such agreement to include the right for PECO to audit and/or terminate for quality control purposes); and
- (c) PECO will be allowed to recover all funds paid to CBO’s for this function, on a dollar-for dollar basis through its period USFC filings *without offsets* for working capital (5%) or receivables (22%).

PECO will actively solicit at least twice per year, for purposes of CAP enrollment, through mailings and outbound calls all confirmed low income customers with existing debt to PECO who are not currently enrolled in CAP.

Within 6 months of the effective date of rates, PECO will revise its termination notice to state: “You may be eligible for a payment agreement or special assistance programs, which may stop the termination of your service. Call 1-888-480-1533 right away to determine if you are eligible for a payment agreement or assistance, dispute your bill or to provide us with household income or occupant information.” PECO will submit the revised tariff language to the Commission’s Bureau of Consumer Services and, subject to BCS consent, will change its termination notice as per above.

#### 2. CAP Credit Maximum

- (a) PECO will increase the CAP Credit Maximum by \$200 per customer, as follows

	<b>PECO Annual Maximum CAP Credits - Rate R</b>	<b>New PECO Maximum Rate R</b>	<b>PECO Annual Maximum CAP Credits - Rate RH</b>	<b>New PECO Maximum Rate RH</b>
0-50% FPL	<b>\$2,048</b>	<b>[\$2,048 * (1+%age rate increase)] + \$200</b>	<b>\$2,922</b>	<b>[\$2,922 * (1+%age rate increase)] + \$200</b>
51-100% FPL	<b>\$1,389</b>	<b>[\$1,389 * (1+%age rate increase)] + \$200</b>	<b>\$1,881</b>	<b>[\$1,881 * (1+%age rate increase)] + \$200</b>
101-150% FPL	<b>\$1,241</b>	<b>[\$1,241 * (1+%age rate increase)] + \$200</b>	<b>\$1,661</b>	<b>[\$1,661 * (1+%age rate increase)] + \$200</b>

- (b) The increased discounts will be recovered as marginal costs of providing the CAP discount, with recovery through the USFC, *with offsets* for working capital (5%) or receivables (22%)

### 3. LIURP Spend

PECO will increase its LIURP budget by \$1 million per year. In its next base rate proceeding, PECO may propose a LIURP budget that does not include this additional \$1 million per year. The additional \$1 million LIURP budget amount shall be in addition to PECO’s existing LIURP budget, including the \$1 million dollars of additional LIURP spending that was agreed to in the FCO Settlement at Paragraph C.1, and is subject to the following conditions:

- (a) These incremental LIURP funds may be used to resolve related safety/health issues and structural issues that would otherwise prohibit or hamper LIURP measures in the home.
- (b) PECO will initially target these funds to customers who exceed the applicable CAP Credit Maximum after the increase in the CAP Credit Maximums is implemented. PECO will evaluate each such residence and determine whether: (1) performing LIURP work would require safety/health/structural work, and (2) performing such safety/health/structural work is appropriate to allow LIURP measures to be implemented. PECO

shall retain discretion of whether to expend LIURP funds at any such residence;

- (c) PECO shall use its best efforts to spend these incremental LIURP funds; and
- (d) For LIURP funds that are spent, PECO will recover those funds through the USFC, *without offsets* for working capital (5%) or receivables (22%).
- (e) Nothing here shall restrict the parties' rights to make any LIURP budget proposals in future PUC proceedings initiated after January 1, 2019.

#### **4. Winter Termination**

PECO has informed the Parties that it reached a Settlement with the prosecutorial division of I&E in Docket No. M-2018-2531404 addressing winter termination issues. As part of that Settlement, PECO has agreed to make tariff modifications to its winter termination provisions within 60 days of approval of that Settlement.

In this proceeding the OCA has raised issues concerning the determination of low-income status for the purpose of winter terminations. As resolution of the issues in this proceeding, PECO agrees to:

- (a) include in its planned Tariff filing in Docket No. M-2018-2531404 at least the following provisions:
  - Adopt language that mirrors the language of Columbia Gas and/or the FirstEnergy companies providing greater flexibility in the documentation that will be accepted to establish income eligibility
  - Allow income verification from CBOs
  - Adopt language providing that any customer identified as confirmed low-income in the Company's records in the prior four years shall not be required to recertify or reverify income to gain the protections of the winter shutoff protections
  - Adopt language providing that any customer having established income eligibility for cold weather protections within at least the 12 months preceding the start of the cold weather season shall not be required to recertify or reverify their income for that heating season
  - Adopt language providing that income eligibility for the cold weather protections may be established using 30-day annualized income rather than being based solely on an annual income.
- (b) The parties reserve their rights to address the provisions of the Settlement in Docket M-2018-2531404 and final proposed tariff that PECO may submit in that docket.

## **5. Budget Billing**

When a low-income customer is entering into a Deferred Payment Arrangement (“DPA”), PECO will inform them of the availability of budget billing, but will not require the customer to enroll in budget billing as a condition of obtaining the DPA. PECO will seek input from its Universal Service Advisory Committee about how to inform customers about the benefits of budget billing and deferred payment arrangements.

## **6. Security Deposits**

- (a) PECO confirms that it has returned or credited the security deposits of low-income customers that it was inadvertently holding and which were identified in its discovery response CAUSE-PA-I-18-1.
- (b) Beginning in August, the Company will complete monthly reviews of its customer accounts to identify deposits paid and assessed for customers who have: (1) verified their income is below 150% FPL within the past four years; or (2) received LIHEAP grants within the past two years. Any such customers who have paid or been assessed a security deposit will promptly have the deposit credited to their account.

## **7. Limited English Proficiency (“LEP”)**

- (a) Within six months of the Commission approval of this Settlement, PECO will conduct a language assessment of the residents in its service territory. On the basis of its needs assessment, PECO will draft and distribute for comment its written policy statement on how it intends to service its LEP customers.
- (b) The parties agree that, other than requirements that may currently exist in the Commission’s regulations with respect to provision of service to LEP households, the language analysis shall not commit PECO to undertake specific measures with respect to LEP households.

## ADDENDUM C

### CAP FCO Calculation

Prior to October 2016, the 2013 – 2015 PECO 3-Year Plan Settlement will continue to govern CAP program activities. Post October 2016, the CAP FCO program activities will govern PECO's CAP. The FCO calculation is outlined below;

### Fixed Credit Option (FCO) Calculation

#### A. FCO/CAP Design

##### 1. Determination of Credits:

Beginning with PECO's October 2016 IT push, PECO will implement a new design for its Customer Assistance Program ("CAP"). The new CAP design will be based upon the Fixed Credit Option ("FCO"), with customer benefits calculated as follows:

##### Step 1: Determine customer's prior year's undiscounted charges:

- For each CAP customer, PECO will review the customer's bills at that residence for the prior 12 months and determine the dollar amount that the customer would have been charged *on an undiscounted basis* in those prior 12 months for their PECO-supplied utility service, including both the regulated and unregulated portions of that service (that is, including generation service, whether obtained from an EGS or PECO, and natural gas commodity service, whether obtained from an NGS or PECO) (the "Base Charge(s)").
- For regulated charges, the undiscounted charge will be calculated using the PECO tariff rates in effect for the time period being examined. For generation charges, the undiscounted charges will be calculated using PECO's generation price-to-compare ("PTC") for the time period being examined. For natural gas commodity charges, the undiscounted charges will be calculated using PECO's natural gas PTC for the time period being examined. (For the effect of base rate cases and quarterly GSA filings on determination of Base Charges, see Step 6 below.)
- Pro forma method of determining prior year's usage: If the customer does not have 12 months of prior service at their current residence at the time the above calculation is conducted, then PECO will create a pro forma profile to calculate that customer's trailing twelve months

usage/charges. The pro forma profile will be based on the following, in order of preference if data is available:<sup>1</sup>

- Usage at that residence by the customer for the months available and actual usage by prior customers for the months unavailable.
  - Usage at that residence by prior customers;
  - Usage at similar residences or CAP residences in the same area; or
  - System-wide usage or CAP usage averages.
- PECO will prepare a weather normalization table that compares the weather in each of the trailing twelve months to “normal” weather for that calendar month, and which gives an adjustment factor to normalize usage and charges for each month on a weather-adjusted basis. This chart will be updated each month so that, at any time, PECO has available adjustment factors for the trailing 12 months. Once PECO has determined the Base Charges, those charges will be weather-normalized using the weather normalization table to create the “Weather-Normalized Base Charges.”

Step 2: Determine Verified Household Income and Federal Poverty Level:

- 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<sup>2</sup>.

Step 3: Determine customer’s allowable Energy Burden:

- Once the household’s Federal Poverty Level has been determined, PECO will determine the household’s allowable Energy Burden, as follows:<sup>3</sup>

Table 1: Energy Burdens

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<sup>1</sup>Because of the quarterly recalculations discussed in Step 6 below, these pro forma calculations will start to be replaced by data on the customer’s actual usage three months after the pro forma calculation is done.

<sup>2</sup>A customer’s Federal Poverty Level percentage will be determined by reference to the then-current version of the Federal Poverty Guidelines published by the Federal Department of Health and Human Services.

<sup>3</sup>The table is based upon the revised Energy Burdens found at 52 Pa. Code §69.265 (2)(i).

FPL	Electric Non-Heating <sup>4</sup>	Electric Heating <sup>5</sup>	Electric with Gas Heating <sup>6</sup>
0-50%	2%	6%	4%
51-100%	4%	10%	6%
101-150%	4%	10%	6%

Step 4: Calculate customer’s Annual Credit:

- PECO will determine the customer’s Annual Credit by multiplying the Verified Household Income times that household’s allowable Energy Burden to determine an Annual CAP Bill amount. The Annual CAP Bill will then be subtracted from the Weather-Normalized Base Charges; the resulting amount is the Annual Credit amount for that household. That is: Weather-Normalized Base Charges – Annual CAP Bill = Annual Credit.

The maximum Annual Credit for any household will be as follows:<sup>7</sup>

Table 2: Maximum Annual Credits

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<sup>4</sup>Applies to PECO Rate R customers who use a non-PECO heating fuel source, including PGW, propane, and oil.

<sup>5</sup>Applies to PECO Rate RH customers.

<sup>6</sup>Applies to PECO dual commodity customers.

<sup>7</sup>The maximum Annual Credit was calculated to provide bills within Commission energy burden guidelines to approximately 93% of Rate R customers (including dual fuel customers), and approximately 96% of Rate RH customers. In addition, application of the Commission-required minimum monthly bills (\$12 for Rate R; \$30 for Rate RH) results in bills above Commission energy burden guidelines for approximately 6% of PECO’s CAP customers overall. The combination of those two effects will result in 12% of PECO’s Rate R, and 10% for PECO’s Rate RH, with bills exceeding Commission energy burden guidelines, assuming a normal weather year.

The maximum Annual Credit levels set forth above will remain at these levels for four years after the program is implemented in October 2016. After four years, PECO will confer with the other signatories to determine whether there is a consensus new maximum Annual Credit level. If so, PECO will adopt that new level in its next-filed Three-Year Plan. If no consensus is reached, PECO may propose a new maximum Annual Credit level in its next-filed Three-Year Plan.

The maximum Annual Credits set forth in the table have been determined in an effort to reduce the number of CAP customers whose bills exceed commission energy burden guidelines. The Commission has previously granted PECO permission to apply maximum annual credits on a system-wide average, rather than as an individual customer limit. This settlement continues that practice. See also section A3 (Cost Containment) below.

FPL	Electric Non-Heating (Rate R) <sup>8</sup>	Electric Heating (Rate RH) <sup>9</sup>	Electric with Gas Heating (PECO Dual Commodity Customer) <sup>10</sup>
0-50%	\$2,048	\$2,922	Same as Rate R for electric service; no maximum for gas service <sup>11</sup>
51-100%	\$1,389	\$1,881	
101-150%	\$1,241	\$1,661	

(These are the credit limits for any given household. PECO will also continue to apply a system-wide cost containment mechanism in which the total cost of its program is limited to the number of participants in the program times the inflation-adjusted Maximum Annual Credit set forth set forth in the Commission’s guidelines at 52 Pa. Code § 69.265(3)(v).)

Step 5: Apply Annual Credit to Bill:

PECO will apply the total dollar amount of the Annual Credit over the course of the year. The credits will be applied in a manner intended to track the seasonal nature of usage, using the following monthly percentage<sup>12</sup>:

Table 3: Seasonality Distribution

Month	Rate R	Rate RH	Gas
Jan	9.6%	13.9%	20.6%
Feb	8.9%	14.2%	19.5%
Mar	8.9%	12.2%	14.5%
Apr	7.0%	9.0%	9.6%
May	5.8%	5.3%	4.5%

<sup>8</sup>If PECO is granted an electric base rate increase, the maximum allowable credits will be increased by a percentage equal to the system-wide residential distribution rate increase, applied to the portion of the Maximum Credit that is attributable to distribution rates.

<sup>9</sup>If PECO is granted an electric base rate increase, the maximum allowable credits will be increased by a percentage equal to the system-wide residential heating distribution rate increase, applied to the portion of the Maximum Credit that is attributable to distribution rates.

<sup>10</sup>If PECO is granted a gas base rate increase, the maximum allowable credits will be increased by a percentage equal to the system-wide residential distribution rate increase, applied to the portion of the Maximum Credit that is attributable to distribution rates.

<sup>11</sup>This continues PECO’s current gas CAP program policy.

<sup>12</sup>PECO may adjust these percentages to reflect the most current data available to it at any given time. However, any such adjustments will affect only the distribution of the Annual Credit to bills, not the amount of the Annual Credit.

June	7.7%	5.2%	2.6%
July	11.3%	6.4%	2.0%
Aug	10.6%	5.9%	1.8%
Sept	9.3%	5.4%	2.0%
Oct	6.6%	4.5%	2.6%
Nov	6.6%	6.4%	6.9%
Dec	8.7%	11.7%	13.6%
Total	100.0%	100.0%	100.0%

- Credits will be applied on a “rolling” basis; that is, if the customer’s credit in a month exceeds the outstanding balance, the credit will be “rolled” forward to future months and used to offset future balances.

Step 6: Periodic Recalculation and Adjustment of Annual Credit

- PECO will recalculate Step 2 for each customer during a biennial certification and recalculation. At that time, each customer will be required to reverify their income level and size of household.
- PECO will recalculate Steps 1, 3, 4 and 5 annually to determine a new Annual Credit for each customer. PECO will perform this recalculation on or near the anniversary of a customer’s enrollment in the FCO but retains the right to spread the recalculation event across the full calendar year for work management purposes.
- Every three months, PECO will recalculate Step 1 using the customer’s most recent three months’ data on usage/charges. PECO will then use the results of the Step 1 recalculation as inputs to complete Steps 2 through 5 to determine a Quarterly Recalculation of the Annual Credit. The adjusted Annual Credit will be applied to bills on a going-forward basis. This quarterly recalculation will be coordinated with the results of PECO’s quarterly Generation Services Adjustment filing and approval so that, in each such quarterly adjustment, PECO’s just-approved PTC will replace the oldest three months of PTC data in the underlying calculation.
- At any time during the year, a customer may verify to PECO that their household income or size of household has changed. Upon completion of that verification, if the changes result in a change in FPL tier, then PECO will recalculate Steps 1 through 5 to determine and apply a new Annual Credit for that household. The new Annual Credit will be applied prospectively beginning with the next monthly bill after the recalculation is completed and processed through PECO’s billing system.
- At any time during the year, a customer may verify to PECO that a member of their household has increased usage as a result of medical

reasons documented by a medical professional and that such increased, medically-driven usage is expected to be a part of that customer's long-term (more than 12 months) usage pattern. PECO will verify, through field visits or otherwise, that the increased usage is expected to be long-term. Upon such verification, PECO will increase the customer's Annual Credit by an amount equal to the estimated charges for increased usage as a result of medical equipment for the remainder of that quarter, provided however that the Annual Credit cannot exceed the maximum Annual Credit specified above in Step 4.

#### Step 7: New entrants to CAP program after program begins

- Customers who enter CAP after the FCO program begins will be required to verify income and household size. PECO will then apply Steps 1 through 6 to the new CAP participant.

### 2. Customers Who Do Not Receive an Annual Credit

- In the FCO, it is possible for a customer to be income-eligible for CAP (defined as having income of less than 150% of the Federal Poverty Level), but nonetheless receive a \$0 credit.
- Phase-Out Benefit: PECO estimates that, under the FCO approach, approximately 40,000 households that receive rate discounts under PECO's current program will not receive discounts under the FCO. PECO will identify the individuals in that category as of the October 2016 FCO implementation date and, for that population, will provide a Phase-Out Benefit of \$50 per household. The Phase-Out Benefit will be provided as a monthly bill credit of \$4.17 for each month the household continues to take service, up to a maximum of 12 consecutive months
- Other Benefits: Any customer who is verified to be eligible for CAP, but who does not receive an Annual Credit, will nonetheless be eligible for any other benefits that may be available to CAP customers including, but not limited to, PPA forgiveness, LIURP priority, etc., according to the terms of those program components.

### 3. Cost Containment

- Minimum monthly billing amounts: The Commission's CAP Guidelines, 52 Pa. Code §69.265(3)(i), state that CAP participant payments should be at least:
  - Rate R: \$12 per month
  - Rate RH: \$30 per month
  - Gas Heat: \$25 per month

- Each monthly bill rendered under this program will have an asked-to-pay amount equal or greater to these monthly minimums, even if a rolling credit creates an overall credit or owed amount of less than the applicable minimum (\$12, \$25 or \$30).
- Maximum Annual Credits: The maximum Annual Credits set forth in Table 2 of this settlement exceed the maximum annual credits set forth in the Commission’s guidelines at 52 Pa. Code § 69.265(3)(v). However, the Commission has previously granted PECO permission to apply those maximum annual credits on a system-wide average, rather than as an individual customer limit. This practice will continue

## ADDENDUM D

(In-Program Arrearage Forgiveness)  
To The Joint Petition For Settlement Of Rate Investigation

PA. P.U.C. V. PECO Energy Company  
Docket No. R-2015-2468981

### I. Background

1. On July 8, 2015, the Pennsylvania Public Commission (“Commission”) approved a multi-party settlement related to PECO’s 2013-2015 Universal Service and Energy Conservation Plan in Docket No. M-2012-2290911. In that Order, the Commission approved PECO to implement, in October 2016, a form of Customer Assistance Program (“CAP”), known as the Fixed Credit Option (“FCO”). The move from PECO’s existing CAP program to the FCO approach represents a fundamental change in CAP approach and structure that is designed and intended to significantly increase both the breadth and depth of affordability of service to PECO’s low-income customers.
2. As of this time, PECO’s customers who participate in PECO’s existing CAP program have accumulated approximately \$45 million of “in-program arrears” – that is, amounts that the customers have been billed since they entered the CAP program, but which they have not paid. The \$45 million includes amounts that are currently overdue, as well as amounts owed for prior service that are currently subject to a payment arrangement. This amount does not include any amounts owed for prior service that are classified as pre-program arrears. The parties have agreed that PECO’s historic CAP program did not provide rates that comprehensively met the Commission’s guidelines for affordable service, and that this unaffordability was a material factor in the customer’s developing the \$45 million in-program arrearage.
3. The testimony of BI&E (J. Dagadu) and the OCA (R. Colton) contains claims that PECO is responsible for a portion of the IPA arrearages due to PECO’s collection practices or for other reasons. This settlement does not admit or deny those claims; to the extent that any party considers those claims to be a valid part of this settlement, PECO’s guarantee to absorb 1/3 of the in-program arrearages, as set forth in detail below, is deemed to include and fully resolve such claims.
4. The parties further recognize that, when PECO implements the FCO program in October 2016, the full collection of the \$45 million of in-program arrears from CAP customers with the arrears will present substantial challenges to the success of the FCO program due to the potential impacts on affordability.
5. The parties have agreed to an in-program arrearage forgiveness program that will materially decrease the obligation of PECO’s CAP customers to pay the accumulated \$45 million of in-program arrearages. The parties believe and agree that PECO’s transition from its current program to the FCO program presents a unique opportunity to improve affordability for PECO’s CAP customers. Given the unique circumstances

presented, the parties have agreed to the approach set forth below to address the in-program arrearages. For its part, PECO has agreed that, for 1/3 of the arrearages, it will write-off those arrearages and not seek rate recovery of that 1/3. The other parties have agreed that PECO may recover the remaining 2/3 of the arrearages, as a transition cost of moving to the FCO, through a combination of CAP customer payments and rate recovery, as set forth at length below.

6. This Appendix describes: (a) how the arrearage forgiveness program will be applied to CAP customers' bills, and (b) how PECO will be allowed to recover 2/3 of the transition costs.

## **II. Application of In-program Arrearage Forgiveness ("IPAF") To CAP Customer Bills**

1. PECO will continue to work to collect and mitigate in-program arrears between now and October 2016.
2. When the FCO program goes live in October 2016, PECO will determine the in-program arrearage balance for each CAP customer ("Customer Final IPA Balance") as of the implementation of the FCO program. Collectively, all Customer Final IPA Balances will constitute the "System Final IPA Balance," which will be addressed in the cost recovery section of this term sheet.
3. For each customer, 1/3 of their Customer Final IPA Balance will be designated as that customer's IPA Payment Arrangement Balance ("IPA PAR Balance") and will be recovered from the customer over a 60-month payment arrangement. The remaining 2/3 of the Customer Final IPA Balance will be tracked for potential forgiveness as a Customer Deferred Amount.
4. During the 60-month duration of the payment arrangement, whenever a customer pays \$1 of their IPA PAR Balance, the customer will receive permanent forgiveness of \$2 of their Customer Deferred Amount. (The cost recovery mechanism for this forgiveness is described in the cost recovery section, below.)
5. If a customer transfers their service to a new location and account during the 60-month duration of the payment arrangement, the payment arrangement shall transfer to the new account on the same terms and conditions as at the initial residence. For customers whose service is terminated pursuant to 52 Pa. Code §56.81 and whose account is then finalized prior to that customer paying their entire IPA PAR Balance, PECO will recombine the unpaid IPA PAR Balance and the unforgiven Customer Deferred Amount to constitute that customer's Remaining IPA Balance. (An example of this calculation is attached as Exhibit 1.) The CAP customer shall continue to owe the Remaining IPA Balance, and PECO shall continue normal credit and collections practices with respect to the Remaining IPA Balance. However, if the customer successfully reinstates service during the initial 60-month term of the payment arrangement, the customer's payment arrangement shall be re-established, on the same terms and conditions as the original payment arrangement, with the specific limitation that the payment arrangement term shall expire 60 months after the FCO program is initiated. Customers who discontinue service pursuant to 52 Pa. Code § 56.72 prior to that customer paying their entire IPA PAR Balance will be handled under the termination rules set forth above, including the ability to reinstate the payment

agreement if the customer successfully reinitiates service during the initial 60-month term of the payment arrangement.

### III. IPAF Cost Recovery

1. PECO commits and guarantees that it will not, in this rate proceeding or any future rate proceeding, seek to collect an amount equal to 1/3 of the System Final IPA Balance, provided that the PECO guarantee shall have the same guarantee status as the regulatory asset guarantees described below. For example, if the System Final IPA Balance is \$45 million, PECO's cost recovery will not exceed \$30 million cumulatively from ratepayers and CAP customers in arrears. A detailed method of ensuring that guarantee is set forth below.
2. PECO will be allowed to collect \$2 million per year through the base rates established in this proceeding as a transition cost associated with in-program arrearage forgiveness (the "2015 Base Rate Case Allowance").
3. Once PECO has determined the System Final IPA Balance in October 2016, it will implement through its Universal Services Fund Charge ("USFC") a correction factor ("USFC Correction Factor"), using the formula set forth in Exhibit 2. The formula is designed such that the net sum of the 2015 Base Rate Case Allowance and the USFC Adjustment divided by the System Final IPA Balance will be the same ratio as the 2015 Base Rate Case Allowance divided by PECO's base rate claim of \$44.511 million.
4. Whenever a CAP customer makes a payment of \$1 toward their IPA PAR Balance, PECO will write-off \$1 of the Customer Deferral Amount; PECO will not seek rate recovery of the written off amounts through any rate mechanism. In addition, in its next USFC filing, PECO will include \$1 for recovery through the USFC (the "USFC Matching Amounts"). The USFC collections described herein will not include the offsets for uncollectible expense (22%) and cash working capital (5%) that are used for some PECO USFC charges.
5. In PECO's future rate case(s), PECO will make a claim for FCO Transition Cost equal to 2/3 of the System Final IPA Balance, net of the following: (1) all revenues received through the 2015 Base Rate Case Allowance, as adjusted by the USFC Correction Factor, (2) all amounts paid by CAP customers toward their IPA PAR Balances, and (3) the USFC Matching Amounts. PECO's right to the prospective full recovery of its claimed FCO Transition Cost may not be challenged other than with respect to proof of the amount claimed or claims of calculation error. As a result of the approval in this proceeding of PECO's future FCO Transition Cost claim, PECO may hold the amount of the FCO Transition Cost claim as a regulatory asset, with such regulatory asset to be amortized over three years beginning with the effective date of the new tariff rates approved in PECO's future base rate case in which it makes the claim for FCO Transition Costs.
6. To ensure PECO's 1/3 guarantee, PECO will track its collections from the following sources: (1) all revenues received through the 2015 Base Rate Case Allowance, as adjusted by the USFC Correction Factor, (2) all amounts paid by CAP customers toward their IPA PAR Balances, (3) the USFC Matching Amounts, and (4) all revenues received through the FCO Transition Cost expense in future base rate

case(s). When the total of all those collections equals 2/3 of the System Final IPA Balance, PECO will provide a credit to its USFC so that it will be collecting \$0, on an ongoing basis, from base rates and the USFC. Examples of this calculation are shown in Exhibit 3.

**IV. Additional Issues:**

1. If the total amount of the System Final IPA Balance to be included in this program exceeds \$46.7 million, or 5% above the current \$44.5 million estimate included in the Company's 2015 base rate filing, the Company agrees to provide to the parties an explanation for the increase and a description of all collection activities undertaken between the date of this Settlement and October 2016 that were designed to collect IPA balances.
2. PECO agrees to serve all parties of record in this proceeding with its yearly USFC reconciliation filing. In that filing, PECO will provide supporting documentation and explanation of any methodology and formulae employed to determine the amount of in-program arrearages included in the USFC rider. PECO will also provide a statement of the in-program arrearages recovered through both the USFC and base rates, in that year as well as cumulatively.
3. PECO agrees to improve its referral of CAP customers through its CARES program or other appropriate communication channel to facilitate the receipt of income assistance that might be of help in retiring past-due utility bills, including assisting CAP participants with applying for and receiving the Earned Income Tax Credit (EITC). PECO shall report on these efforts at its Universal Service Advisory Committee meetings.
4. PECO will evaluate whether it is over-noticing disconnections of service and tighten its business rule for when a notice of termination is issued. PECO shall report the results at its Universal Service Advisory Committee meeting and discuss reasonable notice procedures with the Universal Service Advisory Committee.

**Exhibit 1: Determination of Remaining IPA Balance:**

1. The Remaining IPA Balance shall be determined as follows: (Example):

Customer Final IPA Balance (established in October 2016):	\$1800
Customer Payments to IPA PAR Balance (made prior to account being finalized):	-\$50
Permanent Forgiveness of Customer Deferred Amount:	-\$100
Remaining IPA Balance:	\$1650

The above customer, with a finalized account, would thus still owe \$1650.

**Exhibit 2**

**Determination of USFC Correction Factor**

System Final IPA Balance		=	
			USFC Correction Factor
\$44.511 (PECO’s rate case IPA claim)			
Example: System Final IPA Balance		=	\$42 million
42,000,000			
44,511,000		=	.944

In this example, PECO would make an adjustment in its next USFC filing as follows:

$$\begin{aligned}
 & (\text{USFC Correction Factor} * \$2\text{M}) - \$2\text{M} = \text{USFC Adjustment} \\
 & (.944 * \$2\text{M}) - \$2\text{M} = ( \$112,000) \text{ USFC Adjustment} \\
 & \text{Note that, as stated in the text of the settlement, the ratios remain the same. Thus:} \\
 & \$2.0 \text{ million} / \$44.511 \text{ million} = .0449 \\
 & (\$2.0 \text{ million} - \$0.112 \text{ million}) / 42 \text{ million} = .0449
 \end{aligned}$$

- The USFC Correction Factor will be applied prospectively, beginning with the effective date of PECO’s next USFC filing. An additional adjustment will be made to apply the USFC Correction Factor retrospectively to the base rate revenues collected between January 1, 2016 and the effective date of the prospective correction, amortized over the same number of months as the over or under collection occurred.
- The USFC collections described herein will not include the offsets for uncollectible expense (22%) and cash working capital (5%) that are used for some PECO USFC charges.

**Exhibit 3: Examples of PECO Guarantee**

**Example 1: No USFC Adjustment, Assumes Customers Pay 40% of Their IPA Balance, 5 Years Until Next Base Rate Case**

	(millions)
<b>Revenue Collection Assumptions:</b>	
IPA Balance – Base Rate Assumption:	\$44.511
System Final IPA Balance	\$44.511
2015 Base Rate Allowance, Annual	\$2
USFC Correction	\$0
Net of 2015 Base Rate Allowance and USFC Correction, Annual	\$2

**Revenue Collection:**

2015 Base Rate Case Allowance, 5 Years	\$10
CAP Customer Payments To System Final	\$5.9348
IPA Balance Over 5 Years	
(Annual Collections = $44.511/3/5*.4$ =	\$1.18696)
USFC Matching Amounts	\$5.9348
Total Revenues Received Prior to Next	\$21.8696
Base Rate Case	

**Calculation of PECO Transition Cost Claim in Next Base Rate Case:**

System Final IPA Balance	\$44.511
-1/3 PECO Guarantee	(14.837)
- Total Revenues Collected	(\$21.8696)
= PECO Transition Cost Claim	\$7.8044
Three-Year Amortization = Annual Rev Req	\$2.6014

When PECO's collections of its Transition Cost Claim equal \$7.8044, an offsetting annual USFC credit of \$2.6014 would be put in place to zero out the then-ongoing base rate recoveries.

**Example 2: USFC Adjustment, Assumes Customers Pay 30% of Their IPA Balance; 5 Years Until Next Base Rate Case**

	(millions)
<b>Revenue Collection Assumptions:</b>	
IPA Balance – Base Rate Assumption:	\$44.511
System Final IPA Balance	\$42
2015 Base Rate Allowance, Annual	\$2
USFC Correction (see Exhibit 2)	(\$1.12)
Net of 2015 Base Rate Allowance and USFC	\$1.888
Correction, Annual	

**Revenue Collection:**

2015 Base Rate Case Allowance, 5 Years	\$9.44
CAP Customer Payments To System Final	\$4.2
IPA Balance Over 5 Years	
(Annual Collections = $42/3/5*.3 = \$0.84$ )	
USFC Matching Amounts	\$4.2
Total Revenues Received Prior to Next	\$17.84
Base Rate Case	

**Calculation of PECO Transition Cost Claim in Next Base Rate Case:**

System Final IPA Balance	\$42
-1/3 PECO Guarantee	(14)
- Total Revenues Collected	(\$17.84)
= PECO Transition Cost Claim	\$10.16
Three-Year Amortization = Annual Rev Req	\$3.3866

When PECO's collections of its Transition Cost Claim equal \$10.16, an offsetting annual USFC credit of \$3.3866 would be put in place to zero out the then-ongoing base rate recoveries.

**Example 3: USFC Adjustment, Assumes Customers Pay 30% of Their IPA Balance; 4 Years Until Next Base Rate Case**

	(millions)
<b>Revenue Collection Assumptions:</b>	
IPA Balance – Base Rate Assumption:	\$44.511
System Final IPA Balance	\$42
2015 Base Rate Allowance, Annual	\$2
USFC Correction (see Exhibit 2)	(\$.112)
Net of 2015 Base Rate Allowance and USFC Correction, Annual	\$1.888
<b>Revenue Collection:</b>	
2015 Base Rate Case Allowance, 4 Years	\$7.552
CAP Customer Payments To System Final IPA Balance Over 4 Years (Annual Collections = $42/3/5 * .3 = \$0.84$ )	\$3.36
USFC Matching Amounts	\$3.36
Total Revenues Received Prior to Next Base Rate Case	\$14.272
<b>Calculation of PECO Transition Cost Claim in Next Base Rate Case:</b>	
System Final IPA Balance	\$42
-1/3 PECO Guarantee	(14)
- Total Revenues Collected	(\$14.272)
= PECO Transition Cost Claim	\$13.728
Three-Year Amortization = Annual Rev Req	\$4.576

In this example, the 5-year program period for arrearage forgiveness would still be active when PECO goes in for its next base rate case. PECO would thus continue to track customer payments toward their IPA PAR Balances and USFC Matching Amounts. When PECO's collections of its Transition Cost Claim, post base rate Customer Payments and post base rate case USFC Matching Amounts equal \$13.728 million, an offsetting annual USFC credit of \$4.576 would be put in place to zero out the then-ongoing base rate recoveries. If subsequent analysis showed that a timing mismatch between the IPAF program and PECO's base rate case had resulted in collection by PECO of more than \$28 million, that amount would be returned through a USFC credit.

# ADDENDUM E

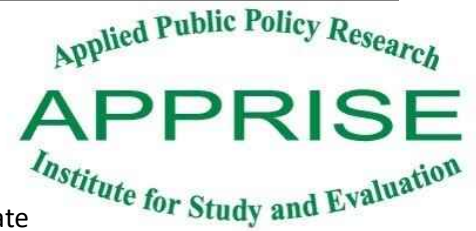
## APPRISE Universal Services Needs Assessment Memo

# MEMO

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**DATE:** May 14, 2021  
**TO:** Mark Kehl  
**FROM:** Jackie Berger, Francisco Alvarez, and Alex Richwine  
**SUBJECT:** PECO Universal Services Needs Assessment Memo – 2021 Update

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PECO customers are income-eligible for the Customer Assistance Program (CAP) if they have income at or below 150 percent of the poverty level and they are income-eligible for the Low-Income Usage Reduction Program (LIURP) if they have income below 200 percent of the poverty level. This memo provides an assessment of the number of PECO customers who are income-eligible for CAP and LIURP.

### I. Methodology

This memo provides a profile of low-income households in the PECO service territory using data from the American Community Survey (ACS). The ACS data provide information on household characteristics, including income level and demographic characteristics. We use data on household size and income to construct the poverty ratio for each household and identify those households that were income-eligible for CAP and LIURP.

Most of the analyses were conducted using the 2017, 2018, and 2019 ACS data files. An average of the three years of data was used to provide a larger sample for analysis than would be available in the one-year file. Income values from 2017 and 2018 data were adjusted to 2019 dollars using Consumer Price Index data from the Bureau of Labor Statistics. Table III-2B also provides an analysis of the 2014-2016 files, the 2013-2015 files, and the 2012-2014 files, to assess whether there have been changes in the income-eligible population.

### II. PECO Electric and Natural Gas Customers

There were approximately 1.57 million households in the PECO service territory (excluding vacant units and group quarters). About 1.48 million of these households were categorized as having PECO Residential Service because they received electric or gas service from PECO. Households were categorized as receiving electric or gas service from PECO if they provided a numeric value for their most recent month's gas or electricity bill and lived in one of the counties where PECO provides that service. Households were not included if their electricity and gas bills were included in their rent or condo fee, or if there was no charge for gas and electricity, or if neither gas nor electricity were used.

PECO Electric Service includes households in Bucks, Chester, Delaware, Montgomery, Philadelphia, and York counties. However, York County is not included in this analysis

because PECO only serves a small community of York County households and the granularity of the ACS data does not permit separation of these households from the rest of York County. PECO Gas Service includes households in Bucks, Chester, Delaware, and Montgomery counties but does not include Philadelphia County, as Philadelphia Gas Works (PGW) services these customers.

**Table II-1  
Distribution of Service Status for Households in PECO Service Territory**

Service Status	Number	Percent
PECO Residential Service	1,482,958	95%
PECO Electric Service	1,480,515	94%
PECO Gas Service	297,261	19%
PECO Electric-Only Service	1,185,698	76%
PECO Combination Gas and Electric Service	294,818	19%
PECO Gas-Only Service	2,443	< 1%
PECO Heating Service	545,713	35%
PECO Non-Heating Service	937,245	60%
<b>All Households</b>	<b>1,567,138</b>	<b>100%</b>

Table II-2 shows the number of households in PECO’s residential service territory by county. Philadelphia County makes up the largest share of households in PECO’s service territory with 567,234 households, representing 38 percent of all the households who receive PECO service. Montgomery County makes up the largest share of gas service households in PECO’s service territory with 99,134 households, representing 33 percent of all households with PECO Gas Service.

**Table II-2  
Distribution of Service Type for Households in PECO Service Territory, By County**

County	All Households	PECO Residential Service		PECO Electric Service		PECO Gas Service	
	Number	Number	Percent	Number	Percent	Number	Percent
Bucks	240,041	232,158	16%	231,521	16%	66,218	22%
Chester	191,829	184,069	12%	183,282	12%	61,982	21%
Delaware	207,488	199,248	13%	198,866	13%	69,926	24%
Montgomery	316,488	300,249	20%	299,613	20%	99,134	33%
Philadelphia	611,292	567,234	38%	567,234	38%	-	-
<b>Total Service Territory</b>	<b>1,567,138</b>	<b>1,482,958</b>	<b>100%</b>	<b>1,480,515</b>	<b>100%</b>	<b>297,261</b>	<b>100%</b>

Table II-3 shows the number of households in PECO’s service territory by county and by primary heating service. Approximately one-third of residential households had PECO

heating service while two-thirds did not. Philadelphia County makes up roughly half of PECO's non-heating service customers.

**Table II-3  
Distribution of Heating Service for Households in PECO Service Territory  
By County**

County	PECO Residential Service	PECO Heating Service		PECO Non-Heating Service	
	Number	Number	Percent	Number	Percent
Bucks	232,158	113,312	21%	118,846	13%
Chester	184,069	81,829	15%	102,240	11%
Delaware	199,248	92,023	17%	107,225	11%
Montgomery	300,249	146,817	27%	153,432	16%
Philadelphia	567,234	111,732	20%	455,502	49%
<b>Total Service Territory</b>	<b>1,482,958</b>	<b>545,713</b>	<b>100%</b>	<b>937,245</b>	<b>100%</b>

**III. PECO CAP and LIURP Income-Eligible Customers**

Table III-1 presents data on income-eligible households by service type and heating service. We estimated that 19 percent of all households with PECO residential service were income-eligible for CAP, and 25 percent for LIURP. Of the 1,482,958 households with residential utility service from PECO, approximately 274,966 have income at or below 150 percent of the federal poverty guidelines, and 371,616 have income at or below 200 percent of the federal poverty guidelines.

**Table III-1  
CAP and LIURP Income Eligibility Rate  
By PECO Service Status**

Service Status	Total Households	CAP Income-Eligible Households (150% of FPL)		LIURP Income-Eligible Households (200% of FPL)	
		Number	Percent	Number	Percent
PECO Residential Service	1,482,958	274,966	19%	371,616	25%
PECO Electric Service	1,480,515	274,612	19%	371,002	25%
PECO Gas Service	297,261	27,108	9%	40,468	14%
PECO Electric-Only Service	1,185,698	247,859	21%	331,148	28%
PECO Combination Gas and Electric Service	294,818	26,754	9%	39,855	14%
PECO Gas-Only Service	2,443	354	14%	614	25%
PECO Heating Service	545,713	88,446	16%	121,149	22%
PECO Non-Heating Service	937,245	186,521	20%	250,467	27%
<b>All Households</b>	<b>1,567,138</b>	<b>308,047</b>	<b>20%</b>	<b>412,304</b>	<b>26%</b>

Table III-2A presents data on income-eligible households by county. The county with the most eligible households and the highest eligibility rate for both CAP and LIURP was Philadelphia County. In Philadelphia County, 182,242 households were income-eligible for CAP, which represents 32 percent of all PECO Residential Service households in that county. Forty-one percent of Residential Service households in Philadelphia County were income-eligible for LIURP. The county with the fewest eligible households and the lowest eligibility rate for both programs was Chester County.

**Table III-2A  
CAP and LIURP Income Eligibility Rate  
By County**

County	PECO Residential Service	CAP Income-Eligible Households (150% of FPL)		LIURP Income-Eligible Households (200% of FPL)	
	Number	Number	Percent	Number	Percent
Bucks	232,158	22,666	10%	36,300	16%
Chester	184,069	15,231	8%	23,573	13%
Delaware	199,248	27,280	14%	39,722	20%
Montgomery	300,249	27,546	9%	41,682	14%
Philadelphia	567,234	182,242	32%	230,340	41%
<b>Total Service Territory</b>	<b>1,482,958</b>	<b>274,966</b>	<b>19%</b>	<b>371,616</b>	<b>25%</b>

Table III-2B shows that there was an increase in the total number of households in PECO’s service territory between 2012 and 2016. This trend continued through 2019 as seen in the table above. The percent of income-eligible households was 19 percent in this 2017-2019 ACS analysis, which matches the 2014-2016 analysis and the 2013-2015 analysis. The number of CAP income-eligible households decreased for all counties between the 2014-2016 analysis and the 2017-2019 analysis, except for Philadelphia County, which saw an increase.

**Table III-2B  
CAP Income Eligibility Rate  
By County**

County	2014-2016 ACS			2013-2015 ACS			2012-2014 ACS		
	PECO Residential Service	CAP Income-Eligible Households		PECO Residential Service	CAP Income-Eligible Households		PECO Residential Service	CAP Income-Eligible Households	
	#	#	%	#	#	%	#	#	%
Bucks	225,387	23,457	10%	225,281	24,635	11%	224,671	24,543	11%
Chester	180,016	15,824	9%	179,485	17,542	10%	177,700	19,344	11%
Delaware	195,709	30,643	16%	194,401	31,080	16%	193,250	33,256	17%
Montgomery	296,237	31,635	11%	294,093	32,883	11%	293,928	32,762	11%
Philadelphia	539,462	166,599	31%	540,732	170,450	32%	537,746	175,599	33%

County	2014-2016 ACS			2013-2015 ACS			2012-2014 ACS		
	PECO Residential Service	CAP Income-Eligible Households		PECO Residential Service	CAP Income-Eligible Households		PECO Residential Service	CAP Income-Eligible Households	
	#	#	%	#	#	%	#	#	%
<b>Total</b>	<b>1,436,811</b>	<b>268,158</b>	<b>19%</b>	<b>1,433,992</b>	<b>276,590</b>	<b>19%</b>	<b>1,427,295</b>	<b>285,504</b>	<b>20%</b>

Table III-3 provides a breakdown of the income-eligible population that received PECO residential service by poverty level and service type. While 75 percent of the LIURP income-eligible electric-only households had income at or below 150 percent of poverty and were income-eligible for CAP, 67 percent of the LIURP income-eligible combination households were income-eligible for CAP.

**Table III-3  
Distribution of Households  
By Service Type and Poverty Group**

Poverty Group	Electric-Only			Combination			Gas-Only		
	Number	Percent		Number	Percent		Number	Percent	
		Of CAP	Of LIURP		Of CAP	Of LIURP		Of CAP	Of LIURP
<b>CAP &amp; LIURP Eligible</b>									
0% - 25%	56,635	23%	17%	4,272	16%	11%	229	65%	37%
26% - 50%	22,155	9%	7%	2,005	7%	5%	93	26%	15%
51% - 75%	39,178	16%	12%	3,897	15%	10%	0	0%	0%
76% - 100%	48,890	20%	15%	4,927	18%	12%	33	9%	5%
101% - 125%	40,907	17%	12%	5,633	21%	14%	0	0%	0%
126% - 150%	40,094	16%	12%	6,020	23%	15%	0	0%	0%
<b>Total CAP Eligible</b>	<b>247,859</b>	<b>100%</b>	<b>75%</b>	<b>26,754</b>	<b>100%</b>	<b>67%</b>	<b>354</b>	<b>100%</b>	<b>58%</b>
<b>LIURP Eligible</b>									
151% - 175%	44,813	-	14%	6,091	-	15%	214	-	35%
176% - 200%	38,476	-	12%	7,010	-	18%	45	-	7%
<b>Total LIURP Eligible</b>	<b>331,148</b>	<b>-</b>	<b>100%</b>	<b>39,855</b>	<b>-</b>	<b>100%</b>	<b>614</b>	<b>-</b>	<b>100%</b>

Table III-4 provides a breakdown of the income-eligible population that received PECO electric service by poverty level. While 31 percent of CAP income-eligible households were below 50 percent of the poverty level, 36 percent were between 51 and 100 percent, and 34 percent were between 101 and 150 percent.

**Table III-4  
Distribution of Households with Electric Service  
By Poverty Group**

Poverty Group	Households With Electric Service		
	Number	Percent	
		Of CAP	Of LIURP
<b>CAP &amp; LIURP Eligible</b>			
0% - 25%	60,907	22%	16%
26% - 50%	24,160	9%	7%
51% - 75%	43,074	16%	12%
76% - 100%	53,817	20%	15%
101% - 125%	46,540	17%	13%
126% - 150%	46,114	17%	12%
<b>Total CAP Eligible</b>	<b>274,612</b>	<b>100%</b>	<b>74%</b>
<b>LIURP Eligible</b>			
151% - 175%	50,903	-	14%
176% - 200%	45,487	-	12%
<b>Total LIURP Eligible</b>	<b>371,002</b>	<b>-</b>	<b>100%</b>

Table III-5 and Table III-6 provide a breakdown of the CAP and LIURP income-eligible population that received PECO electric service by poverty level and county. Among CAP income-eligible households, Philadelphia County households were concentrated in the lower end of the distribution, while Bucks County households were concentrated between 101 and 150 percent of the poverty level. Among LIURP income-eligible households, Bucks County households were again concentrated in the upper part of the distribution, as 38 percent of LIURP income-eligible households had income between 151 and 200 percent of the poverty level.

**Table III-5  
Distribution of CAP Income-Eligible Households with Electric Service  
By Poverty Group and County**

Poverty Group	County									
	Bucks		Chester		Delaware		Montgomery		Philadelphia	
	N	%	N	%	N	%	N	%	N	%
0% - 25%	3,456	15%	2,497	16%	5,233	19%	3,824	14%	45,897	25%
26% - 50%	1,517	7%	1,421	9%	2,547	9%	2,972	11%	15,703	9%
51% - 75%	2,640	12%	2,498	16%	3,368	12%	3,146	11%	31,423	17%
76% - 100%	4,175	18%	2,720	18%	5,413	20%	6,229	23%	35,280	19%
101% - 125%	5,424	24%	2,938	19%	5,554	21%	5,643	21%	26,982	15%
126% - 150%	5,375	24%	3,139	21%	4,953	18%	5,689	21%	26,958	15%

Poverty Group	County									
	Bucks		Chester		Delaware		Montgomery		Philadelphia	
	N	%	N	%	N	%	N	%	N	%
<b>Total CAP Eligible</b>	<b>22,586</b>	<b>100%</b>	<b>15,213</b>	<b>100%</b>	<b>27,067</b>	<b>100%</b>	<b>27,503</b>	<b>100%</b>	<b>182,242</b>	<b>100%</b>

**Table III-6  
Distribution of LIURP Income-Eligible Households with Electric Service  
By Poverty Group and County**

Poverty Group	County									
	Bucks		Chester		Delaware		Montgomery		Philadelphia	
	N	%	N	%	N	%	N	%	N	%
0% - 25%	3,456	10%	2,497	11%	5,233	13%	3,824	9%	45,897	20%
26% - 50%	1,517	4%	1,421	6%	2,547	6%	2,972	7%	15,703	7%
51% - 75%	2,640	7%	2,498	11%	3,368	9%	3,146	8%	31,423	14%
76% - 100%	4,175	12%	2,720	12%	5,413	14%	6,229	15%	35,280	15%
101% - 125%	5,424	15%	2,938	13%	5,554	14%	5,643	14%	26,982	12%
126% - 150%	5,375	15%	3,139	13%	4,953	13%	5,689	14%	26,958	12%
151% - 175%	6,823	19%	3,727	16%	7,058	18%	7,250	17%	26,045	11%
176% - 200%	6,794	19%	4,541	19%	5,343	14%	6,756	16%	22,053	10%
<b>Total LIURP Eligible</b>	<b>36,203</b>	<b>100%</b>	<b>23,482</b>	<b>100%</b>	<b>39,468</b>	<b>100%</b>	<b>41,509</b>	<b>100%</b>	<b>230,340</b>	<b>100%</b>

Table III-7 provides a breakdown of the income-eligible population that received PECO gas service by poverty level. While 25 percent of CAP income-eligible households were below 50 percent of the poverty level, 32 percent were between 51 and 100 percent, and 43 percent were between 101 and 150 percent.

**Table III-7  
Distribution of Households with Gas Service  
By Poverty Group**

Poverty Group	Households With Gas Service		
	Number	Percent	
		Of CAP	Of LIURP
<b>CAP &amp; LIURP Eligible</b>			
0% - 25%	4,501	17%	11%
26% - 50%	2,098	8%	5%
51% - 75%	3,897	14%	10%
76% - 100%	4,959	18%	12%
101% - 125%	5,633	21%	14%
126% - 150%	6,020	22%	15%

<b>Total CAP Eligible</b>	<b>27,108</b>	<b>100%</b>	<b>67%</b>
<b>LIURP Eligible</b>			
151% - 175%	6,305	-	16%
176% - 200%	7,056	-	17%
<b>Total LIURP Eligible</b>	<b>40,468</b>	<b>-</b>	<b>100%</b>

Table III-8 and Table III-9 provide a breakdown of the CAP and LIURP income-eligible population that received PECO gas service by poverty level and county. No households in Philadelphia County received PECO gas service. The county with the highest number and percentage of income-eligible households with income below 100% of the Federal Poverty Guidelines was Delaware County.

**Table III-8  
Distribution of CAP Income-Eligible Households with Gas Service  
By Poverty Group and County**

Poverty Group	County									
	Bucks		Chester		Delaware		Montgomery		Philadelphia	
	N	%	N	%	N	%	N	%	N	%
0% - 25%	1,506	25%	476	10%	1,424	18%	1,095	13%	-	-
26% - 50%	269	4%	393	8%	886	11%	549	7%	-	-
51% - 75%	534	9%	944	20%	1,384	17%	1,034	13%	-	-
76% - 100%	934	15%	655	14%	1,425	18%	1,946	24%	-	-
101% - 125%	1,473	24%	936	20%	1,612	20%	1,612	20%	-	-
126% - 150%	1,389	23%	1,285	27%	1,351	17%	1,995	24%	-	-
<b>Total CAP Eligible</b>	<b>6,105</b>	<b>100%</b>	<b>4,689</b>	<b>100%</b>	<b>8,082</b>	<b>100%</b>	<b>8,232</b>	<b>100%</b>	<b>-</b>	<b>-</b>

**Table III-9  
Distribution of LIURP Income-Eligible Households with Gas Service  
By Poverty Group and County**

Poverty Group	County									
	Bucks		Chester		Delaware		Montgomery		Philadelphia	
	N	%	N	%	N	%	N	%	N	%
0% - 25%	1,506	17%	476	7%	1,424	11%	1,095	9%	-	-
26% - 50%	269	3%	393	6%	886	7%	549	4%	-	-
51% - 75%	534	6%	944	14%	1,384	11%	1,034	8%	-	-
76% - 100%	934	11%	655	10%	1,425	11%	1,946	16%	-	-
101% - 125%	1,473	17%	936	14%	1,612	13%	1,612	13%	-	-
126% - 150%	1,389	16%	1,285	20%	1,351	11%	1,995	16%	-	-
151% - 175%	1,263	14%	776	12%	2,461	19%	1,805	15%	-	-

Poverty Group	County									
	Bucks		Chester		Delaware		Montgomery		Philadelphia	
	N	%	N	%	N	%	N	%	N	%
176% - 200%	1,500	17%	1,118	17%	2,262	18%	2,176	18%	-	-
<b>Total LIURP Eligible</b>	<b>8,867</b>	<b>100%</b>	<b>6,583</b>	<b>100%</b>	<b>12,805</b>	<b>100%</b>	<b>12,213</b>	<b>100%</b>	-	-

#### IV. CAP Participation Rates

Table IV-1 displays the participation rate for Program Year 2019. The table shows that an estimated 48 percent of the income-eligible population participated in CAP, and households between 51 and 100 percent of the poverty level were the most likely to participate in the CAP.

**Table IV-1  
Participation Rate for 2019  
By Poverty Level**

Poverty Level	CAP Participants	CAP Eligible PECO Residential Households	Participation Rate
0% - 50%	29,651	85,389	35%
51% - 100%	63,753	96,924	66%
101% - 150%	38,179	92,654	41%
<b>Total</b>	<b>131,583</b>	<b>274,966</b>	<b>48%</b>

#### V. Summary

This memo provided a profile of income-eligible households in the PECO service territory using data from the American Community Survey (ACS). Key findings from the analysis are provided below.

- There were approximately 1.57 million households in the PECO service territory (excluding vacant units and group quarters) and about 1.48 million had direct PECO bill payment.
- While 19 percent of all households with PECO residential service were income-eligible for CAP, 25 percent were income-eligible for LIURP.
- The percent of income-eligible households was 19 percent in this 2017-2019 analysis, which matches the 2014-2016 analysis and the 2013-2015 analysis. The number of CAP income-eligible households decreased for all counties between the 2014-2016 analysis and the 2017-2019 analysis, except for Philadelphia County which saw an increase.
- An estimated 48 percent of the income-eligible population participated in CAP during Program Year 2019.

Additional data points requested by the Commission's Secretarial Letter dated August 9, 2022:

The 2021 average number of electric confirmed low-income customers is 141,040. For gas, the number is 27,492.

The 2021 average number of electric confirmed low-income payment troubled customers is 596. For gas, the number is 169.

These statistics come from PECO's 2021 Annual Universal Service Programs and Collections Performance report, which the Company submitted to the Commission on April 1, 2022. Please note that the gas customers identified above are largely dual service (gas and electric) customers.

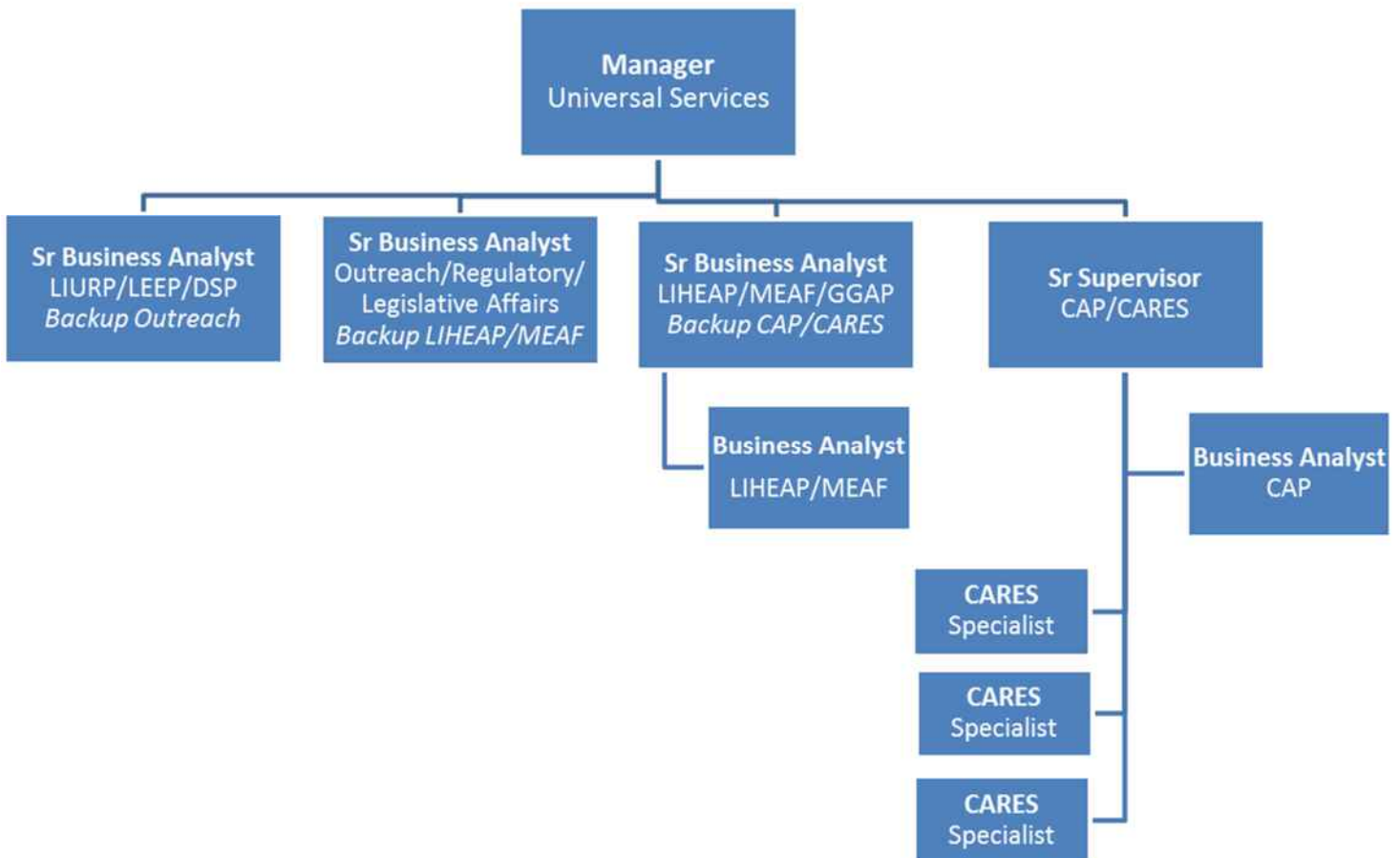
The 2021 number of electric and/or gas households eligible for LIURP is 193,240. As shown in Table III-2A above (the May 15, 2021 APPRISE Universal Services Needs Assessment), 371,616 households would meet the LIURP income requirement. Historically, 52% of households that are income eligible will also meet the LIURP (high) usage requirements. Therefore, PECO estimates that, in 2021, 193,240 households could have qualified to be treated through LIURP.

The projected cost to serve all 193,240 households that could have qualified for LIURP treatment is \$189,375,200. This is based on a historical, pre-COVID average cost per job of \$980. This estimate includes both the cost of the audit and average remediations associated with the average job.

## ADDENDUM F

### Job Description and Organization Structure

PECO currently has 10 full time employees in our Universal Services department including the manager. See Universal Services' organization chart below. Additionally, PECO has 3 outsourced vendors that do support work for LIURP, CAP, LIHEAP and MEAF. Specifically, PECO has a LIURP vendor that serves as a LIURP call center, schedules LIURP appointments, and provides follow-up administrative services for customers post LIURP audit. PECO also has a LIHEAP / MEAF vendor that provides call center capabilities as well as general program support. And finally, PECO has a CAP Call Center that provides call center support as well as back office support via enrolling customers in CAP. PECO does not intend to make any organizational changes at this time to either its internal Universal Services department or its external vendors. That said, PECO reserves the right to make changes to its internal or external organizational structures in the future as it sees fit to satisfy on-going business needs.



# ADDENDUM G

## CAP PIPP

Beginning no later than 8 months after Commission approval of the Company’s 2019-2024 USECP, PECO’s CAP program will transition from the Fixed Credit Option to a Percentage of Income Payment Plan (“PIPP”) program. The PIPP details are outlined below:

### Percent of Income Payment Plan Calculation

#### A. PIPP/CAP Design

##### 1. Determination of Credits:

PECO will implement a new CAP PIPP with customer benefits calculated as follows:

##### Step 1: Determine Verified Household Income and Federal Poverty Level

- 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.<sup>1</sup>

##### Step 2: Determine Customer’s Allowable Energy Burden

- Once the household’s Federal Poverty Level has been determined, PECO will determine the household’s allowable Energy Burden, as follows:

Table 1: Energy Burdens

FPL	Electric Non-Heating	Electric Heating	Gas
0-50%	2%	6%	4%
51-100%	4%	10%	6%
101-150%	4%	10%	6%

##### Step 3: Calculate customer’s Annual Bill

- PECO will determine the customer’s Annual PIPP bill by multiplying the Verified Household Income times that household’s allowable

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<sup>1</sup> A customer’s Federal Poverty Level percentage will be determined by reference to the then-current version of the Federal Poverty Guidelines published by the Federal Department of Health and Human Services.

Energy Burden. Their monthly bill will be 1/12<sup>th</sup> of the Annual PIPP bill.

- The maximum Annual Credit for any household will be as follows:

Table 2: Maximum Annual Credits

FPL	Electric Non-Heating (Rate R) <sup>2</sup>	Electric Heating (Rate RH) <sup>3</sup>	Gas
0-50%	\$2,435	\$3,490	No maximum for gas service
51-100%	\$1,716	\$2,318	
101-150%	\$1,554	\$2,070	

Step 4: Apply Credits to Monthly Bills:

- The monthly credits will be applied in a manner to bring each monthly CAP bill down to 1/12<sup>th</sup> of the Annual PIPP Bill amount. PECO will continue to apply the monthly bill credits, subject to the maximum limits mentioned above, over the course of the year.
- For billing purposes, PECO will apply the lesser of the CAP PIPP bill or actual charges.
- On a Final Bill for CAP customers, PECO will apply a pro-rated PIPP charge, or actual charges, whichever is less.

Step 5: Budget bill settlement at PIPP conversion

Under budget billing, customers receive a fixed bill that is recalculated every four months. Once the CAP PIPP is implemented, CAP customers will no longer be eligible for budget billing because CAP PIPP will provide a fixed bill that will remain constant until the customer’s verified income changes. The final settlement of budget bills for CAP customers upon PIPP implementation will result in some customers having a credit and other customers having a remaining balance. After the final settlement of budget bills occurs, if budget billing has been higher than actual charges, PECO will apply any credit due directly to the account of the CAP customer. If the budget bill settlement reflects a debit or charge (i.e., budget billing has been less than actual charges), the Company will

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<sup>2</sup> If PECO is granted an electric base rate increase in residential distribution rates in a future base rate proceeding, the maximum allowable credits will be increased by a percentage equal to the system-wide residential distribution rate increase, applied to the portion of the Maximum Credit that is attributable to distribution rates.

<sup>3</sup> If PECO is granted an electric base rate increase in residential distribution rates in a future base rate proceeding, the maximum allowable credits will be increased as detailed in the previous footnote.

forgive any CAP customer final settlement charges and instead recover those costs through the Universal Service Fund Charge (“USFC”).

Step 6: Adjustments of Annual PIPP Bill amount

- At any time during the year, a customer may verify to PECO that their household income or size of household has changed. Upon completion of that verification, if the changes result in a change in annual household income, then PECO will recalculate their Annual PIPP bill amount. The new monthly PIPP bill will be applied beginning with the next monthly bill after the recalculation is completed and processed through PECO’s billing system.

Step 7: New entrants to CAP program after program begins

- Customers who enter CAP after the PIPP program begins will be required to verify income and household size. PECO will then apply Steps 1 through 4 to the new CAP participant.

2. Customers Who Do Not Receive an Annual Credit

- In the PIPP, it is possible for a customer to be income-eligible for CAP (defined as having income of less than 150% of the Federal Poverty Level), but nonetheless receive a \$0 credit.
- Other Benefits: Any customer who is verified to be eligible for CAP, but who does not receive an Annual Credit, will nonetheless be eligible for any other benefits that may be available to CAP customers including, but not limited to, PPA forgiveness, LIURP priority, etc., according to the terms of those program components.

3. Cost Containment

- Minimum monthly billing amounts:
  - Rate R: \$10 per month
  - Rate RH: \$20 per month
  - Gas: \$20 per month
- Each monthly bill rendered under this program will have an asked-to-pay amount equal to or greater than these monthly minimums.
- Maximum Annual Credits are applicable, as detailed in Step 3 above.

# ADDENDUM H

## CAP Application (July 2025)

The current version CAP application can be accessed at: [peco.com/CAP](http://peco.com/CAP)

### PECO Universal Services - Customer Assistance Program (CAP) Application

PECO CAP, P.O. Box 467429, Atlanta, GA 31146-9801

**INSTRUCTIONS:** Please complete the application below. Attach proof of total gross income (before taxes) for each household member age 18 and over, including yourself, and sign your name at the X.

PLEASE COMPLETE ALL INFORMATION IN ORDER FOR THIS APPLICATION TO BE PROCESSED. *(Please Print Clearly)*

1. Enter your account number, home phone number, name, address, and cell phone number
2. Enter the name of all members of your household including yourself
3. Attach proof of gross income for all members in your household age 18 and over including yourself
4. There are four (4) ways to submit your CAP application, see reverse for details

See back of this application for acceptable sources of income and where to submit your CAP application.

You can receive CAP application updates via text message by checking the text message "check box" next to cell phone number below. Otherwise, you will be notified by mail.

Account Number:		Home Phone:	
Name: Last	First	Middle Initial	
Address:		Apt. Number	
City	State	Zip Code	
Cell Phone:	<input type="checkbox"/> Check here to receive a status update via text message Message & data rates may apply		

List all the people who live with you, starting with yourself. Include all adults and children. Attach proof of all income for all household members including you. Attach additional sheet, if needed.

**PLEASE NOTE:** If you selected PECO to receive a LIHEAP Grant and checked the box for authorizing DHS to share your income with your utility, please indicate "LIHEAP Data Sharing" below under "Source of Income" and do not attach proof of income.

Name (Last, First, M.I.)	* Social Security # or ITIN #	Birth Date	Relationship	Source of Income <i>See back for sources</i>
			SELF	

My signature on this CAP application gives my permission to PECO or its authorized agent to: (a) check any information I give about where I live, my jobs, income, resources, and energy supplier for me or any member of my household; (b) find out about the costs of my shelter, and heating use; (c) complete any survey or reporting to a governmental agency that it may be requested to do by that agency; (d) obtain a copy of the federal income tax return for me or any member of my household. I authorize the release of limited information to approved agencies which provide other energy /weatherization assistance for which I may be eligible. I certify that the information I gave is true, correct and complete to the best of my knowledge. I understand that if I give false information, I can be denied or removed from CAP and subject to repay any CAP benefits received to date. You must sign this application to receive the CAP fixed bill amount.

**DO NOT SEND BILL PAYMENT WITH THIS APPLICATION. X \_\_\_\_\_**

\*Social Security number or ITIN is optional



**Applicant's Signature**

If you need help with your application, please call 1-800-774-7040

**\*\* CAP Acceptable Proof of Income Documents – Last 30 days or the last 12 months of Gross Household Income, whichever most accurately reflects your average annual income. PECO may accept forms other than those listed below\*\***

Type of Income	Acceptable Proof of Income – <a href="#">SEND COPIES ONLY</a>
Employment	<ul style="list-style-type: none"> <li>• Pay Stubs</li> <li>• Employer Verification Letter on Company Letterhead (include amount paid and frequency)</li> </ul>
Unemployment	<ul style="list-style-type: none"> <li>• Unemployment Award Letter</li> </ul>
Pension	<ul style="list-style-type: none"> <li>• Pension Award Letter</li> <li>• Monthly Check</li> <li>• Monthly Bank Statement showing direct deposit</li> </ul>
Workers' Compensation	<ul style="list-style-type: none"> <li>• Workers' Compensation Checks</li> <li>• Workers' Compensation Award Letter</li> <li>• Monthly Bank Statement Workers' Compensation deposits</li> </ul>
Veteran's Benefit	<ul style="list-style-type: none"> <li>• Veteran's Benefit Award Letter</li> <li>• Veteran's Benefit Check</li> <li>• Monthly Bank Statement showing Veteran's Benefit direct deposit</li> </ul>
Department of Public Welfare (DPW)	<ul style="list-style-type: none"> <li>• DPW Award Letter for Cash Benefits Only</li> <li>• COMPASS Account Detail Print Out</li> </ul>
Child Support	<ul style="list-style-type: none"> <li>• Child Support Court Order</li> <li>• Domestic Relations "Financial Obligation" Form from Court</li> <li>• Letter from person providing voluntary Child Support that is not Court Ordered (include amount paid and frequency)</li> </ul>
Spousal Support	<ul style="list-style-type: none"> <li>• Alimony Court Order</li> <li>• Alimony Monthly Check or Monthly Bank Statement</li> </ul>
Social Security (SSI, SSD, Survivor Benefits, etc.)	<ul style="list-style-type: none"> <li>• Social Security Award Letter for Current Year</li> <li>• SSI Award Letter</li> <li>• SS Disability Award Letter</li> <li>• Survivor Benefit Award Letter</li> </ul>
Rental Income	<ul style="list-style-type: none"> <li>• Rental Lease / Cancelled Rental Checks / Rental Receipt</li> </ul>
Self Employed	<ul style="list-style-type: none"> <li>• 1040 Form</li> </ul>
No Income	<ul style="list-style-type: none"> <li>• Unemployment Denial Letter</li> <li>• Workers' Compensation Exhaustion of Benefit or Denial Letter</li> <li>• Veteran's Benefit Denial Letter</li> <li>• DPW Benefit STOP Notice or DPW Denial Letter</li> <li>• Social Security Benefits Denial Letter</li> <li>• PECO CAP No-Income Form (visit <a href="http://peco.com/CAP">peco.com/CAP</a> or call 1-800-774-7040)</li> <li>• Letter From Person (i.e. Family Member) who helps you pay your bills</li> </ul>

There are four (4) ways to submit your CAP application:

1. **On-line** at [PECO.com/CAP](http://PECO.com/CAP)
2. **E-mail** - [PECOCAP@exeloncorp.com](mailto:PECOCAP@exeloncorp.com)
3. **Fax** information to 1-855-358-9369 (Toll Free) (Note: you must include account number and name on every page)
4. **Mail** the completed application along with the required proof of income to:  
**PECO CAP, P.O. Box 467429, Atlanta, GA 31146-9801**  
**If you need help with your application, please call [1-800-774-7040](tel:1-800-774-7040)**

**How did you hear about CAP?** (Please check the box below)

<input type="checkbox"/> TV / Radio	<input type="checkbox"/> Friend / Relative	<input type="checkbox"/> Social Media
<input type="checkbox"/> PECO.com	<input type="checkbox"/> Outreach Event	<input type="checkbox"/> Social Service Agency
<input type="checkbox"/> Direct Mail	<input type="checkbox"/> Poster / Flyer	<input type="checkbox"/> Email

# ADDENDUM I

## PECO CAP 0-50% FPL Outreach Plan

### BACKGROUND

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PECO has a unique opportunity to have a positive impact on poverty in our service territory by ensuring **Energy Security** for vulnerable populations. A primary “Social Determinant” of health is Energy Security. This can be accomplished via Awareness, Access and “Ease of Enrollment” in our assistance programs at PECO, in particular CAP – Customer Awareness Program.

PECO recognizes the societal ills that can come from Energy Insecurity including:

- Homelessness
- Health Disparities
- Childhood malnutrition
- Family separation

Income eligibility for PECO’s CAP, is 0 - 150% FPL (*Federal Poverty Level*). Generally, that number is broken down into 3 tiers (0-50% FPL; 51-100% FPL; and 101-150% FPL). **0-50% FPL is** considered the lowest tier and also referred to as the “poorest of the poor”. Historically, this has been not only the poorest tier, but also **the hardest customer group to reach**. Given the extreme poverty in this customer segment, there are various reasons why access and enrollment are a challenge. Many don’t have access to consistent communication methods (i.e., *cell phone, internet, etc.*), or transportation. Additionally, given the extreme poverty in this customer segment, mental / emotional challenges tend to be more prevalent given the additional stressors associated with deep poverty.

PECO recognizes there are unique challenges with this customer segment and has over the years implemented different techniques to increase their enrollment in CAP. With the previous CAP Rate program, PECO referred to this tier as “Special Needs” customers. PECO offered additional benefits to this tier including priority for LIURP (*Low-Income Usage Reduction Program*), and additional payment agreements. In 2006, PECO had an independent evaluation conducted on this customer segment. This evaluation was a supplement to the regular Universal Services’ 6-Year evaluation.<sup>1</sup>

The 2006 Special Needs evaluation had a few recommendations, key of which was targeted outreach and marketing. Another recommendation was specialized attention and “hand holding”. Again, the depth of poverty experienced by this customer group creates unique challenges and obstacles.

Since that 2006 Special Needs evaluation, PECO continues to be concerned with this customer base. To that end, PECO has done sporadic outreach to this population over the years. Given the continued lag in CAP enrollment of this customer segment as compared to the other 2 higher CAP tiers (i.e., *51-100 and 101-150% FPL*), PECO will implement targeted, sustained outreach techniques to ensure consistent and continuous focus on increasing enrollment in the 0-50% FPL customer base.

## DATA

PECO CAP customers in the lowest tier (i.e., 0-50% FPL), have always been the smallest tier in both numbers and percentages. **Historically, and currently, the 0-50% FPL CAP customer base has the lowest enrollment.** The 51 – 100% FPL CAP customer base has the highest enrollment, and the 101 – 150 FPL CAP customer base has the second highest enrollment. As CAP enrollment increases, so too does the 0-50% FPL CAP tier, however, never as much as the other two higher tiers. <sup>ii</sup>

### CAP enrollment by the 3 tiers over the past 3 years

Date	0-50% FPL	51-100% FPL	101-150% FPL	Total CAP
Jan 2019	25,834	56,455	32,928	115,217
April 2019	25,103	55,071	31,909	112,083
Sept 2019	24,944	53,975	31,127	110,046
Dec 2019	25,535	54,485	31,384	111,404
Jan 2020	25,852	54,669	31,593	112,114
April 2020	26,343	55,041	32,010	113,394
Sept 2020	26,913	55,389	32,057	114,359
Dec 2020	27,182	55,680	32,145	115,007
Jan 2021	27,345	55,642	32,181	115,168
April 2021	28,430	56,197	32,403	117,030
Sept 2021	31,291	56,587	32,495	120,373
Dec 2021	32,829	56,422	32,495	121,746

As noted in the chart above, in 2019 and 2020, the 0-50% FPL CAP customer population has lagged behind every tier by about 6,000 customers. In 2021, that separation started to dwindle. By December 2021, the 0-50% FPL population exceeded the 101-150% FPL tier by 334 customers. And the prior quarter (i.e., *September 2021*), the difference between the first and third tier was only a delta of 1,204. Both of those 2 data points represent significant improvement and can be credited to the increased focus PECO has put on this population in 2021. Specifically, targeted phone calls, social media (*to specific zip codes*), and mailings.

### CIMS Data

A primary data source for this population (0-50% FPL), is PECO's Customer Information Management System – CIMS. In CIMS, PECO captures financial data that determines a customer's FPL. Some data is **verified / confirmed** (*meaning the customer has provided proof of income via verifiable documentation*), and other data is **unverified / unconfirmed** (*meaning the customer has provided verbal information but has not followed up with formal documentation*).

There are currently 22,144 verified PECO customers with a household income under 50% FPL. Of that, 19,293 are on CAP. The remaining 2,851 are not on CAP. Per CIMS data, there are currently 85,821 unverified PECO customers with household incomes under 50% FPL. Given these numbers, PECO has a potential opportunity of 88,000 customers who could be eligible for PECO's CAP program.<sup>iii</sup>

Category	Total	On CAP	Opportunity
Verified Income	22,144	19,293	2,851
Unverified Income	85,821	0	85,821

Clearly the verified customers who are 50% FPL or below represents a direct opportunity for PECO's CAP program. The remaining 85,000+ represent strong prospects for PECO's CAP program. The high likelihood that most unverified 0-50% FPL customers are eligible for CAP is demonstrated in zip code data. When looking at the top 20 zip codes of PECO's CAP population with household FPL's less than 50%, 18 out of 20 of those zip codes are the same as unverified customers with household income's less than 50% FPL. The remaining 2 zip codes are high on the list.

Given that specific communities have high concentrations of residents in particular income brackets, we were not surprised by this data. This brings us to another data point for CAP outreach – CIMS zip code data. **Using zip code data, PECO knows where to concentrate outreach efforts.** To bring this closer to home, the top 5 zip codes of verified customers with incomes less than 50% FPL are identical to the top 5 zip codes of unverified customers with incomes less than 50% FPL, almost in the exact same order.

#### Government Data

Another data point is government data. The data noted below is from the ACS – American Community Survey. ACS data provide information on household characteristics, including income level. **Using data from the ACS, there are 76,385 customers in PECO's service territory that have household incomes less than 50% FPL.**<sup>iv</sup>

Here's a breakdown by commodity and tier per the ACS:

FPL	Electric	Combination	Gas Only	Total
0 – 25%	44,098	5,612	300	50,010
26 – 50%	23,024	3,289	62	26,375
<b>Total</b>	<b>67,122</b>	<b>8,901</b>	<b>362</b>	<b>76,385</b>

Given the similarities in CIMS data and ACS data, we have good reason to believe that a significant number of the unverified 0-50% FPL PECO customers are likely CAP eligible. For that reason, PECO will actively solicit both populations for CAP (i.e., *verified 0-50% FPL non-CAP and unverified 0-50% FPL*).

## TACTICS / METHODOLOGIES

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The primary goal of PECO's Outreach team is to inform and educate customers on the comprehensive, complimentary suite of assistance programs offered by PECO. The ultimate goal is to increase enrollment in our programs, in particular CAP. A supplemental goal is ensuring ease of enrollment by increasing enrollment methods and removing barriers. To that end, PECO has 5 primary CAP enrollment methods:

1. Mail
2. Fax
3. Email
4. Online
5. CAP Enrollment Sites (*mixture of in-person and virtual support during the COVID-19 pandemic*)

The first 4 methods have been in place for decades. The last method, CAP Enrollment Sites, is new. This enrollment mechanism was introduced early 2020. At that time, PECO onboarded 23 community agencies to assist with CAP enrollment. PECO refers to these agencies as "CAP Enrollment Sites". The goal of this initiative is to:

- Increase CAP enrollment
- Enhance collaborations between PECO and Social Service Agencies
- Create a more streamlined customer experience by:
  - ✓ Reducing the need for customers to submit the same income documentation to multiple agencies for benefits
  - ✓ Increasing locations where customers can get in-person (*or virtual*) assistance

PECO will use data from both CIMS, and Census as noted in the previous section to determine where to target the 0-50% FPL population.

The specific tactics PECO will employ to increase outreach and ultimately enrollment in the 0-50% FPL population is as follows:

- **Engage CAP Enrollment Sites** that serve zip codes that have high concentrations of customers with FPL below 50%; Provide PECO resources at these sites on a cyclic basis
- **Increase outreach events** / presence in zip codes that have high concentrations of customers with FPL's below 50%
- **Out of Home Advertising** – Billboards, public transportation, bus shelters, etc.
- **Direct mail** – Postcard mailings – Postcard mailings have been deemed a best practice given the higher readership; Postcards don't have to be opened and are more engaging and less intimidating than standard letters
- **Email** – With the recent pandemic, PECO has used emails more often to reach customers; Even customers in deep poverty tend to have an email address, especially millennials.

- **Direct Dialed Phone Calls** – Friendly calls to encourage customers to enroll in CAP
- **Social Media** – Using zip code data, we know where there are large segments of customers under 50% FPL – We can target these areas with specific messaging
- **Posters with tear-off's** – These posters would be prominently displayed in high traffic locations
- **Flyers / brochures** at known locations where 0-50% FPL customers frequent
- **Employ Innovative Outreach Techniques**– Current possibilities include virtual enrollment; Will continue to do research and employ new techniques as they become available
- **Collaborate** with special interest groups that serve the 0-50% FPL population, such as:
  - Elected Official Offices
  - Neighborhood Energy Centers (NEC's)
  - Welfare to Work programs
  - Elderly organizations
  - Returning citizens
  - Job training programs (i.e., OIC)
  - Faith Based Organizations
  - Food pantries
  - School Districts
  - Housing agencies
  - Etc.
- **Work Force Development (WFD)** – PECO recently launched a Work Force Development department to help break the cycle of poverty by providing access to education and training that will lead to family sustaining wage employment. As an added benefit for the 0-50% FPL population, PECO will connect customers in this population with WFD opportunities inclusive of but not limited to the following:
  - Educational assistance (GED, Literacy) – Offer educational support which may be needed before embarking on job training. Connect customers with WFD partners like Philadelphia OIC and Beyond Literacy
  - Connect with WFD partners like “First Step Staffing” to provide support during job training or while employed. First Step Staffing also facilitates transportation to job sites and ensures workers are paid weekly to help them manage their bills
  - Connect with “Uplift Solutions” for returning citizens to provide employment pathways to success for justice involved individuals
  - Jobseekers needing assistance determining a career pathway can take advantage of The Free Library of Philadelphia’s Career Launch program which offers career exploration sessions and a comprehensive database of training programs to prepare individuals for their chosen career. Additionally, jobseekers can search for relevant career opportunities via the PropelPHL app powered by HirePhilly.

**The aforementioned tactics will be done specifically for the 0-50% FPL population. That notwithstanding, PECO will employ other tactics to solicit CAP enrollment for all eligible customers. Those tactics will be inclusive of the 0-50% FPL population.**

Additionally, PECO will solicit this vulnerable population for other assistance products and services inclusive of the entire suite of assistance programs at PECO to help supplement utility bill payment. PECO will target both existing, temporary, and new programs:

***Usage Reductions programs:***

- LIURP – Low-Income Usage Reduction Program – Usage reduction program that provides an extensive energy audit as well as remediation measures to reduce usage; This program also offers ongoing assistance via monthly touchpoints to encourage ongoing usage reduction behaviors
- Defacto Heating (*when available*) – Program for customers who use an alternate heating source because their primary heating source is inoperable
- Health and Safety – Provides usage reduction services / repairs that are outside of regular LIURP, examples include asbestos, windows, etc.
- LEEP – Low-Income Energy Efficiency Program – low-income component of Act 129 – Similar to LIURP; Provides supplemental usage reduction measures; Program focus could change annually, examples of program elements could be appliance swaps

***Grant Programs:***

- LIHEAP – Low-Income Home Energy Assistance Program – Government grant program – available during the heating season, typically November to March; Cash and Crisis programs to help with utility bill payment for primary or secondary heating sources
- ERAP – Emergency Rental Assistance Program – Temporary government grant program that provides rent and utility assistance – funding appropriated as a part of COVID relief
- PAHAF – Pennsylvania Home Assistance Fund – Temporary government grant program that provides mortgage and utility assistance – funding appropriated as a part of COVID relief
- MEAF – Matching Energy Assistance Fund – PECO Hardship fund for customers whose service is terminated or in threat of termination; PECO partners with community partners in each county to administer this program

***Situational / Individualized Assistance:***

- CARES – Customer Assistance Referral and Evaluation Services – Individualized assistance for customers with extenuating circumstances or special needs
- Other Referral programs – Findhelp.org – Expansive portal that provides assistance for residents across the United States; PECO has purchased a subscription with Findhelp (formerly Aunt Bertha) to provide additional assistance for our customers

## METRICS / OUTCOMES – MEASURES OF SUCCESS

### COVID-19 Impacts

Total CAP enrollment is a product of new enrollees as well as recert removals. With the current COVID-19 pandemic, one of the protections PECO afforded CAP customers was a temporary moratorium from recert removals. As a result, as of the end of 2021, we have a total of 51,213 CAP customers who are eligible for removal from CAP for failure to recertify, of which 12,140 are between 0-50% FPL. <sup>v</sup>

Recert Removal Eligible	Total CAP Eligible for Removal	0-50% FPL Eligible for Removal
As of December, 2021	51,213	12,140

To that end, metrics for this Plan will focus on both new enrollment as well as recert removals. The goal of this Plan is to both identify and enroll new customers in CAP who are less than 50% FPL while simultaneously retaining existing customers on CAP who are less than 50% FPL.

The percentage of CAP customers below 50% FPL has been flat over the past 5 years as illustrated in the table below: The years chosen are 2015 to 2019 inclusive (*pre-COVID-19*), however, the past 2 years (*2020 and 2021*), have been similar in terms of percentages. January 2020 the percentage of CAP customers under 50% FPL was 23% while January 2021, the percentage of CAP customers under 50% FPL was 24%.

Metrics for this plan are COVID normalized due to the anomalies created by COVID in calendar years 2020 and 2021, but for different reasons. In calendar year 2020, PECO offered several protections due to the financial impacts of COVID. Those protections caused customers to not act with a great sense of urgency. In 2021, PECO removed many of those protections which changed customer behavior again, but in the opposite direction – customers were more responsive.

Date	0-50% FPL	Total CAP	% Less than 50%
Jan 2019	25,834	115,217	22%
Jan 2018	26,153	118,691	22%
Jan 2017	30,323	132,104	23%
Jan 2016	30,412	138,379	22%
Jan 2015	30,985	140,844	22%

**Total CAP enrollment has been in the negative numbers for the past decade.** In the past 5 years, it has been as low as negative 53%. Per the previous chart, total CAP enrollment went from a high of 140K CAP customers in 2015 to a low of 115K CAP customers in 2019. That notwithstanding, giving the tactics noted in the previous section of this Plan to do specific outreach to the 0-50% FPL population, PECO has set aggressive targets for the 0-50% FPL customer population.

**PECO’s target for 0-50% FPL customers for the next 5 years (2022 – 2026 inclusive), is a 5% increase in total enrollment over 2019 (pre-COVID).** Again, total enrollment is a product of both new enrollment and recertification retentions, to that end, **PECO will focus on both new enrollees as well as recertification retentions for the 0-50% FPL population.**

The 5-year goal for CAP enrollment for customers under 50% FPL is as follows:

<b>Calendar Year Ending</b>	<b>CAP 0-50% FPL Customers</b>
<i>2022</i>	27,125
<i>2023</i>	28,481
<i>2024</i>	29,905
<i>2025</i>	31,400
<i>2026</i>	32,970

**PECO recognizes this is an aggressive goal given the unique challenges associated with reaching this uniquely vulnerable population.** Again, extreme poverty brings additional challenges associated with everyday living not to mention communication and accessibility. **That notwithstanding, PECO will employ all tactics noted in the Methodologies section of this Plan and believes these goals are attainable.**

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<sup>i</sup> APPRISE – Applied Public Policy Research Institute for Study and Evaluation

<sup>ii</sup> Monthly CAP Participation Reports

<sup>iii</sup> PECO Customer Analytics Data Team in Customer Financial Operations

<sup>iv</sup> APPRISE Evaluation

<sup>v</sup> Universal Services

## ADDENDUM J

### LEP (*Limited English Proficiency*) Analysis – June 2022

Languages:

- Spanish
- Indo-European (*Albanian, Armenian, German, Iranian, and Italian*)
- Asia and Pacific (*Chinese, Tagalog, Vietnamese, Korean, and Hindi*)

Zip code	Termination Notices	Total Pop.	LEP Pop.	Spanish % of total Pop.	Spanish #	Indo-European % of total Pop.	Indo-European #	Asian and Pacific Island %	Asian #	Other % of total Pop.	Other #
19143	14,574	58,463	4,935	2.6%	1,493	2.2%	1,278	1.6%	925	2.1%	1,239
<b>19124</b>	<b>14,252</b>	<b>65,784</b>	<b>26,311</b>	<b>31%</b>	<b>20,847</b>	<b>3.8%</b>	<b>2,493</b>	<b>3.7%</b>	<b>2,459</b>	<b>0.8%</b>	<b>512</b>
<b>19140</b>	<b>13,132</b>	<b>48,329</b>	<b>16,967</b>	<b>32%</b>	<b>15,889</b>	<b>0.1%</b>	<b>72</b>	<b>1.6%</b>	<b>783</b>	<b>0.4%</b>	<b>213</b>
19139	13,010	41,709	4,324	3.6%	1,495	3.1%	1,282	1.5%	624	2.2%	923
<b>19134</b>	<b>12,578</b>	<b>56,410</b>	<b>23,365</b>	<b>37%</b>	<b>20,912</b>	<b>2.7%</b>	<b>1,514</b>	<b>1.3%</b>	<b>741</b>	<b>0.4%</b>	<b>198</b>
<b>19120</b>	<b>12,314</b>	<b>67,772</b>	<b>28,064</b>	<b>26%</b>	<b>17,606</b>	<b>3%</b>	<b>2,255</b>	<b>10%</b>	<b>6,936</b>	<b>2%</b>	<b>1,267</b>
19132	11,534	28,122	1,773	3%	869	1%	353	0.6%	172	1%	379
19144	10,811	41,716	3,116	3%	1,347	1.7%	727	1.1%	444	1.4%	598
19013	10,687	32,433	3,200	7.5%	2,443	0.7%	299	0.8%	253	0.6%	205
<b>19082</b>	<b>9,490</b>	<b>39,759</b>	<b>15,893</b>	<b>6.4%</b>	<b>2,564</b>	<b>17.6%</b>	<b>6,979</b>	<b>10.2%</b>	<b>4,063</b>	<b>5.8%</b>	<b>2,287</b>

*Location of each zip code:*

Zip Code	County	Sub-Area
19143	Philadelphia	Southwest Philadelphia
19124	Philadelphia	North Philadelphia
19140	Philadelphia	North Philadelphia
19139	Philadelphia	South Philadelphia
19134	Philadelphia	North Philadelphia
19120	Philadelphia	North Philadelphia
19132	Philadelphia	North Philadelphia
19144	Philadelphia	North Philadelphia
19013	Delaware	Chester
19082	Delaware	Upper Darby

**PECO's LEP Community Partners in Zip Codes that have the Highest Termination Notices**

Zip code	Agencies / Partners	LEP Households	Spanish	Indo-European	Asian & Pacific Island	Other
19143	<ul style="list-style-type: none"> <li>• Healing Hands Social Services for Children and Families</li> </ul>	24,632	2.6%	2.2%	1.6%	2.1%
19124	<ul style="list-style-type: none"> <li>• CONCILIO</li> <li>• Hispanic Association of Contractors &amp; Enterprises (HACE)</li> </ul>	22,837	31%	3.8%	3.7%	0.8%
19140	<ul style="list-style-type: none"> <li>• Hispanic Association of Contractors &amp; Enterprises (HACE)</li> <li>• Hunting Park NAC</li> <li>• Nicetown CDC</li> </ul>	19,693	32%	0.1%	1%	0.4%
19139	<ul style="list-style-type: none"> <li>• ACHIEVEability</li> </ul>	18,184	3.6%	3.1%	1.5%	2.2%
19134	<ul style="list-style-type: none"> <li>• New Kensington CDC</li> </ul>	21,273	37%	2.7%	1.3%	0.4%
19120	<ul style="list-style-type: none"> <li>• Greater Philadelphia Asian Social Services (GPASS)</li> </ul>	24,531	26%	3%	10%	2%
19132	<ul style="list-style-type: none"> <li>• Strawberry Mansion CDC</li> </ul>	13,712	3%	1%	0.6%	1%
19144	<ul style="list-style-type: none"> <li>• Germantown Crisis Ministry</li> <li>• Center in the Park</li> </ul>	18,574	3%	1%	1%	1%
19013	<ul style="list-style-type: none"> <li>• Catholic Social Services</li> <li>• Community Action Agency Delaware County</li> </ul>	12,664	7.5%	0.7%	0.8%	0.6%
19082	<ul style="list-style-type: none"> <li>• Community Action Agency of Delaware County</li> <li>• Family Support Services</li> </ul>	15,251	6.4%	17.6%	10.2%	5.8%

**Findings:**

- This analysis is based on PECO CIMS (*Customer Information Management System*) termination data and ACS (*American Consumer Survey*) Census data.
- Based on the data above, the language spoken by the largest number of LEP customers in PECO's service territory is Spanish.
- 8 of the top 10 termination zip codes are in Philadelphia, the other 2 are in Delaware County
- PECO has a relationship/partnership with at least one agency in each of the top 10 termination notice zip codes noted above

**External Information source:**

***Census Tract Website:***

[https://data.census.gov/cedsci/map?t=Language%20Spoken%20at%20Home&g=0500000US42101%241400000&tid=ACST5Y2020.S1602&cid=S1602\\_C01\\_001E&vintage=2020&layer=VT\\_2020\\_140\\_00\\_PY\\_D1&mode=thematic&loc=40.0044,-75.1900,z11.6852](https://data.census.gov/cedsci/map?t=Language%20Spoken%20at%20Home&g=0500000US42101%241400000&tid=ACST5Y2020.S1602&cid=S1602_C01_001E&vintage=2020&layer=VT_2020_140_00_PY_D1&mode=thematic&loc=40.0044,-75.1900,z11.6852)

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## ADDENDUM K

### Temporary Emergency Grant Program Using Unspent 2020 LIURP Funds<sup>1</sup>

The Company allocated the approximately \$3.7 million in unspent 2020 LIURP funds among the five major counties in PECO's service territory based on the number customers in each county with a confirmed income of at or below 200% of FPL as of December 31, 2021, as follows:

Bucks	\$351,381
Chester	\$228,185
Delaware	\$384,506
Montgomery	\$403,478
Philadelphia	\$2,229,673

York County received a direct allocation of \$30,000 which represented the sum of all arrears for York County customers at 0-200% FPL as of December 31, 2021.

The funds will be distributed according to the following methodology:

1. PECO will identify income-eligible customers, by county, who have a past due balance of \$500. The Company would then continue to identify income-eligible customers, by county, with an increasing past due balance (e.g., \$501, \$502) until the total grant funds required to address the identified customers' past due balance is equal to the county's allocated portion of the \$3.7 million.<sup>2</sup>
2. Once the customers have been identified, a grant equal to their past due balance would be automatically applied to their bill. PECO will send each customer a letter notifying the customer about the grant either before, or shortly after, the grant is applied to the customer's bill.
  - a. For illustrative purposes, if this methodology were applied as of December 31, 2021, the grants would have been distributed as follows:

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<sup>1</sup> PECO Energy Company Petition for Expedited Approval to Establish an Emergency Grant Program for Low-Income Customers, Docket No. P-2022-3032265 (Order entered June 16, 2022) ("2022 Emergency Grant Order").

<sup>2</sup> The final customer identified for a grant in each county may receive a grant that is less than the customer's full arrears, depending upon the remaining funds for that county.

County	Total Funding	Grant Recipients	Range of Grant Award (Based on Customer Arrears Amount)
Bucks	\$351,381	249	\$500-\$3,500
Chester	\$228,185	192	\$500-\$2,100
Delaware	\$384,506	443	\$500-\$1,400
Montgomery	\$403,478	359	\$500-\$2,080
Philadelphia	\$2,229,673	2,471	\$500-\$1,460

3. York County received a direct allocation of \$30,000 which represented the sum of all arrears for York County customers at 0-200% FPL as of December 31, 2021. If the Grant Program is approved, and the \$30,000 does not fully address all current arrears for York County customers at 0-200% of FPL, the Company will first apply grants to fully address the greatest customer arrears and then apply grants to fully address arrears of decreasing value until the \$30,000 is fully expended.<sup>3</sup>
  
4. Once the Grant Program is approved by the Commission<sup>4</sup>, the Company would review the current customer arrears in each county and apply its methodology as described above to identify the customers who would receive grants. Because the number of customers in arrears and the amount of arrears is not static, PECO expects that the number of grants and range of grant assistance will be different than is shown in the illustrative example in paragraph 2.a., above.

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<sup>3</sup> The final customer identified for a grant may receive a grant that is less than the customer's full arrears, depending upon the remaining funds.

<sup>4</sup> In accordance with the 2022 Emergency Grant Order (pp. 5-7), PECO shall disperse these funds no later than August 15, 2022.