R 0973953
PECO Stmt. 16 + 17
Exhibits MCK 1 thru 5
Phila. 10/14, 15 & 16/97
E. Holbert

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF PECO ENERGY COMPANY
FOR APPROVAL OF ITS RESTRUCTURING PLAN
UNDER SECTION 2806 OF THE PUBLIC UTILITY CODE

Exhibit 1
VOLUME VIII

Contents:

Statement No. 16 - Direct Testimony & Exhibits of Marilyn C. Kray
Statement No. 17 - Direct Testimony & Exhibits of Gwen S. King

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Vol 47

PECO STATEMENT NO. 16

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF PECO ENERGY COMPANY
FOR APPROVAL OF ITS RESTRUCTURING PLAN
UNDER SECTION 2806 OF THE PUBLIC UTILITY CODE

DIRECT TESTIMONY OF

MARILYN C. KRAY

Regarding Universal Service and Energy Conservation Programs

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DIRECT TESTIMONY OF
MARILYN C. KRAY

I. INTRODUCTION

Q: Please state your name and business address.

A: Marilyn C. Kray, 2301 Market Street, Philadelphia, Pennsylvania.

Q: By whom are you employed and in what capacity?

A: I am employed by PECO Energy Company ("PECO" or the "Company") as Manager, Reengineering and Performance which is in the Customer Services Department of Consumer Energy Services.

Q: What is your educational background?

A: I received my Bachelor of Science in Chemical Engineering from Carnegie-Mellon University in Pittsburgh, Pennsylvania. In addition, I have completed extensive simulator and training courses and am certified by the United States Nuclear Regulatory Commission to perform preoperational, power ascension and power operations inspections for nuclear generating stations. I have also completed various management and leadership development programs.

Q: Please describe your work experience with PECO Energy Company.

A: I joined PECO in August 1987 as an engineer in the Licensing Section. I was involved in the restart activities associated with Peach Bottom Atomic Power

Station ("PBAPS"). In March 1993, I was promoted to Manager, PBAPS Licensing. My primary responsibilities included managing the interface between PECO and the U.S. Nuclear Regulatory Commission.

In July, 1995 I was assigned the additional responsibility of Executive Assistant to the Nuclear Committee of PECO's Board of Directors.

In August, 1996 I was appointed to my current position as Manager of the Reengineering and Performance Department. My primary responsibilities include working with the Commission's Bureau of Consumer Services ("BCS"), and managing and analyzing customer service issues. I am also involved in the development and implementation of PECO's electric retail pilot.

In my current position, I am responsible for managing the Company employees who deal with customers and the Commission in resolving informal and formal complaints filed with the Commission. In this function, I manage various customer service issues, particularly those relating to termination procedures, payment arrangements, and the Company's customer assistance programs.

Q: Have you testified previously in any regulatory proceedings?

A: No.

1 **Q: What is the purpose of your testimony?**

2 A: The purpose of my testimony is to describe PECO's current low income energy
3 assistance programs and to explain how PECO intends to continue operating these
4 programs to meet the Universal Service obligations provided in the Electricity
5 Generation Customer Choice and Competition Act ("the Competition Act"). In
6 addition, I will describe PECO's 1996 costs associated with providing service and
7 assistance to low income customers.

8

9 **II. UNIVERSAL SERVICE OBLIGATIONS UNDER THE COMPETITION**
10 **ACT.**

11

12 **Q: What is Universal Service?**

13 A: The Competition Act defines Universal Services as "[p]olicies, protections and
14 services that help low income customers to maintain electric service. The term
15 includes customer assistance programs; termination of service protection[s] and
16 policies and services that help low income customers to reduce or manage energy
17 consumption in a cost effective manner, such as the low-income usage reduction
18 programs, application of renewable resources and consumer education." 66 Pa
19 C.S. §2803.

20

21 **Q: How does PECO intend to satisfy its Universal Service obligations?**

22 A: The Company plans to build upon its existing low income customer assistance
23 programs, including its pilot customer assistance program ("CAP Rate"), which

was begun in April 1996. The Company also intends to maintain the current service protections offered residential customers as required by the Commission's Chapter 56 credit, collection and termination regulations. 52 Pa. Code §56.1 et seq. ("Chapter 56"). A customer education program directed toward low income customers is also part of the Company's Universal Service Plan. To explain completely how the Company will provide Universal Service to low income customers, I will describe not only our current programs but also how these programs will operate under the Competition Act.

Q: Please list the Company's current low income energy assistance programs.

A: The Company currently operates five different programs that provide energy assistance to low income customers: (1) the Customer Assistance Program ("CAP"); (2) the pilot Customer Assistance Program ("CAP Rate"); (3) the Low Income Usage Reduction Program ("LIURP"); (4) customer outreach for the Low Income Home Energy Assistance Program ("LIHEAP Outreach"); and (5) the Matching Energy Assistance Fund ("MEAF").

Q: Would you please describe each program?

A: Yes.

CAP: PECO voluntarily began its CAP program in 1984. CAP was designed, in part, in response to a study conducted by the BCS in 1984 entitled "Proposed Options For Dealing With Payment Troubled Customers." The intent of CAP was to address the high incidence of uncollectibles in PECO's service territory.

PECO's CAP was the first broad-scale customer assistance program offered by a Pennsylvania utility, and the design of PECO's CAP formed the basis upon which other utilities structured their CAP programs. PECO's CAP, in combination with its intended successor CAP Rate, is the largest customer assistance program offered by a utility in Pennsylvania, both in terms of number of customers and total costs. As of December 31, 1996, there were 31,969 customers enrolled in CAP.

To be eligible for CAP, a customer must meet certain requirements. The customers must be on the Company's Rate R or R-H and have a household income at or below 150% of the federal poverty level. The federal poverty level is set through guidelines issued by the U.S. Government Department of Health and Human Services. A copy of these guidelines is attached as Exhibit MCK-1 to my testimony. In addition, a CAP customer must have a demonstrated "inability to pay" which is defined as eligible expenses exceeding income by more than $10 per month. A CAP customer's bill is initially calculated at the full applicable rate under Rate R or R-H, and a 20%, 40% or 60% discount is applied to the bill. The amount of the discount is based on the customer's income, rate, and usage. In addition, arrearages for CAP customers which include payment arrangements with a pay-back period of more than 48 months, are also forgiven and written off for those customers who maintain their eligibility and monthly payments. The Company has determined, based on its computer records, that 88% of such payment agreements are associated with customers at or below 150% of the federal poverty level.

CAP Rate: In November 1995, the Company filed with the Commission a pilot customer assistance program designed to maintain the benefits of its original CAP program, while improving the cost effectiveness of the program. The significant changes were the inclusion of a tariffed rate for CAP Rate customers and a streamlined qualification and intake process. The CAP Rate is an inverted block rate that provides a low income, payment troubled customer with a 50% or 25% discount from Rate R or R-H, on the first 500 kWh of the monthly bill. The amount of the discount is based solely on the customer's income. A customer below 100% of the poverty level receives the 50% discount and a customer between 150% and 100% receives the 25% discount. Any usage in excess of 500 kWh is billed at the standard tariff rate. PECO uses certification by state agencies to assure that the customer meets the income eligibility requirements. PECO verifies a CAP Rate applicant's income through the Pennsylvania Department of Welfare and the Pennsylvania Department of Revenue. In addition, and similar to CAP, arrearages for CAP Rate customers, which include payment arrangements with a pay-back period of more than 48 months, are also forgiven for customers who maintain their eligibility and monthly payments.

On March 28, 1996 the Commission approved PECO's filing to begin the CAP Rate as a pilot. CAP Rate began intake on April 1, 1996. As of December 31, 1996, there were 9,912 customers on the CAP Rate. Therefore, as of year-end

1996, PECO had a total of 41,881 customers in either the CAP or CAP Rate program, or 3.2% of total residential customers.[1]

A copy of PECO's CAP Rate filing is attached as Exhibit MCK- 2 to my testimony.

LIURP : LIURP is a Commission directed, low income weatherization program established in 1988. 52 Pa. Code §58. 1 et seq. The Commission approves each utility's LIURP funding level. The Commission recently adopted a rulemaking to modify and extend LIURP beyond its January 28, 1998 expiration date. 27 Pa. Bull. 1165 (March 8, 1997). LIURP requires that PECO provide energy education and conservation measures to help reduce the energy usage of low income customers. The Commission, in authorizing the continuation of the program, states "that LIURP has achieved, among other goals, its initial goal of reducing energy usage, utility bills, and arrearages for low income households." 27 Pa. Bull. at 1165.

A customer with a household income at or below 150% of the federal poverty level is eligible to receive LIURP services. In some cases, customers that fall within 150% to 200% of the federal poverty guidelines are also eligible for energy reduction services. LIURP services include energy audits, off peak conversions, air conditioner and refrigerator swaps, timers for electric water heaters and for air

[1] PECO's 1996 Annual Report shows 1,324,448 residential customers.

conditioning units and conservation education. In 1996, the Company treated 8,941 households under this program. The 1996 program costs for electric customers were $2.7 million.

LIHEAP Outreach: Although LIHEAP is not a PECO funded program but rather is a federally funded program, PECO utilizes its resources to promote LIHEAP and to assist customers in applying for LIHEAP funds. LIHEAP works with the states to enable them to help low income households meet their home heating needs. A household at or below 110% of the federal poverty guidelines is eligible to receive LIHEAP assistance. LIHEAP is administered through the Pennsylvania Department of Welfare and offers customer three types of benefits - cash payments, CRISIS payments and energy conservation measures. In 1996 LIHEAP grants were given to 26,646 PECO customers.

MEAF: MEAF is a PECO program that enables the Company to assist low income customers in its service territory with energy payments. MEAF is a customer pledge program in which PECO matches customer contributions to the fund. To receive a MEAF grant, a customer must be at or below 150% of the federal poverty guidelines and demonstrate an emergency need. A customer applies for this grant at county fuel fund agencies which coordinate the disbursement of the grant with PECO . In 1996, PECO customers contributed $502,000 enabling 2,370 customers to receive MEAF grants.

Q: How do PECO's current customer assistance and conservation programs fit with its Universal Service obligations required by the Competition Act?

A: In their current form, the Company's low income programs collectively satisfy the requirements of the Competition Act. In addition, PECO intends to expand its CAP Rate program and eventually phase out its CAP program. CAP Rate is currently under review by the Commission in a separate proceeding. (See Commission dockets R-953515C001, R-953515C002 and R-953515C003.) The current dockets contains a Commission approved joint stipulation, a copy of which is attached as Exhibit MCK-3 to my testimony. The stipulation establishes a working relationship with the parties (the Office of Consumer Advocate, the Tenants Action Group, and GRASP Energy Solutions). The stipulation also provides for public input hearings (the first was held on January 28, 1997), discovery, and a monitoring committee, and permits enrollment of 10,000 customers into the CAP Rate. After a full program evaluation, but no later than May 1998, the Company will file to replace its pilot with a permanent program. An additional public input hearing will also be scheduled.

PECO believes its CAP Rate, with a tariffed rate and payment troubled criterion rather than an ability to pay provision, is a more efficient and effective customer assistance program. At the conclusion of the program evaluation PECO will be able to verify whether, the CAP Rate is a more efficient and effective program. PECO also believes that its CAP Rate strongly encourages conservation because

the inverted block structure sends a definitive price signal to the customer to keep usage down. As of December 31, 1996, 78.7% of the customers on the pilot CAP Rate program paid their full bill compared to 76.9% of the customers on CAP, even though a typical CAP Rate customer is receiving less of a discount than the typical CAP customer.

As part of its Universal Service program, the Company will also continue the operation of LIURP. PECO's LIURP program operates with the CAP Rate to provide energy conservation education and energy conservation treatments for CAP Rate participants.

Q: How will PECO define who will be eligible for its Universal Service programs?

A: As I described earlier, each program has its own eligibility requirements. So, at the outset there cannot be a single eligibility criterion for Universal Service. Generally, a customer must be at or below 150% of the federal poverty guidelines. A customer is eligible for the Company's CAP Rate if the customer is low income, payment troubled and applies for LIHEAP. To qualify for LIURP a customer must be an "electric baseload" or "electric heating" customer whose income is at or below 150% of the federal poverty guidelines. LIURP also has a provision, however, that a customer within the range of 150% to 200% of the federal poverty guidelines may receive LIURP services if there are special circumstances. To receive LIHEAP assistance a customer must apply to Pennsylvania's

Department of Welfare and must be at or below 110% of the federal poverty guidelines. MEAF is offered to customers at or below 150% of the federal poverty level who demonstrate an emergency need for the funds.

Q: How will the Company classify a customer as "payment troubled" for participation in its Universal Service programs?

A: The Company considers as "payment troubled," a customer who: (1) is already enrolled in CAP or CAP Rate; or (2) has a payment agreement that extends beyond 48 months; or (3) has been past due on five out of their last six bills.

Q: How many PECO customers are low income and payment troubled?

A: PECO has identified that as of December 31, 1996, there are approximately 150,000 low income, payment troubled customers on its system meeting the aforementioned criteria. PECO identified this number from those customers who, at some point, contacted the Company and supplied household income information. This number represents approximately 11.3% of the Company's total residential customers and is the number of customers who may currently qualify for CAP Rate. The latest census data estimates that 250,000 households in PECO's service territory are low income (below 150% of poverty) and therefore potentially eligible for the Company's CAP Rate. This is approximately 18.9% of the Company's total residential customers.

1 **Q: Can the Company accommodate such a large number of low income**
2 **customers in its Universal Service Program?**
3 A: No not at this time. PECO already has the largest customer assistance program in
4 the state. There are currently a combined total of over 41,000 customers in the
5 Company's CAP and CAP Rate programs. In addition, the Company proposes to
6 include low income customers who have payment agreements that extend beyond
7 48 months. The Company believes that accepting all eligible customers would be
8 unduly burdensome both financially and administratively. If the Company were to
9 enroll 250,000 customers in its CAP Rate, this would equate to expanding its
10 customer assistance program to more than six times the current size and such a
11 significant expansion would be extremely costly and difficult to administer. It is
12 more appropriate to keep the participant numbers manageable and include
13 customers who are currently in its customer assistance programs.
14
15 **Q: Is the Company proposing a specific customer level for its future CAP Rate**
16 **program?**
17 A: No. The Company cannot propose a specific customer level at this time.
18 However, the Company does plan to expand its current CAP Rate. At the
19 conclusion of the Commission's proceeding addressing the CAP Rate, the
20 Company plans to move all the customers currently on its CAP as well as those
21 low income customers who have had payment arrangements that extend beyond 48
22 months into the permanent program (successor to CAP Rate). PECO estimates

when it takes the aforementioned action, there may be approximately 70,000 customers on its CAP Rate.

Q: Will the Company continue to operate its other existing low income energy assistance programs?

A: Yes. The Company will continue to match its customers' contributions to the MEAF program. The Company will continue to administer the LIHEAP Outreach program. The Company will continue LIURP, but has no plans to expand it at this time.

Q: Are there any other components of PECO's Universal Service program?

A: Yes. PECO's Universal Service program will include a continuation of its termination of service protections, a customer education plan, and an evaluation of the use of community-based organizations.

Q. How will PECO incorporate termination of service protections in its Universal Service program?

A. As outlined in the definition of Universal Service, PECO will continue to comply with the Commission's regulations that offer termination of service protections, found in Chapter 56, which also set credit, collection and billing standards. The Company realizes that there may be significant changes to its current Chapter 56 procedures but also realizes that the Competition Act requires PECO to continue "to provide customer service functions consistent with the regulations of the

Commission, including meter reading, complaint resolution and collections. Customer services shall, at a minimum, be maintained at the same level of quality under retail competition." §2807(D).

The Company also plans to establish appropriate procedures with all suppliers of energy to handle disputes, payment term negotiations and termination notices, all of which the Company believes are "termination of service protections and policies" referred to in the definition of Universal Service. PECO has proposed certain procedures in its retailing wheeling pilot to coordinate the obligations of both PECO and Suppliers to comply with the Commission's standards and billing practices, including termination of service. The procedures in the pilot were designed so that a customer would receive the same protections that currently exist to ensure that service is not terminated without significant efforts made to contact the customer to resolve the situation.

PECO believes that the procedures contained in its retail wheeling pilot meet the intent of both Chapter 56, that a customer receive actual notice of a proposed termination, and the intent of the Competition Act, that a Supplier be obligated to comply with the Commission's standards and billing practices. I will note that the Company is actively participating in the Commission's Utility/Supplier/Interaction Working Group and alternative methods of providing notices to customers have been proposed. Attached as Exhibit MCK-4 to my testimony is the list of Utility/Supplier/Residential Interactions, which include the discussion points from

the Commission's working group. The exhibit also describes the Company's proposed methods for incorporating Chapter 56 compliance, including the termination of service protections, into its protocol and contracts with all suppliers of energy. The ultimate structure of our termination of service protections may be revised based upon the efforts of the working group.

Q. How will PECO's customers be informed of the Company's Universal Service program?

A. The Company will institute a consumer education plan to explain Universal Service. This education program will be in addition to the Company's broad-based Consumer Education Program which addresses competition issues and is designed for all PECO customers. The Company's Consumer Education Program is addressed in the direct testimony of Gwendolyn S. King (PECO Statement No. 17). PECO's Universal Service consumer education plan will provide low income customers comprehensive and clear information on Universal Service programs and customer choice and will concentrate on four areas: community outreach; written literature; community relations educational programs; and work with the network of community organizations. An outline of the Company's Universal Service consumer education plan is attached as Exhibit MCK-5 to my testimony.

Q. Does the Company plan to use community based organizations in its Universal Service program?

A. The Competition Act encourages electric distribution companies to utilize community based organizations ("CBOs") that have experience in assisting low income customers. Currently the Company contracts with CBOs specializing in utility and heating services. PECO plans to continue exploring and utilizing all community resources that have "the necessary technical and administrative experience to be the direct providers of services or programs which reduce energy consumption or otherwise assist low income customers to afford electric service." § 2804(9). PECO believes that there are a number of additional human service organizations with programs available to assist low income customers and the Company will continue to explore new ways to integrate these organizations into its Universal Service program.

III. LOW INCOME ENERGY ASSISTANCE COSTS

Q: Earlier in your testimony you referred to the costs PECO incurs to provide low income energy assistance. Can you please elaborate?

A: Yes. We have compiled a list of the actual costs associated with PECO's existing low income energy programs as of December 31, 1996. These costs include the costs associated with CAP and CAP Rate write-offs, LIURP, LIHEAP Outreach, MEAF, and associated collection costs. The CAP and CAP Rate write-offs, totaling $29,138,000 for 1996, include costs related to payment arrangements with low income customers, in these programs, that extend beyond 48 months. PECO's total administrative costs for low income energy assistance were $16,211,000. In

addition, the Company spent $3,175,000 on LIURP and MEAF. Exhibit MCK-6 attached to my testimony provides the details on these costs.

Q. How does this relate to the Company's Universal Service obligations?

A. In coordination with PECO's Restructuring Filing and the CAP Rate proceeding, the Company intends to set a level of spending, based on its current low income energy assistance costs, that it will seek to recover in rates as provided for in the Competition Act. Thomas P. Hill, Jr. (PECO Statement No. 1) explains how PECO developed its proforma level of uncollectible accounts expense. The Company's proposed Universal Service Fund Charge ("USFC") and annual reconciliation process which will be used to recover CAP, CAP Rate and LIURP programs costs are described in detail in the testimony of Stephen R. Xander (PECO Statement No. 14).

IV. CONCLUSION

Q: Does this conclude your direct testimony?

A: Yes.

[Federal Register: March 25, 1996 (Volume 61, Number 58)]
[Rules and **Regulations**]
[Page 12041]
From the Federal Register Online via GPO Access [wais.access.gpo.gov]
[DOCID:fr25mr96-12]

==========

LEGAL SERVICES CORPORATION

45 CFR Part 1611

Eligibility: Income Level for Individuals Eligible for Assistance

AGENCY: Legal Services Corporation.

ACTION: Final rule.

SUMMARY: The Legal Services Corporation (``Corporation'') is required by law to establish maximum income levels for individuals eligible for legal assistance. This document updates the specified income levels to reflect the annual amendments to the Federal **Poverty** Guidelines as issued by the Department of Health and Human Services.

EFFECTIVE DATE: March 25, 1996.

FOR FURTHER INFORMATION CONTACT: Victor M. Fortuno, General Counsel, Legal Services Corporation, 750 First Street NE., Washington, DC 20002-4250; 202-336-8800.

SUPPLEMENTARY INFORMATION: Section 1007(a)(2) of the Legal Services Corporation Act (``Act''), 42 U.S.C. 2996f(a)(2), requires the Corporation to establish maximum income levels for individuals eligible for legal assistance, and the Act provides that other specified factors shall be taken into account along with income.

Section 1611.3(b) of the Corporation's **regulations** establishes a maximum income level equivalent to one hundred and twenty-five percent (125%) of the official Federal **Poverty** Income Guidelines.

Responsibility for revision of the official Federal **Poverty** Income Guidelines was shifted in 1982 from the Community Services Administration to the Department of Health and Human Services. The revised figures for 1996 set out below are equivalent to 125% of the current official **Poverty** Guidelines as set out at 61 FR 8286 (March 4, 1996).

List of Subjects in 45 CFR Part 1611

Legal services.

PART 1611--ELIGIBILITY

1. The authority citation for Part 1611 continues to read as follows:

Authority: Secs. 1006(b)(1), 1007(a)(1) Legal Services Corporation Act of 1974, 42 U.S.C. 2996e(b)(1), 2996f(a)(1), 2996f(a)(2).

2. Appendix A of Part 1611 is revised to read as follows:

Appendix A of Part 1611--Legal Services Corporation 1996 **Poverty** Guidelines*

*The figures in this table represent 125% of the **poverty** guidelines by family size as determined by the Department of Health and Human Services.

Size of family unit	All States but Alaska and Hawaii \1\	Alaska \2\	Hawaii \3\
1	$9,675	$12,075	$11,138
2	12,950	16,175	14,900
3	16,225	20,275	18,663
4	19,500	24,375	22,425
5	22,775	28,475	26,188
6	26,050	32,575	29,950
7	29,325	36,675	33,713
8	32,600	40,775	37,475

\1\ For family units with more than eight members, add $3,275 for each additional member in a family.
\2\ For family units with more than eight members, add $4,100 for each additional member in a family.
\3\ For family units with more than eight members, add $3,763 for each additional member in a family.

Dated: March 29, 1996.
Victor M. Fortuno,
General Counsel.
[FR Doc. 96-7092 Filed 3-22-96; 8:45 am]
BILLING CODE 7050-01-P

Alfred A. Miller
Director
Rates

Exhibit MCK- 2

PECO ENERGY

November 22, 1995

PECO Energy Company
2301 Market Street
PO Box 8699
Philadelphia, PA 19101-8699
215 841 5760

Mr. John G. Alford, Secretary
Pennsylvania Public Utility Commission
North Office Building
P. O. Box 3165
Harrisburg, Pa. 17105-3265

Dear Mr. Alford:

Enclosed for filing with the Commission is a proposed comprehensive new approach for dealing with low income energy assistance in PECO Energy Company's (PECO Energy or the Company) service territory. All parts of this new approach are being filed effective April 1, 1996. The filing includes an original and eight (8) copies of the following three specific items:

1) Supplement No.19 to Electric Pa. P.U.C. No. 1, which provides for a tariffed rate for eligible payment-troubled, low-income residential customers that satisfy certain requirements and are certified by various Government agencies. This tariff provision is being filed as "experimental" and will be initially limited to a maximum of 5,000 customers. The enclosed Attachment A provides the information required by the Commissions regulations at 52 Pa. Code § 53.52(a) regarding the reasons for the change to the Company's Rates.

2) A comprehensive description of a revised pilot Customer Assistance Program (CAP) as required by 52 Pa. Code § 69.267. Intake into PECO Energy's existing CAP will be suspended on March 31, 1996 and all customers then in the existing CAP will remain in that program (provided they comply with all requirements of that CAP) until such time as PECO Energy requests a further change. All payment-troubled low-income customers who subsequently (on or after April 1, 1996) apply for and qualify for energy assistance will be placed on the appropriate CAP Rate and in the revised CAP.

3) A request for a waiver of 52 Pa. Code § 56.17 to allow Prepayment Meters to be offered on a voluntary basis to payment-troubled low-income customers participating in the revised CAP as an alternative to termination.

The implementation of the new tariffed rate, the revised CAP, and the Prepayment Meter waiver are being proposed in order to improve the efficiency and cost effectiveness of PECO Energy's low income energy assistance activities. These improvements, if they occur, will potentially allow for an increase in the capacity (number of customers receiving assistance) of the Company's energy assistance programs.

If this comprehensive new approach is approved, the Company will hire an outside consultant to perform a thorough evaluation of the implementation of and experience under the experimental CAP Rate and the revised CAP. The selection of the consultant will be done in collaboration with the Commission's Bureau of Consumer Services. If the evaluation indicates that this new approach is a more efficient and effective process for providing energy assistance to those PECO Energy customers that should receive such assistance, then the Company will petition the Commission to remove the 5,000 customer limitation on the CAP Rate and over some appropriate time period, move all eligible customers from the existing CAP into the revised CAP and on to the appropriate CAP Rate. In conjunction with the removal of that limitation the Company expects to propose to the Commission the following annual process to control the future growth in the cost of low income energy assistance:

1. The Company will establish (with Commission concurrence) the level of annual expense, as a percent of revenue, associated with the revised CAP that is considered appropriate for shareholders and customers to provide (other customers contribution was set in the last base rate case - $18 million). This amount will include the total of the "pre-program arrearage" written off, the delinquencies that are written off for these customers going forward, and the reduction in kwh charges provided for customers on the CAP Rate.

2. At the end of each year, the actual expense for the above items will be compared to the amount agreed to by the Company and the Commission and appropriate adjustments will then be made to the CAP Rate going forward.

Please acknowledge receipt of this filing on the foregoing copy of this letter.

Sincerely,

Attachment

cc: J. L. Dial, Executive Director
C. Walker-Davis, Esquire, Director - Office of Special Assistants
M. A. Miller, Director, Bureau of Consumer Services
C. F. Hoffman, Director - Office of Trial Staff
R. F. Wilson, Office of Special Assistants
R. Bennett, Office of Special Assistants
Office of Consumer Advocate
Office of Small Business Advocate

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATIONS

PHILADELPHIA REGION:	2301 Market Street, Philadelphia 1713 S. Broad Street 5225 Chestnut Street 1819 E. Allegheny Avenue 55 W. Chelten Avenue
DELCHESTER REGION:	240 E. 13th Street, Chester 149 S. 69th Street, Upper Darby
BUCKSMONT REGION:	400 Park Avenue, Warminster 680 Ridge Pike, Plymouth Meeting
YORK REGION:	101 College Avenue, Delta

For List of Communities Served, See Page 4.

Issued November 22, 1995 Effective April 1, 1996

ISSUED BY: C. A. MC NEILL, JR. - President
and Chief Executive Officer
2301 MARKET STREET
PHILADELPHIA, PA. 19101

NOTICE.

THIS SUPPLEMENT ADDS A NEW RATE

PECO Energy Company

LIST OF CHANGES MADE BY THIS SUPPLEMENT

CHANGE

RATE CAP CUSTOMER ASSISTANCE PROGRAM (Original Page 42A and 42B)
New Rate (with two rate options).

PECO Energy Company

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CAP RATE

(Experimental Rate - limited to 5000 customers)

AVAILABILITY. (C)

To payment-troubled customers who are currently served under or otherwise qualify for Rate R or Rate RH and have applied for this rate and demonstrated annual household gross income below 150% of the Federal Poverty guidelines.

Customers with annual household gross incomes below 100% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate I.

Customers with annual household gross incomes between 100% and 150% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate II.

Certification by various State agencies that a customer is receiving certain government assistance payments may be used where possible to expedite the eligibility process. These payments include (but are not limited to) AFDC, SSI, Food Stamps, PACE and Medicaid. Information available from the Pa. Department of Revenue may also be used where appropriate to expedite the process.

A process will be established to provide verification of eligibility for customers who do not fit the above processes. Asset testing will also be used where necessary and appropriate.

Customers being considered for the CAP Rates will be required to:

* Waive certain privacy rights to enable PECO Energy to effectively conduct the above certification process.
* Apply for and assign to PECO Energy at least one energy assistance grant from the Commonwealth.
* Participate in various energy education and conservation programs facilitated by PECO.

MONTHLY RATE TABLE.

Rate R customers

CAP Rate I

Customer Charge: $5.12

ENERGY CHARGE PRICES:

6.78¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

CAP Rate II

Customer Charge: $5.12

ENERGY CHARGE PRICES:

10.16¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

Rate RH customers

CAP Rate I

Customer Charge: $5.12

ENERGY CHARGE PRICES:

SUMMER MONTHS. (June through September)

6.78¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

WINTER MONTHS (October through May)

6.78¢ per kWh for all kWh

CAP Rate II

Customer Charge: $5.12

ENERGY CHARGE PRICES:

SUMMER MONTHS. (June through September)

10.16¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

WINTER MONTHS (October through May)

10.16¢ per kWh for the first 500 kWh per dwelling unit.
6.78¢ per kWh for additional kWh

MINIMUM CHARGE: The minimum charge per month will be the customer charge.

STATE TAX ADJUSTMENT CLAUSE AND ENERGY COST ADJUSTMENT apply to these rates.

(C) Denotes Change

CAP RATE - Continued
(Experimental Rate - limited to 5000 customers)

(C)

ARREARAGE.
Customers who qualify and are placed on the CAP Rate will have their pre-program arrearage forgiven if they remain current on their CAP bill for six to twelve months. The development of any new arrearage during this period will delay forgiveness.

Customers on the CAP Rate, that develop any new arrearage, will be offered a payment agreement to resolve that arrearage.

(C) Denotes Change.

ATTACHMENT A

REFERENCE: PECO Energy Company TARIFF PA.P.U.C. NO. 1

INFORMATION FURNISHED WITH THE FILING OF
RATE CHANGES UNDER 52 PA. CODE, SECTION 53.52(a)

(a) (1) The specific reason for each change.

The purpose of this new tariffed rate provision is to provide qualifying payment-troubled low-income residential customers with reduced energy charges. Establishing a tariffed rate simplifies the billing process for customers on the Company's Customer Assistance Program (CAP) and will eliminate much of the confusion that now exists over CAP bills. Customers qualifying for the revised CAP after the effective date of this filing, will no longer be billed at Rate R or Rate RH for their usage with a 20 percent, 40 percent or 60 percent discount then applied to their total bill. These customers will be billed directly at the appropriate Customer Assistance Program Rate (CAP Rate).

This new rate provision is experimental and will be initially available to a maximum of 5,000 payment-troubled low-income residential customers. It is being filed effective April 1, 1996 and in conjunction with a separate filing which proposes a comprehensive revised CAP also effective April 1, 1996. Intake into PECO Energy's existing CAP will be suspended concurrent with the implementation of the revised CAP.

The rate established for CAP Rate I, which is approximately a 50 percent reduction from Rate R for the first 500 kilowatt hours (kWh's) of usage, was selected for two reasons. First, RPM Systems Inc. in their September 1994 "Evaluation of PECO's CAP", recommended that the Company increase the existing 40 percent of bill payment to 50 percent to improve the cost effectiveness of PECO Energy's existing CAP. In addition, a 50 percent reduction would provide the lowest residential rate in the Commonwealth ($.07 per kWh net of Energy Cost and other adjustments). This would amount to approximately $1.00 a day for a 500kWh customer.

The rate established for CAP Rate II (approximately a 25 percent reduction from Rate R on the first 500kWh's of usage) was selected to provide an appropriate rate for the payment-troubled "working poor." In addition, the limit on the number of rate options reduces the complexity of the revised CAP.

The Company believes that the proposed inverted block rate structure will be more effective in encouraging customers to conserve energy than the existing CAP program and billing process. The existing CAP payment discounts all kWh's consumed whereas the proposed CAP Rate will discount the first 500 kWh's of usage and will charge the current Rate R or RH prices for usage above that amount.

(a) (2) The total number of customers served by the utility.

As of December 31, 1994, PECO Energy served 1,468,362 customers.

(a) (3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

Initially, a maximum of 5,000 payment-troubled low income residential customers will be allowed on the CAP Rate.

(a) (4) The effect of the change on the utility's customers.

After April 1, 1996, payment-troubled low-income customers that qualify for Company sponsored energy assistance in accordance with this new tariffed rate, will no longer be placed in the Company's existing CAP program. These customers will be placed on the appropriate new CAP Rate and in the revised CAP.

Customers who qualify for this new CAP Rate will have their pre-program arrearage forgiven if they remain current on their new CAP Rate for 6 to 12 months. They also will be given a substantial rate reduction as detailed above. Additionally, if the customer develops a subsequent arrearage within 24 months of being on the CAP Rate, a payment agreement will be offered in accordance with Commission regulations at 52 Pa. Code § 56.1 et seq. Delinquencies on this payment agreement will result in the customer being placed in the termination process. These customers will then be offered three alternatives: 1) pay the full catch up amount, 2) accept a Prepayment Meter or, 3) have their service terminated.

(a) (5) **The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.**

The overall effect of the proposed changes on the Company's revenue and expense is unknown at this time. However, it is our expectation that the combination of new tariffed rates and the proposed comprehensive revised CAP will result in a significant improvement in the efficiency and effectiveness of the Company's energy assistance for low income customers. The improvements should occur as a result of the simplification of the eligibility process, the direct billing of customer usage, and the proper enforcement of payment agreements. These improvements, if they occur, will allow for an increase in the capacity (number of customers receiving assistance) of the overall program.

(a) (6) **The effect of the change on the service rendered by the utility.**

Customers eligible for the CAP Rate will receive a different level of service in exchange for lower rates. These customers will be required to: 1) waive their privacy rights to enable the Company to certify eligibility, 2) apply for and assign to PECO Energy at least one energy assistance grant each year, and 3) participate in various energy education and conservation programs.

(a) (7) **A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement as to why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C.S. 1308.**

1. Uncollectible Accounts expense provided for in PECO Energy's last electric base rate case was 1.12% of annual revenue or approximately $40 million. Approximately $18 million of that amount was for low-income energy assistance in the form of PECO Energy's existing CAP. The Uncollectible Accounts expense for the year 1994 totaled $80 million, with $65 million of that amount going to low-income energy assistance. This shortfall in rates affects not only PECO Energy's credit rating and stock price but could ultimately affect ratepayers if and when the a future electric base rate case is filed.

2. PECO Energy's last base rate case allowed for a total CAP population of 29,000 customers. Earlier this year, there were as many as 55,000 customers in this program. Moreover, it is estimated that 60% of the Commonwealth's low-income population resides in PECO Energy's territory. This could amount to as many as 175,000 households. We believe that the existing CAP must be significantly altered in order to deal with this potential problem.

3. The existing CAP process bills customers at the Rate R or Rate RH for their usage then a 20%, 40% or 60% discount is applied to their total bill. In some cases the customer is actually billed on the basis of their income and not their usage. The new tariffed rate will allow us to directly bill the customer for their usage and therefore make them more accountable for that usage. This will also simplify the billing for the customer and eliminate much of the confusion that currently exists as to what the customer actually owes each month. Utilizing the structure of the existing Rate R and RH as the basis of the new rate also connects it more directly to the Company's cost structure.

4. The existing process of establishing eligibility for the CAP involves obtaining income and expense information from the customer. This information is then used to establish the customers "ability to pay". This process is time consuming and fraught with the potential for inaccuracies and possible fraud. This process benefits neither the customer nor the Company. The proposed new eligibility process will utilize government agency information to verify gross income which should expedite this process.

5. The existing CAP process applies a discount to all kWh's consumed whereas the proposed new CAP Rate will provide a reduced price for only the first 500 kWh's of usage. The Company believes that this inverted block structure will be much more effective in encouraging customers to conserve energy. In addition, PECO Energy has recently completed a thorough review of our various conservation education programs and implemented numerous improvements in those programs. These improvements combined with the new CAP Rate structure will also increase the cost effectiveness of our low-income energy assistance. Customers on the CAP Rate will be required to participate in these conservation education programs.

6. We believe that legislative relief for low-income energy assistance will not be forth coming in the foreseeable future and these proposed changes must be made in order to minimize the impact of this significant expense on our other customers and our shareholders. As confirmation of our belief in this area, Commissioner Hanger in a recent letter to LIHEAP coalition members stated:

> "...even if one believes that energy assistance for those who cannot afford utility service 'should' be a government responsibility, government is not meeting that responsibility. ..... At least for the foreseeable future, it is fruitless to assert what government 'should' do. The only appropriate response is for utilities and this Commission to do whatever it is that we can do to address these important problems."

(a) (8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C. S. 1308.

A study was conducted by RPM Systems Inc. in September 1994 which recommended that PECO Energy's CAP be restructured.

(a) (9) Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll of other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.

PECO Energy conducted no polls on this issue.

(a) (10) Plans the utility has for introducing or implementing the changes with respect to its ratepayers.

PECO Energy is introducing this rate on an experimental basis with the rate available to 5,000 payment-troubled low-income residential customers initially. The qualifying customers will be chosen on a first come first served basis and these customers will be thoroughly educated on all the aspects of our revised CAP including energy conservation practices.

(a) (11) F.C.C., F.E.R.C. or Commission orders or rulings applicable to the filing.

None apply. These changes are being initiated by PECO Energy Company.

PECO ENERGY COMPANY
Customer Assistance Program
(Effective Date: April 1, 1996)

PECO Energy Company ("PECO Energy or "the Company") submits for filing with the Commission and the Bureau of Consumer Services ("BCS") a revision to its Customer Assistance Program ("CAP"). PECO Energy proposes to alter its existing CAP by including a tariff rate for CAP customers, streamlining the eligibility process and using prepayment meters for CAP customers as voluntary alternative to termination should the CAP customer become delinquent. This document follows the format of the Commission policy statement on Customer Assistance Programs, 52 Pa. Code § 69.261 et seq.

1. *69.261 General*

The new Customer Assistance Program (CAP) is designed to achieve the same goal as PECO's original CAP, to aid PECO Energy Company ("PECO Energy") customers who have a household gross income below 150 percent of the Federal poverty income guidelines issued yearly by the Health and Human Services Department.

Payment-troubled, low-income customers who have a household gross income below 150 percent of the Federal poverty income guidelines will be identified by Customer Service Representatives and Customer Consultants based on customer initiated contact.

Certification by various Commonwealth agencies, that a customer is receiving government assistance payments, may be used where possible to expedite the eligibility process. These payments include, but are not limited to, Aid For Dependant Children (AFDC), Social Security Income (SSI), Food Stamps, PACE, and Medicaid. Information available from the Pennsylvania Department of Revenue may also be used to expedite the process. The certification and verification of the customer's financial condition will be electronically processed through a communication link between PECO Energy and Commonwealth agencies such as the Department of Welfare, Department of Aging, and Department of Revenue.

During the telephone interview with PECO Energy, the customer's income is verified and if it meets the eligibility criteria the customer is accepted into the program. The customer will be placed on PECO Energy's CAP Rate, a tariff rate of either 50 percent or 25 percent reduction in the kWh charge for the first 500 kWh used.

Customers being considered for CAP will be required to:

Waive certain privacy rights to provide necessary information for the above certification process.

Apply for and assign to PECO at least one energy assistance grant from the Commonwealth each year.

Participate in various energy education and conservation programs facilitated by PECO.

PECO Energy will review the requirements of the CAP program with all participants, including the consequences for failing to abide by the terms of the program, and told that failure to do so will result in possible termination of service. In addition, all CAP customers will be provided with conservation education.

On April 1, 1996, customers that apply for PECO Energy's energy assistance will no longer be placed on the existing CAP. Eligible customers will be placed in the appropriate new CAP Rate and in the revised CAP.

2. 69.262 Definitions

The following words and terms, when used in this document have the following meanings, unless the context clearly indicates otherwise:

CAP - Customer Assistance Program

Commission - The Pennsylvania Public Utility Commission

LIHEAP - Low Income Home Energy Assistance Program - A Federally funded program providing financial grants to needy households for home energy bills.

LIHEAP CASH Grant - Federal money disbursed to help low-income customers pay for their home energy needs.

LIHEAP CRISIS Grant - Federal money disbursed to help low-income customers meet an emergency home energy situation.

Low Income Customers - Customers whose annual gross household income is at or below 150 percent of the Federal poverty income guidelines.

Payment-troubled - A customer who makes late, insufficient or no payments toward the bill or is consistently is in arrears with a past due account of several months or more.

PECO Energy or the Company - PECO Energy Company

Pre-Program Arrears - Customer's outstanding balance when they enter the Customer Assistance Program.

3. 69.263 CAP Development

PECO Energy developed CAP in 1984 through the review of studies concerning utility payment-troubled customers and plans being undertaken by other utilities. CAP began as a pilot in January 1985. This plan is an update of the plan submitted in January 1992, and approved by the Commission. The Commission's Customer Assistance Policy Statement, 52 Pa. Code § 69.267, requires a filing where there is a change to the plan.

4. 69.264 Scope of Pilot CAPs

The scope of PECO Energy's CAP is targeted to payment-troubled, low-income customers with an annual household gross income below 150 percent of the Federal poverty income guidelines. PECO Energy plans to limit enrollment to 5,000 customers for the new CAP program pending evaluation.

5. 69.265 CAP Design Elements

The following design elements are included in CAP:

(1) Program funding is derived from the following sources:

(i) Payments from CAP participants

(ii) LIHEAP grants

(iii) Operations and maintenance expense reductions

(iv) Rate subsidy

(2) Payment Plan Proposal. Once the applicable CAP tariff rate has been assigned, the customer will be required to pay the amount indicated on the monthly bill. Determining customer eligibility and assigning the applicable tariff rate will be determined when the Company is contacted by the customer concerning a payment problem.

(3) Control Features.

(i) Minimum Payment. There is no minimum payment, the customer's bill is based on actual usage.

(ii) Conservation Incentives. Participants who use less than their historical annual energy consumption are rewarded for their conservation efforts via a reduced monthly payment amount. Since

the bill is based on actual usage, the less a customer uses the lower the amount of the bill.

(iii) Consumption Limits. There are no defined consumption limits. If a participant's usage is excessive the amount of the bill will increase accordingly.

(iv) High Usage Treatment. PECO Energy will target for special treatment those customers who historically use high amounts of energy. Special treatment for high use participants includes conservation education and participation in PECO Energy's Low Income Usage Reduction Program (LIURP).

(v) Shortfall - There should be no shortfall between the amount of service used and the amount the customer pays since the new program uses a tariff rate and bills the customer based on actual usage.

(vi) Exemptions - None.

(4) Eligibility Criteria. The CAP applicant must meet the following criteria for eligibility:

(i) Status as a PECO Energy ratepayer or new applicant for service must be verified.

(ii) Applicants must be payment-troubled and have a household gross income below 150 percent of the Federal poverty income guidelines.

(iii) Customers must waive certain privacy rights and provide PECO Energy with the information necessary to complete the certification process with the appropriate Commonwealth agencies.

(iv) Apply for and assign to PECO at least one energy assistance grant from the Commonwealth each year.

(v) Participate in various energy education and conservation programs facilitated by PECO.

(5) Appeal Process. PECO Energy has established the following appeal process for program denial:

(i) If the CAP applicant is not satisfied with PECO Energy's initial eligibility determination, PECO Energy uses the dispute procedures at Chapter 56.151 and 56.152 (relating to general rule; and contents of the utility company report). PECO will discuss with the customer the undisputed amount of the bill to be paid pending the outcome of the dispute.

(ii) The CAP applicant may appeal the denial of eligibility of the Bureau of Consumer Services in accordance with Chapter 56.161-56.165 (relating to informal complaint procedures.) PECO will discuss with the customer the undisputed amount of the bill to be paid pending the outcome of the dispute.

(6) Administration. PECO Energy manages and coordinates the operation of the CAP plan. PECO Energy's general administration of the CAP plan is described below:

(i) Outreach. Outreach may be conducted by non-profit, community-based organizations and is targeted for low income payment-troubled customers.

(ii) Explanation of CAP. A complete and thorough explanation of the CAP components is provided to participants by PECO Energy when discussing the program with the customer during the evaluation interview.

(iii) Application for LIHEAP Grants. During the intake interview, PECO Energy will assist the customer, to the extent possible, with the application for LIHEAP.

(iv) Consumer Education and Referral. CAP consumer education programs include information on the benefits and responsibilities of CAP participation and the importance of energy conservation. Referrals to other appropriate support services is also a part of consumer education. An outline of the Company's conservation education plan is attached.

(v) Annual Reapplication. A customer's eligibility for CAP is confirmed each year. This will be accomplished using the electronic communications link between PECO and the Department of Welfare, Department of Aging and Department of Revenue.

(vi) Arrearage Forgiveness. PECO Energy will forgive a participant's pre-program arrears, automatically after the participant has been on the program for 6-12 months. The customer's balance will be reduced to $500 to continue eligibility for other energy assistance.

<u>Automated Arrearage Forgiveness</u> - Automated charge-offs occur for all CAP customers for pre-program arrears who meet the following criteria.

1) Customer has been on CAP for the last six-twelve months.
2) Customer balance is over $500.
3) Customer is current on all payments.

Manual Arrearage Forgiveness - Manual arrearage forgiveness will occur when any customer leaves the program consistent with the default provision identified in paragraph 7.

Default from the Program - This will occur when a customer's income is verified at above 150 percent of the poverty level or the customer fails to accept budget counseling, weatherization/usage reduction or consumer education services. The customer will exit the program as follows:

1) If the customer is current on the bill he will exit the program with a zero balance plus the current bill.

2) If the customer is not current on the bill he will exist the program owing their pre-program arrears, the delinquent balance plus the current bill.

(vii) Routine Management Program Progress Reports. Progress reports that may be used to monitor CAP administration are prepared at monthly intervals. These reports include basic information related to the number of participants, payments and account status.

(7) Default Provisions. The failure of a participant to comply with one of the following will result in dismissal from CAP participation:

(i) Failure to apply for a LIHEAP grant and failure to designate at least one LIHEAP grant to PECO Energy.

(ii) Failure to accept budget counseling, weatherization/usage reduction or consumer education services.

(iii) Income is verified at above 150 percent of poverty.

(8) Reinstatement Policy. A customer can be reinstated at any time when they meet the income eligibility requirement and agree to all program requirements.

(9) Coordination of Energy Assistance Benefits. In CAP, the Company includes the following to coordinate a participant's energy assistance benefits between it and other utilities:

(i) A LIHEAP grant, either CASH or CRISIS, should be designated by the participant to PECO Energy. The CAP participant has the option of applying a remaining LIHEAP grant or other energy assistance benefit to the utility of choice.

(ii) A LIHEAP grant may not be substituted for the customer's regular monthly CAP payment. The LIHEAP grant will be applied to the pre-program arrears balance.

(10) Evaluation. PECO Energy will hire an outside consultant to perform a thorough evaluation of the CAP Rate and the new CAP. The selection of the consultant will be in collaboration with the Bureau of Consumer Services.

PECO ENERGY COMPANY
CUSTOMER ASSISTANCE PROGRAM
PLAN AND CONSERVATION EDUCATION

Objective:

Provide customers with the necessary education concerning the detailed workings of the CAP plan - eligibility, ongoing requirements and administration. Provide training and education programs for CAP participants so that individuals and households are made aware of how their behavior affects energy consumption and energy cost. Provide information and education on all available federal, state, and local and PECO Energy assistance programs.

Scope of Pilot Training

PECO Energy has defined the following education topics related to the CAP plan and conservation education concerning the scope of the revised CAP:

(1) Enrollment criteria

(2) Eligibility requirements and verification process

(3) Waiver of privacy rights and certification process

(4) Bill payment requirements

(5) LIHEAP grants requirements

(6) Conservation Incentives

(7) Consumption limits and high usage treatment

(8) Conservation and low-income referral programs (LIHEAP, LIURP, MEAF, various state and local agencies)

(9) Appeal Process

(10) CAP plan administration

(11) Annual Reapplication process.

Program Design

All programs will have a deliberate systematic approach which will:

Define the target audience

Assess the energy needs of the target audience

Identify program goals to increase the target audience's knowledge and awareness

Develop an action plan with/for the target audience

Provide reinforcement to the target audience

Perform an overall program evaluation

CAP Plan and Conservation Education - Methods of Implementation

PECO Customer Consultants provide education at the point of initial contact

Mailings

Telephone Outreach

Community Outreach

Public Relations

Outreach Representatives

PECO Energy Van

Neighborhood Energy Centers

Community-Based Organizations

BEFORE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RE:	PETITION OF PECO ENERGY COMPANY REGARDING PREPAYMENT METERS	:	DOCKET NO. P-

PETITION OF PECO ENERGY COMPANY
FOR A WAIVER OF THE REQUIREMENTS OF
52 PA. CODE 56.17(3)(i)

PECO Energy Company ("PECO Energy" or the "Company") hereby requests, pursuant to 52 Pa. Code § 5.43, that the Pennsylvania Public Utility Commission ("Commission") waive the income restriction of 52 Pa. Code § 56.17(3)(i) to permit the Company to offer prepayment meters to low-income customers receiving service under the Company's proposed revised Customer Assistance Program ("CAP"). Waiver of the regulation to permit the use of prepayment meters for all customers will allow the Company to provide customers on the revised CAP an alternative to termination or to full payment of the amount required to restore service that has been terminated. In support of this Petition, PECO Energy submits the following:

Introduction and Background

1. On July 7, 1994, the Commission adopted an amendment to 52 Pa. Code § 56.17, relating to advance payments, to allow electric companies to offer prepayment meters as a reasonable alternative to termination of service for non-payment. The amendment permits use of prepayment meters for non-low income customers. The amendment to the regulation became effective April 14, 1995. 25 Pa.B. 145 (January

14, 1995). The revision was originally proposed in the Bureau of Consumer Services' (BCS) Final Report in the Commission's Investigation of Uncollectible Balances at Docket I-900002.

2. In adopting the amendment to Section 56.7(3)(i) and restricting its use to non-low income customers, the Commission reasoned that offering a prepayment meter to a low-income customer "would not reflect proper application of the 'good faith and fair judgment standard'" contained in Chapter 56 and would not be a reasonable payment agreement as required by 52 Pa. Code § 56.97(b). 25 Pa.B. 146. The Commission stated that low-income customers facing termination do not have the ability to pay in advance for service. Id.

3. In this Petition, PECO Energy requests a waiver of 56.17(3)(i) as part of its overall strategy to reduce its uncollectible accounts and to provide energy assistance to the low-income, payment-troubled customers in its service territory. PECO Energy submits that the concerns expressed by the Commission when addressing this issue in the rulemaking to amend Section 56.17 are addressed in PECO's proposal to revise its CAP, which is being filed along with this petition. PECO Energy is proposing components to its CAP which should result in the simplification of the eligibility process, permit the Company to directly bill the CAP customer for usage and permit the Company to properly enforce payment arrangements. PECO Energy will, as part of its payment arrangement process for customer in the revised CAP, offer a prepayment meter as a voluntary alternative to termination should a customer in the revised CAP become delinquent and subject to termination of service. The use of prepayment meters, as described in more detail in paragraphs 8-11, will provide the customer an opportunity to maintain and control usage

while giving the Company an opportunity to limit the possible increase in its uncollectible accounts. A copy of the CAP filing is attached as Exhibit A.

4. The revised CAP provides for a limited enrollment of 5,000 customers. PECO proposes to operate the revised CAP simultaneously with the existing CAP for a period of time. PECO Energy requests a waiver of 56.17(3)(i) to enable the Company to offer customers on the revised CAP a prepayment meter on a voluntary basis, as an alternative to termination, should the customer become delinquent. PECO Energy is not requesting a waiver to offer prepayment meters to all low-income customers at this time. PECO Energy, in collaboration with the BCS, plans to hire an outside consultant to perform a comprehensive evaluation of the revised CAP. If the evaluation of the new program indicates that it is a more efficient and effective process for providing energy assistance to those PECO Energy customers that should receive such assistance, then the Company will petition the Commission to remove the 5,000 customer limitation.

PECO Energy's Proposal to Modify its Customer Assistance Program

5. As part of PECO Energy's proposal to modify its CAP, the Company is requesting Commission approval to bill eligible customers on a CAP Rate. Under the existing CAP a customer's payment is calculated based on the standard residential rates and adjustments are made to the bill based on the customer's income and usage history. In contrast, the revised CAP will bill the customer on a Commission approved CAP Rate. The customer is then billed based on actual usage at a rate lower than the standard residential rate. An integral part of PECO Energy's proposal to include tariff rates for payment-troubled, low-income customers is to offer prepayment meters as an alternative to termination for those customers on the revised CAP Rate who fail to maintain payments.

6. The CAP Rate, which is being filed with the Commission along with this Petition and is attached hereto as Exhibit B, is designed for PECO Energy's payment-troubled customers who have a household gross income below 150 percent of the Federal Poverty Income Guidelines.[1] If a payment-troubled customer meets the income eligibility criteria, which is verified with the appropriate Commonwealth agencies, the customer is placed on the revised CAP and on the Company's CAP Rate.

A customer on the revised CAP will receive a bill each month for the actual usage at the lower rate and must pay the bill each month. Should the customer become delinquent, the account will be placed into the collection and notice procedures outlined in 52 Pa. Code § 56.91 et seq. If, during the collection and notice procedure, the customer requests payment terms, the Company will offer a payment arrangement as outlined in 52 Pa. Code § 56.97(b). If, however, the customer does not keep the payment arrangement and the account is in the collection and notice process for a second time, the Company proposes to offer the customer a prepayment meter as an alternative to termination. The customer will have the option to accept a prepayment meter, pay the amount past due under the payment arrangement or have the service terminated.

7. The new CAP Rate and corresponding changes to the CAP plan which include the use of the prepayment meter, and as described above and in more detail in Exhibits A and B, embody the good faith and fair judgment requirements of Chapter 56. As part of the revised CAP, an eligible customer will be offered a reasonable, affordable payment plan based on the four factors required by Chapter 56. Since the customer will

[1] The Federal poverty income guidelines are issued each year by Health and Human Services Department.

be on a lower rate for the majority of this usage, the amount to be paid through a payment arrangement will be affordable and within the customer's ability to pay.

Furthermore, under the revised CAP, the customer will not be dismissed from CAP for a failure to pay. An eligible customer remains on CAP, and on the CAP Rate, provided that there is no increase in the household income to bring it above the 150 percent of the Federal poverty guidelines income threshold. If service is terminated, when the customer complies with the restoration requirements the customer will be re-instated into the revised CAP. The customer is not dismissed from the program, thus eliminating the confusion about what the customer owes and eliminating the accumulation of arrears during the transition after a customer is removed from current CAP.

In addition, the administrative procedures for a customer on the revised CAP customer will be more efficient. An existing CAP customer receives notices before being dismissed from the program. Once dismissed, the customer goes through an additional notice procedure required by Chapter 56 when there is a delinquency. The end result is that the past due amount may continue to grow and when the Company and the customer negotiate payment terms the amount to be repaid may be excessive. A result of the more efficient procedure will be to negotiate with the customer before the amount to be repaid becomes unmanageable. This will enable the customer and PECO Energy to enter into reasonable and affordable payment arrangements.

Prepayment Meters

8. PECO Energy plans to use PowerStat prepayment meters as an integral part of its strategy to reduce its uncollectible accounts and provide energy assistance to its customers. The use of prepayment meters, in conjunction with the

revised CAP, will afford payment-troubled, low-income customers an opportunity to continue to receive service, at an affordable level. In the event that the customer fails to take advantage of the benefits offered under the revised CAP and becomes delinquent the customer has an option to continue service through the use of the prepayment meter. By using prepayment meters for the revised CAP customers, PECO Energy will be taking steps to reduce it uncollectible accounts. Prepayments meters can prevent future losses to the Company, enhance payments by the customer and encourage the customers to conserve usage.

9. The PowerStat System uses the customer's standard electric meter and adds a display unit mounted in the house with a control unit mounted between the meter socket and the meter. A copy the PowerStat System Overview is attached hereto as Exhibit C. The customer may purchase the PowerCard for the prepayment meter at selected sites in the PECO Energy payment network and in any dollar amount. The unit gives the customer approximately 100 hours warning before the amount on the card has been used.

10. The Company is developing a comprehensive manual describing how it plans to implement and operate the prepayment meter portion of the revised CAP. A copy of the Company's written prepayment meter program, as required by 52 Pa. Code § 56.17 (3)(v), will be filed with the Commission on or before January 10, 1996.

11. The use of a prepayment meter for low income customers on the revised CAP will assist customers in managing their electric costs instead of unconsciously accumulating large bills that they cannot pay. The design of the prepayment meter also allows the customer to use a preset demand limit of electric service, from 500 watts through 15 kilowatts, in the event that the customer is faced with the situation where the

amount left on the meter will run out and there is no money available. If the customer is receiving this "extended service" after the amount on the card runs out, the display unit shows the customer how many watts are being used to help the customer stay below the preset limit. In addition, every customer with a prepayment meter will be issued an emergency card, allowing the customer full service so that the PowerCard can be renewed. The emergency card gives the customer an additional five days of service.

As described in this Petition, there are numerous protection for customers on the revised CAP to maintain continuous electric service. PECO Energy submits that this use of prepayment meters in the context of the revised CAP will enable it to continue to offer low-income energy assistance while protecting the Company from unnecessary increases in the amount of its uncollectible accounts.

12. As described in paragraph 9, the Commission's concern that a low-income customer will not be able to pay in advance is addressed in the Company's proposed revision to its CAP. When a CAP Rate customer purchase a PowerCard, the face value of the card will provide the customer with the amount of service under the CAP Rate, not the standard residential rate. Furthermore, because the cards can be purchased at any time and in any amount, the customer will not be forced to expend large amounts of money to extend service.

Conclusion

13. PECO Energy seeks a waiver, with respect to its prepayment meter program for low income customers, of 52 Pa. Code § 56.17(3)(i) pursuant to 52 Pa. Code § 5.43. A copy of 56 Pa. Code § 56.17 is attached as Exhibit D.

14. PECO Energy has served a copy of this Petition on the Office of Consumer Advocate, the Small Business Advocate, and the Bureau of Consumer Services.

WHEREFORE, for the reasons set forth above, PECO Energy Company *respectfully requests that the Commission approve this Petition and waive the* requirements of 52 Pa. Code § 56.17(3)(i) to permit the Company to offer prepayment meters to low income customers participating in the Company's revised Customer Assistance Program.

Respectfully submitted,

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Dated: November 22, 1995

PECO ENERGY COMPANY
Customer Assistance Program
(Effective Date: April 1, 1996)

PECO Energy Company ("PECO Energy or "the Company") submits for filing with the Commission and the Bureau of Consumer Services ("BCS") a revision to its Customer Assistance Program ("CAP"). PECO Energy proposes to alter its existing CAP by including a tariff rate for CAP customers, streamlining the eligibility process and using prepayment meters for CAP customers as voluntary alternative to termination should the CAP customer become delinquent. This document follows the format of the Commission policy statement on Customer Assistance Programs, 52 Pa. Code § 69.261 et seq.

1. 69.261 General

The new Customer Assistance Program (CAP) is designed to achieve the same goal as PECO's original CAP, to aid PECO Energy Company ("PECO Energy") customers who have a household gross income below 150 percent of the Federal poverty income guidelines issued yearly by the Health and Human Services Department.

Payment-troubled, low-income customers who have a household gross income below 150 percent of the Federal poverty income guidelines will be identified by Customer Service Representatives and Customer Consultants based on customer initiated contact.

Certification by various Commonwealth agencies, that a customer is receiving government assistance payments, may be used where possible to expedite the eligibility process. These payments include, but are not limited to, Aid For Dependant Children (AFDC), Social Security Income (SSI), Food Stamps, PACE, and Medicaid. Information available from the Pennsylvania Department of Revenue may also be used to expedite the process. The certification and verification of the customer's financial condition will be electronically processed through a communication link between PECO Energy and Commonwealth agencies such as the Department of Welfare, Department of Aging, and Department of Revenue.

During the telephone interview with PECO Energy, the customer's income is verified and if it meets the eligibility criteria the customer is accepted into the program. The customer will be placed on PECO Energy's CAP Rate, a tariff rate of either 50 percent or 25 percent reduction in the kWh charge for the first 500 kWh used.

Customers being considered for CAP will be required to:

Waive certain privacy rights to provide necessary information for the above certification process.

Apply for and assign to PECO at least one energy assistance grant from the Commonwealth each year.

Participate in various energy education and conservation programs facilitated by PECO.

PECO Energy will review the requirements of the CAP program with all participants, including the consequences for failing to abide by the terms of the program, and told that failure to do so will result in possible termination of service. In addition, all CAP customers will be provided with conservation education.

On April 1, 1996, customers that apply for PECO Energy's energy assistance will no longer be placed on the existing CAP. Eligible customers will be placed in the appropriate new CAP Rate and in the revised CAP.

2. 69.262 Definitions

The following words and terms, when used in this document have the following meanings, unless the context clearly indicates otherwise:

CAP - Customer Assistance Program

Commission - The Pennsylvania Public Utility Commission

LIHEAP - Low Income Home Energy Assistance Program - A Federally funded program providing financial grants to needy households for home energy bills.

LIHEAP CASH Grant - Federal money disbursed to help low-income customers pay for their home energy needs.

LIHEAP CRISIS Grant - Federal money disbursed to help low-income customers meet an emergency home energy situation.

Low Income Customers - Customers whose annual gross household income is at or below 150 percent of the Federal poverty income guidelines.

Payment-troubled - A customer who makes late, insufficient or no payments toward the bill or is consistently is in arrears with a past due account of several months or more.

PECO Energy or the Company - PECO Energy Company

Pre-Program Arrears - Customer's outstanding balance when they enter the Customer Assistance Program.

3. 69.263 CAP Development

PECO Energy developed CAP in 1984 through the review of studies concerning utility payment-troubled customers and plans being undertaken by other utilities. CAP began as a pilot in January 1985. This plan is an update of the plan submitted in January 1992, and approved by the Commission. The Commission's Customer Assistance Policy Statement, 52 Pa. Code § 69.267, requires a filing where there is a change to the plan.

4. 69.264 Scope of Pilot CAPs

The scope of PECO Energy's CAP is targeted to payment-troubled, low-income customers with an annual household gross income below 150 percent of the Federal poverty income guidelines. PECO Energy plans to limit enrollment to 5,000 customers for the new CAP program pending evaluation.

5. 69.265 CAP Design Elements

The following design elements are included in CAP:

(1) Program funding is derived from the following sources:

(i) Payments from CAP participants

(ii) LIHEAP grants

(iii) Operations and maintenance expense reductions

(iv) Rate subsidy

(2) Payment Plan Proposal. Once the applicable CAP tariff rate has been assigned, the customer will be required to pay the amount indicated on the monthly bill. Determining customer eligibility and assigning the applicable tariff rate will be determined when the Company is contacted by the customer concerning a payment problem.

(3) Control Features.

(i) Minimum Payment. There is no minimum payment, the customer's bill is based on actual usage.

(ii) Conservation Incentives. Participants who use less than their historical annual energy consumption are rewarded for their conservation efforts via a reduced monthly payment amount. Since

the bill is based on actual usage, the less a customer uses the lower the amount of the bill.

(iii) Consumption Limits. There are no defined consumption limits. If a participant's usage is excessive the amount of the bill will increase accordingly.

(iv) High Usage Treatment. PECO Energy will target for special treatment those customers who historically use high amounts of energy. Special treatment for high use participants includes conservation education and participation in PECO Energy's Low Income Usage Reduction Program (LIURP).

(v) Shortfall - There should be no shortfall between the amount of service used and the amount the customer pays since the new program uses a tariff rate and bills the customer based on actual usage.

(vi) Exemptions - None.

(4) Eligibility Criteria. The CAP applicant must meet the following criteria for eligibility:

(i) Status as a PECO Energy ratepayer or new applicant for service must be verified.

(ii) Applicants must be payment-troubled and have a household gross income below 150 percent of the Federal poverty income guidelines.

(iii) Customers must waive certain privacy rights and provide PECO Energy with the information necessary to complete the certification process with the appropriate Commonwealth agencies.

(iv) Apply for and assign to PECO at least one energy assistance grant from the Commonwealth each year.

(v) Participate in various energy education and conservation programs facilitated by PECO.

(5) Appeal Process. PECO Energy has established the following appeal process for program denial:

(i) If the CAP applicant is not satisfied with PECO Energy's initial eligibility determination, PECO Energy uses the dispute procedures at Chapter 56.151 and 56.152 (relating to general rule; and contents of the utility company report). PECO will discuss with the customer the undisputed amount of the bill to be paid pending the outcome of the dispute.

(ii) The CAP applicant may appeal the denial of eligibility of the Bureau of Consumer Services in accordance with Chapter 56.161-56.165 (relating to informal complaint procedures.) PECO will discuss with the customer the undisputed amount of the bill to be paid pending the outcome of the dispute.

(6) Administration. PECO Energy manages and coordinates the operation of the CAP plan. PECO Energy's general administration of the CAP plan is described below:

(i) Outreach. Outreach may be conducted by non-profit, community-based organizations and is targeted for low income payment-troubled customers.

(ii) Explanation of CAP. A complete and thorough explanation of the CAP components is provided to participants by PECO Energy when discussing the program with the customer during the evaluation interview.

(iii) Application for LIHEAP Grants. During the intake interview, PECO Energy will assist the customer, to the extent possible, with the application for LIHEAP.

(iv) Consumer Education and Referral. CAP consumer education programs include information on the benefits and responsibilities of CAP participation and the importance of energy conservation. Referrals to other appropriate support services is also a part of consumer education. An outline of the Company's conservation education plan is attached.

(v) Annual Reapplication. A customer's eligibility for CAP is confirmed each year. This will be accomplished using the electronic communications link between PECO and the Department of Welfare, Department of Aging and Department of Revenue.

(vi) Arrearage Forgiveness. PECO Energy will forgive a participant's pre-program arrears, automatically after the participant has been on the program for 6-12 months. The customer's balance will be reduced to $500 to continue eligibility for other energy assistance.

<u>Automated Arrearage Forgiveness</u> - Automated charge-offs occur for all CAP customers for pre-program arrears who meet the following criteria.

1) Customer has been on CAP for the last six-twelve months.
2) Customer balance is over $500.
3) Customer is current on all payments.

Manual Arrearage Forgiveness - Manual arrearage forgiveness will occur when any customer leaves the program consistent with the default provision identified in paragraph 7.

Default from the Program - This will occur when a customer's income is verified at above 150 percent of the poverty level or the customer fails to accept budget counseling, weatherization/usage reduction or consumer education services. The customer will exit the program as follows:

1) If the customer is current on the bill he will exit the program with a zero balance plus the current bill.

2) If the customer is not current on the bill he will exist the program owing their pre-program arrears, the delinquent balance plus the current bill.

(vii) Routine Management Program Progress Reports. Progress reports that may be used to monitor CAP administration are prepared at monthly intervals. These reports include basic information related to the number of participants, payments and account status.

(7) Default Provisions. The failure of a participant to comply with one of the following will result in dismissal from CAP participation:

(i) Failure to apply for a LIHEAP grant and failure to designate at least one LIHEAP grant to PECO Energy.

(ii) Failure to accept budget counseling, weatherization/usage reduction or consumer education services.

(iii) Income is verified at above 150 percent of poverty.

(8) Reinstatement Policy. A customer can be reinstated at any time when they meet the income eligibility requirement and agree to all program requirements.

(9) Coordination of Energy Assistance Benefits. In CAP, the Company includes the following to coordinate a participant's energy assistance benefits between it and other utilities:

(i) A LIHEAP grant, either CASH or CRISIS, should be designated by the participant to PECO Energy. The CAP participant has the option of applying a remaining LIHEAP grant or other energy assistance benefit to the utility of choice.

(ii) A LIHEAP grant may not be substituted for the customer's regular monthly CAP payment. The LIHEAP grant will be applied to the pre-program arrears balance.

(10) Evaluation. PECO Energy will hire an outside consultant to perform a thorough evaluation of the CAP Rate and the new CAP. The selection of the consultant will be in collaboration with the Bureau of Consumer Services.

PECO ENERGY COMPANY
CUSTOMER ASSISTANCE PROGRAM
PLAN AND CONSERVATION EDUCATION

Objective:

Provide customers with the necessary education concerning the detailed workings of the CAP plan - eligibility, ongoing requirements and administration. Provide training and education programs for CAP participants so that individuals and households are made aware of how their behavior affects energy consumption and energy cost. Provide information and education on all available federal, state, and local and PECO Energy assistance programs.

Scope of Pilot Training

PECO Energy has defined the following education topics related to the CAP plan and conservation education concerning the scope of the revised CAP:

(1) Enrollment criteria

(2) Eligibility requirements and verification process

(3) Waiver of privacy rights and certification process

(4) Bill payment requirements

(5) LIHEAP grants requirements

(6) Conservation Incentives

(7) Consumption limits and high usage treatment

(8) Conservation and low-income referral programs (LIHEAP, LIURP, MEAF, various state and local agencies)

(9) Appeal Process

(10) CAP plan administration

(11) Annual Reapplication process.

Program Design

All programs will have a deliberate systematic approach which will:

Define the target audience

Assess the energy needs of the target audience

Identify program goals to increase the target audience's knowledge and awareness

Develop an action plan with/for the target audience

Provide reinforcement to the target audience

Perform an overall program evaluation

CAP Plan and Conservation Education - Methods of Implementation

PECO Customer Consultants provide education at the point of initial contact

Mailings

Telephone Outreach

Community Outreach

Public Relations

Outreach Representatives

PECO Energy Van

Neighborhood Energy Centers

Community-Based Organizations

CAP RATE

(Experimental Rate - limited to 5000 customers)

AVAILABILITY. (C)

To payment-troubled customers who are currently served under or otherwise qualify for Rate R or Rate RH and have applied for this rate and demonstrated annual household gross income below 150% of the Federal Poverty guidelines.

Customers with annual household gross incomes below 100% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate I.

Customers with annual household gross incomes between 100% and 150% of the Federal poverty income guidelines will be eligible for Customer Assistance Program (CAP) Rate II.

Certification by various State agencies that a customer is receiving certain government assistance payments may be used where possible to expedite the eligibility process. These payments include (but are not limited to) AFDC, SSI, Food Stamps, PACE and Medicaid. Information available from the Pa. Department of Revenue may also be used where appropriate to expedite the process.

A process will be established to provide verification of eligibility for customers who do not fit the above processes. Asset testing will also be used where necessary and appropriate.

Customers being considered for the CAP Rates will be required to:

* Waive certain privacy rights to enable PECO Energy to effectively conduct the above certification process.
* Apply for and assign to PECO Energy at least one energy assistance grant from the Commonwealth.
* Participate in various energy education and conservation programs facilitated by PECO.

MONTHLY RATE TABLE.

Rate R customers

CAP Rate I

Customer Charge: $5.12

ENERGY CHARGE PRICES:

6.78¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

CAP Rate II

Customer Charge: $5.12

ENERGY CHARGE PRICES:

10.16¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

Rate RH customers

CAP Rate I

Customer Charge: $5.12

ENERGY CHARGE PRICES:

SUMMER MONTHS. (June through September)

6.78¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

WINTER MONTHS (October through May)

6.78¢ per kWh for all kWh

CAP Rate II

Customer Charge: $5.12

ENERGY CHARGE PRICES:

SUMMER MONTHS. (June through September)

10.16¢ per kWh for the first 500 kWh per dwelling unit
13.55¢ per kWh for additional kWh

WINTER MONTHS (October through May)

10.16¢ per kWh for the first 500 kWh per dwelling unit.
6.78¢ per kWh for additional kWh

MINIMUM CHARGE: The minimum charge per month will be the customer charge.

STATE TAX ADJUSTMENT CLAUSE AND ENERGY COST ADJUSTMENT apply to these rates.

(C) Denotes Change

CAP RATE - Continued
(Experimental Rate - limited to 5000 customers)

(C)

ARREARAGE.
Customers who qualify and are placed on the CAP Rate will have their pre-program arrearage forgiven if they remain current on their CAP bill for six to twelve months. The development of any new arrearage during this period will delay forgiveness.

Customers on the CAP Rate, that develop any new arrearage, will be offered a payment agreement to resolve that arrearage.

(C) Denotes Change.

ATTACHMENT A

REFERENCE: PECO Energy Company TARIFF PA.P.U.C. NO. 1

INFORMATION FURNISHED WITH THE FILING OF
RATE CHANGES UNDER 52 PA. CODE, SECTION 53.52(a)

(a) (1) The specific reason for each change.

The purpose of this new tariffed rate provision is to provide qualifying payment-troubled low-income residential customers with reduced energy charges. Establishing a tariffed rate simplifies the billing process for customers on the Company's Customer Assistance Program (CAP) and will eliminate much of the confusion that now exists over CAP bills. Customers qualifying for the revised CAP after the effective date of this filing, will no longer be billed at Rate R or Rate RH for their usage with a 20 percent, 40 percent or 60 percent discount then applied to their total bill. These customers will be billed directly at the appropriate Customer Assistance Program Rate (CAP Rate).

This new rate provision is experimental and will be initially available to a maximum of 5,000 payment-troubled low-income residential customers. It is being filed effective April 1, 1996 and in conjunction with a separate filing which proposes a comprehensive revised CAP also effective April 1, 1996. Intake into PECO Energy's existing CAP will be suspended concurrent with the implementation of the revised CAP.

The rate established for CAP Rate I, which is approximately a 50 percent reduction from Rate R for the first 500 kilowatt hours (kWh's) of usage, was selected for two reasons. First, RPM Systems Inc. in their September 1994 "Evaluation of PECO's CAP", recommended that the Company increase the existing 40 percent of bill payment to 50 percent to improve the cost effectiveness of PECO Energy's existing CAP. In addition, a 50 percent reduction would provide the lowest residential rate in the Commonwealth ($.07 per kWh net of Energy Cost and other adjustments). This would amount to approximately $1.00 a day for a 500kWh customer.

The rate established for CAP Rate II (approximately a 25 percent reduction from Rate R on the first 500kWh's of usage) was selected to provide an appropriate rate for the payment-troubled "working poor." In addition, the limit on the number of rate options reduces the complexity of the revised CAP.

The Company believes that the proposed inverted block rate structure will be more effective in encouraging customers to conserve energy than the existing CAP program and billing process. The existing CAP payment discounts all kWh's consumed whereas the proposed CAP Rate will discount the first 500 kWh's of usage and will charge the current Rate R or RH prices for usage above that amount.

(a) (2) The total number of customers served by the utility.

As of December 31, 1994, PECO Energy served 1,468,362 customers.

(a) (3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

Initially, a maximum of 5,000 payment-troubled low income residential customers will be allowed on the CAP Rate.

(a) (4) The effect of the change on the utility's customers.

After April 1, 1996, payment-troubled low-income customers that qualify for Company sponsored energy assistance in accordance with this new tariffed rate, will no longer be placed in the Company's existing CAP program. These customers will be placed on the appropriate new CAP Rate and in the revised CAP.

Customers who qualify for this new CAP Rate will have their pre-program arrearage forgiven if they remain current on their new CAP Rate for 6 to 12 months. They also will be given a substantial rate reduction as detailed above. Additionally, if the customer develops a subsequent arrearage within 24 months of being on the CAP Rate, a payment agreement will be offered in accordance with Commission regulations at 52 Pa. Code § 56.1 et seq. Delinquencies on this payment agreement will result in the customer being placed in the termination process. These customers will then be offered three alternatives: 1) pay the full catch up amount, 2) accept a Prepayment Meter or, 3) have their service terminated.

(a) (5) **The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.**

The overall effect of the proposed changes on the Company's revenue and expense is unknown at this time. However, it is our expectation that the combination of new tariffed rates and the proposed comprehensive revised CAP will result in a significant improvement in the efficiency and effectiveness of the Company's energy assistance for low income customers. The improvements should occur as a result of the simplification of the eligibility process, the direct billing of customer usage, and the proper enforcement of payment agreements. These improvements, if they occur, will allow for an increase in the capacity (number of customers receiving assistance) of the overall program.

(a) (6) **The effect of the change on the service rendered by the utility.**

Customers eligible for the CAP Rate will receive a different level of service in exchange for lower rates. These customers will be required to: 1) waive their privacy rights to enable the Company to certify eligibility, 2) apply for and assign to PECO Energy at least one energy assistance grant each year, and 3) participate in various energy education and conservation programs.

(a) (7) **A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement as to why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C.S. 1308.**

1. Uncollectible Accounts expense provided for in PECO Energy's last electric base rate case was 1.12% of annual revenue or approximately $40 million. Approximately $18 million of that amount was for low-income energy assistance in the form of PECO Energy's existing CAP. The Uncollectible Accounts expense for the year 1994 totaled $80 million, with $65 million of that amount going to low-income energy assistance. This shortfall in rates affects not only PECO Energy's credit rating and stock price but could ultimately affect ratepayers if and when the a future electric base rate case is filed.

2: PECO Energy's last base rate case allowed for a total CAP population of 29,000 customers. Earlier this year, there were as many as 55,000 customers in this program. Moreover, it is estimated that 60% of the Commonwealth's low-income population resides in PECO Energy's territory. This could amount to as many as 175,000 households. We believe that the existing CAP must be significantly altered in order to deal with this potential problem.

3. The existing CAP process bills customers at the Rate R or Rate RH for their usage then a 20%, 40% or 60% discount is applied to their total bill. In some cases the customer is actually billed on the basis of their income and not their usage. The new tariffed rate will allow us to directly bill the customer for their usage and therefore make them more accountable for that usage. This will also simplify the billing for the customer and eliminate much of the confusion that currently exists as to what the customer actually owes each month. Utilizing the structure of the existing Rate R and RH as the basis of the new rate also connects it more directly to the Company's cost structure.

4. The existing process of establishing eligibility for the CAP involves obtaining income and expense information from the customer. This information is then used to establish the customers "ability to pay". This process is time consuming and fraught with the potential for inaccuracies and possible fraud. This process benefits neither the customer nor the Company. The proposed new eligibility process will utilize government agency information to verify gross income which should expedite this process.

5. The existing CAP process applies a discount to all kWh's consumed whereas the proposed new CAP Rate will provide a reduced price for only the first 500 kWh's of usage. The Company believes that this inverted block structure will be much more effective in encouraging customers to conserve energy. In addition, PECO Energy has recently completed a thorough review of our various conservation education programs and implemented numerous improvements in those programs. These improvements combined with the new CAP Rate structure will also increase the cost effectiveness of our low-income energy assistance. Customers on the CAP Rate will be required to participate in these conservation education programs.

6. We believe that legislative relief for low-income energy assistance will not be forth coming in the foreseeable future and these proposed changes must be made in order to minimize the impact of this significant expense on our other customers and our shareholders. As confirmation of our belief in this area, Commissioner Hanger in a recent letter to LIHEAP coalition members stated:

> "...even if one believes that energy assistance for those who cannot afford utility service 'should' be a government responsibility, government is not meeting that responsibility. ..... At least for the foreseeable future, it is fruitless to assert what government 'should' do. The only appropriate response is for utilities and this Commission to do whatever it is that we can do to address these important problems."

(a) (8) **Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. C. S. 1308.**

A study was conducted by RPM Systems Inc. in September 1994 which recommended that PECO Energy's CAP be restructured.

(a) (9) **Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll of other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.**

PECO Energy conducted no polls on this issue.

(a) (10) **Plans the utility has for introducing or implementing the changes with respect to its ratepayers.**

PECO Energy is introducing this rate on an experimental basis with the rate available to 5,000 payment-troubled low-income residential customers initially. The qualifying customers will be chosen on a first come first served basis and these customers will be thoroughly educated on all the aspects of our revised CAP including energy conservation practices.

(a) (11) **F.C.C., F.E.R.C. or Commission orders or rulings applicable to the filing.**

None apply. These changes are being initiated by PECO Energy Company.

PowerStat

Pay-As-You-Go System

System Overview

Exhibit C

PowerStat System Overview

The PowerStat System hardware consists of a Display Unit that is mounted inside the house and a Controller Sleeve that is mounted between the meter socket and the meter.

The Display Unit is similar in size and shape to a thermostat, and mounts on an inside wall of a house or apartment. It provides customers with a continuous display of their electric power status so that they can better control electric usage. The information provided includes:

1. $ Amount Remaining
2. Present User in $/hour
3. $ Amount Used Yesterday
4. $ Amount Used Last Month
5. $ Amount of Last Purchase
6. Present kWh Rate

A standard electric meter is modified to detect meter disk rotation, and the Controller Sleeve that is mounted between the meter and meter socket contains a switch that disconnects the power if the electric supply is allowed to run out.

When a purchase of electricity is made, the transaction is encoded on a magnetic stripe card called a PowerCard. The customer passes the PowerCard through a slot in the indoor Display Unit to add the new purchase to the remaining supply. Electricity may be purchased at any time, and in any amount. They can be purchased either by mail, over-the-counter at the utility office, or at purchase terminals located at convenient locations throughout the service area.

When the amount remaining on Display 1 is less than four days worth of power based on current daily usage shown on Display 3, the display starts blinking and alternating between the currently selected display and the word "buy". The Display Unit will also chirp once every hour. The customer will have approximately 100 hours warning before the power is disconnected.

Comments from customers using PowerStats have been very positive. Discussions with social agencies, consumer interest groups, legislators, and regulatory commissioners generally are very supportive of the concept.

System Goals

A fundamental goal of the PowerStat System is to give customers real-time usage information and payment choices that will allow them to take control of their electric usage.

Another major goal of the system is to save the customer money.

Elimination of Special Fees

The PowerStat System provides savings by eliminating the need for special service fees and charges presently associated with:

- New account set-up
- Deposits
- Late payment of bills
- Collection and disconnect trips.

For example, 20% of a utility's customers paid the late-payment charge each month. On a typical $50 monthly bill, this amounts to a 4.3% additional cost which could be eliminated using the PowerStat System. The people who now pay this charge are generally those who can least afford this additional cost for their electric service.

Lower Consumption of Electricity

Tests show that PowerStat users generally use less electricity than people with conventional billing. PowerStat users are able to tell at all times their present rate of use. They quickly learn which appliances use the most electricity, and thus know which ones have to be controlled in order to make significant reductions in electric usage. A test program among apartment tenants produced savings in the range of 15%. In the same test, people in single family homes demonstrated a savings in the range of 7% to 9%. On the other hand, some people found the cost of operating some appliances was lower than they had imagined, and they therefore felt comfortable in increasing their use of that equipment. This was particularly true with air conditioning.

Customer Information

Information provided by the PowerStat Display Unit is helpful to the customer and the utility company in ways other than for conservation purposes. Customers in test groups reported they checked their consumption daily, and were able to relate the amount of electricity used to changes in weather and household activities. This first-hand knowledge of day-by-day usage eliminates surprisingly large bills, and which cause most of the high bill complaints made to the utility. One test participant noticed a jump in his daily usage from $2 to $15, and upon investigation discovered two electric heaters in the basement were in use when they should not have been.

A typical comment from customers participating in the testing was, "It's a matter of knowing what appliances cost to operate. We have a feeling of control by being able to monitor usage at any time."

Greater Customer Convenience

Another purpose of the PowerStat System is to make a customer's dealings with the electric company more convenient. With the PowerStat System there is no need to establish the credit-worthiness of customers when they move into the service area. The system eliminates a number of the traditional interactions between the utility and the customer including:

1. Final reading and billing when moving away.
2. Unexpectedly high bills.
3. Erroneous meter readings.
4. Erroneously estimated bills when readings are not available.
5. Delinquent notices when bills are not paid on time.
6. Visits from the bill collector.
7. Disconnection of service by the utility for non-payment of bills.

Test results show that with the PowerStat System, customers generally continue to purchase electricity once a month. The average supply remaining at the time of the next purchase is made is 9 days.

Developing Greater Customer Responsibility

Since the PowerStat System creates the possibility of running out of electricity, it places a greater degree of responsibility on the customer. While some view this personally as a negative aspect of the program, a little more discipline in the use of electricity (or any other resource) is in keeping with national goals.

While running out of electricity (or any other energy source such as gasoline, heating oil, or LP gas) can be very inconvenient, it generally is not catastrophic. Electric service is already subject to interruptions from a number of natural causes, so critical service locations already have back-up arrangements.

People who have not used a PowerStat express concern about the possibility of running out while they are away for an extended period of time. Tests show that customers know what their daily use is under various conditions, and with that knowledge will make sure enough supply is available in their PowerStat to last while away on a trip. This is not significantly different from cases where Fuel Oil or Liquid Propane Gas is used for heating, and a sufficient supply would need to be left to provide heat while people are gone. Even now, special arrangements need to be made regarding electric bill payment during an extended absence to make sure that service is not disconnected.

Reserve Supply Capability

Because of oversight or unforeseen circumstances, people may suddenly find themselves low on electricity at a very inconvenient time. The PowerStat System allows customers to buy an additional PowerCard to be kept in a safe place until a reserve supply of electricity is needed.

Elimination of Credit For Customers

Another purpose for the PowerStat System is to eliminate bad debt losses incurred by utilities, and the financial burden these losses place on the other customers. With the PowerStat System, customers no longer have an open line of credit with utility companies. Such credit is not generally available for any of the other necessities purchased by customers. Among all the necessary services, only the connected utilities have not changed their transactions to the *pay-as-you-go* method. That is because until it was not until recently the technology to make it practical was not available.

PowerStat and Low-Income Customers

Where low-income people have difficulty paying for their electric service, it is better for the customer, the utility, and and involved social agencies to identify such problems before the electricity is used instead of afterward. The PowerStat System provides an environment where low-income people are assisted in managing and containing their electric costs instead of unconsciously accumulating large bills that they cannot pay. That situation can strain the financial resources of social agencies. The PowerStat System is an excellent means of allocating electricity among a utility's Low Income Home Energy Assistance Program customers.

Extended Service

For the chronically indigent, a basic quantity of electricity could be provided regularly in somewhat the same way as the food stamp program is used to meet a certain level of nutrition requirements. The appropriate social agency would determine which individuals and families were eligible for assistance, and how much they would receive. A list of each recipient and the amount allocated, along with a single check to cover the total amount, would be provided to the utility company each month. The utility would then prepare and mail the PowerCards to those on the list.

In any case, when faced with imminent run-out of electricity and no money is available, the PowerStat System's Extended Service feature will allow a customer to use up to a utility-selected preset demand limit of electric service in 500 watt increments, from 500 watts through 15 kilowatts. During this condition, the amount used is recorded negatively on the display, and the amount of any subsequent PowerCard loaded is reduced by the negative amount accumulated.
The customer is offered this plan for 30 or 60 days, after which time the customer must again visit the office to extend this protection. When in Extended Service, two additional display are available on the Display Unit. Display Seven (7) shows how many watts are presently being used, to assist the customer in remaining below the amount allotted. Display Eight (8) shows the customer how many days are remaining until contact must be made with the utility or electric service is terminated.

PowerStat EQUIPMENT

The Watthour Meter

The PowerStat requires a standard watthour meter that has been modified with an optical pulse initiator to detect disc revolution. The modification used for the PowerStat is adaptable to any standard class 200 meter. See Appendix A for details of the Meter Modification Kit offered by CIC Systems.

Meters with KYZ Output and some solid-state meters may also work with the PowerStat System.

The Disconnect-Reconnect Switch

Between the meter and meter socket, a Controller Sleeve is installed that contains a power disconnect switch, suitable for single-phase services of 200 amps or smaller. The switch is designed to cycle 30,000 times in its lifetime. The switch latches in both the open and closed position mechanically.

The PowerStat Display Unit

The PowerStat Display Unit can be located anywhere inside the customer's home. It is connected to the Controller Sleeve with a 4-conductor 22-gauge cable. It contains a card-reading slot, a display window, and a push button to select the desired display.

It was designed for simplicity in both understanding and use. There are six displays of information available to the customer, and all are shown in dollars and cents. A single push-button allows the customer to selectively cycle through the displays. The display always reverts back to show the amount remaining.

In case of a power failure, the data in the PowerStat is stored in an electrically erasable programmable read-only memory (EEPROM). This system does not use a battery.

The PowerCard Distribution System

The PowerCard Distribution System consists of attended PowerCard sales terminals, automated card vending machines, and PowerCards. An 486-66 mHz PC is used as a host server at the utility company office, and drives the system. For larger scale applications, additional PCs can be attached to the server in a Local Area Network (LAN) to provide additional attended card writing stations. In addition, a communication server can be attached to the host server to communicate with automated card writing machines in a Wide Area Network (WAN). All software uses the Microsoft Windows operating system. See Page 15 for more details.

The PowerCard

The PowerCard is the medium used for communicating sales information from the PowerCard Distribution System to the PowerStat. PowerCards can be either stiff paper or plastic. The paper cards are inexpensive and can be used one time and discarded. The plastic card would be a "permanent" card with the customer bringing it in each time they purchase energy.

The software is designed so that if someone reports a lost PowerCard, a duplicate can be issued by the utility without any concern about fraud. This is because PowerCards are protected with a sequential password system in which the password changes after each transaction, and only the PowerCard Distribution System and the PowerStat know what the next password will be for that location. PowerCards are not interchangeable among neighbors.

The Card Encoder

PowerCards are encoded by using a mag-stripe card encoder. The encoder plugs into a serial port of the PC. One encoder is sufficient for a utility company to conduct an evaluation program and will service a large number of users. A dot-matrix printer may also be connected to the PC to print receipts and mailing labels at the time the PowerCards are issued, as well as print account and transaction reports.

The System Support Unit

The System Support Unit is a small hand-held device and is used for several things: 1.) It can "clear" a PowerStat Display Unit so that unit can be re-initialized. 2.) It can download all the data in a PowerStat Display Unit and upload that same data into a new PowerwStat Display Unit. 3.) Test the Controller Sleeve. 4.) Read the values on a Display Unit from outside the house.

CUSTOMER OPERATING PROCEDURES

Initialization of a Newly Installed PowerStat

After the equipment is installed at a new location: the PowerStat Display Unit is programmed, or "initialized" with a specially-encoded card that assigns the account number and password codes. Once initialized, the PowerStat will accept only PowerCards which have been issued for that specific location. A card issued for one location will not work at another. This is necessary to prevent counterfeiting, and to provide a record of the amount of electricity sold to a location. Such records are valuable for calculating settlements in case of an equipment malfunction or meter tampering by the customer.

Purchase Transactions

After an account has been set up in the Customer File, a purchase transaction requires only that the account number and the amount of the purchase be entered by the clerk.

When a newly purchased PowerCard is passed through the card reader slot in the PowerStat, the display will emit an audible chirp and change to display #5 to show the dollar value of the card just loaded. If a card which has already been read once by the PowerStat is passed through the slot a second time, the display will show an error code, "Err," which indicates an invalid password. This results from the fact that the password changes at each transaction in a manner known only by the issuing PC and the receiving PowerStat.

Other error codes may appear when a PowerCard is passed through the slot. "Retry" will appear on the display if the card is damaged the card ir moved too slowly, tilted, or erratically through the slot.

The value of each PowerCard loaded into the PowerStat is added to the previous amount remaining. This can be seen by comparing the dollar values in Display #1 before and after the new card is loaded. While the display automatically changes to #5 at the time a card is used, pressing the button will change the display back to #1 to show the new dollar amount remaining. If any display other than #1 is left on, it will automatically revert back to #1 after approximately 4 minutes.

If the button is pressed repeatedly, the display will cycle from #1 through #6, and then back to #1.

Customer Information

Display #2 shows the cost, in cents per hour, for the current load, and it changes as the appliances are turned on and off. Typically, with only lights, TV, and fans operating, display #2 will show the operating costs of just a few cents per hour. The customer will observe that an electric range, oven, air conditioner, clothes dryer, water heater, or other major appliance will substantially increase the rate of use shown on display #2. This information allows the customer to make real-time decisions on whether or not to use certain appliances, based on (1) their rate of consumption, (2) the remaining supply of electricity in the meter, and (3) the ability of the customer to make a timely additional purchase of electricity.

Display #3 changes once a day and shows the dollar amount of electricity used for the previous 24-hour period. Display #4 changes once each 30 days and shows the dollar amount of electricity used for that month. Display #5 shows the dollar amount of the last purchase. Display #6 shows the current electric rate in use. Display #7 shows the wattage presently being consumed if the unit is in Extended Service. Display #8 shows the number of days left in Extended Service when it is in effect. Displays #7 and #8 are available for viewing only when Extended Service is in effect.

Low Supply Warning

If the supply of electricity runs low, the PowerStat Display Unit provides a warning to the customer with an audible tone, that sounds once every hour, and a continuous flashing of the display. These warnings will occur at any time the amount remaining is less than four times the value of the amount used the previous day (Display 3).

The flashing display and the hourly chirping will continue until:

1. Additional electricity is purchased and loaded into the PowerStat.
2. The daily use of electricity is reduced to the extent that the next daily calculation shows more than a 4-day supply remains because of the reduced consumption level.

Run-Out

If the supply of electricity is allowed to run to zero, electric service will be automatically disconnected until an additional purchase is made and loaded into the PowerStat Display Unit. The display will stay illuminated and show the #1 value to be ".00".

Extended Service

One of the questions that usually arises when discussing the PowerStat System is, "What about the no-winter-cutoff rules?" Since a major function of the PowerStat System is to automatically disconnect service when the amount of electricity remaining runs to zero, how do utilities gain the approval of regulatory commissioners?

Many states have already accepted the use of "load limiters" which typically restrict a customer to 15-amp, 120-volt service if grossly delinquent. This is a compromise which avoids a shut-off of service, but provides considerable incentive for the customer to put the payment for electric service a little higher on his list of priorities.

CIC decided to integrate this concept with the PowerStat System.

Effective Period - The start and stop times of the Extended Service mode are entered into the PC located at the utility company's office. PowerCards contain information as to whether or not Extended Service is in effect and when it is to end. The utility can provide Extended Service to all customers, or only to those who meet certain criteria.

Level of Restriction - All customers may be restricted to the same limit, 1,500 watts for example, or the limit may be varied depending upon the customer. For example, those with electric water heaters or space heaters may be allowed a higher load than a heated with natural gas.

Range of Loads Allowed - The PowerStat equipment continues to provide 240 volts when Extended Service is implemented, but the wattage load limit can be set from 500 watts to 15,500 watts in 500 watt increments.

Automatic Reconnect - If the load limit is exceeded when the amount of purchased power is zero or negative, the main power switch will open and remain so for four minutes waiting for the customer to turn off the excess load. The switch will re-close automatically after four minutes. If an excess load is still present, the switch will open again after a short period. This cycle will repeat until the load is brought below the allowed level. The ratio of off-time to on-time is about 4 minutes to 2 minutes, but changes to a longer cycle if the load is not reduced within one hour.

Negative Accumulation - Any electricity used while in Extended Service will accumulate and be shown in display #1 as a negative value. When additional power is purchased, the accumulated negative value will be subtracted, and the balance will be shown as the new "Amount Remaining."

"End of Protection" Warning - When the customer is operating in the Extended Service mode, a new status display, #8, will be available. Display #8 shows the number of days remaining in Extended Service so the customer will know the number of days remaining in which to correct the negative balance or go to a complete shut-off.

Power Failure

If there is a utility company power failure, the PowerStat display will go dark. When a customer finds his power is off, the display condition (blinking zeros or dark) will allow the customer and the utility dispatcher to determine if a power interruption is due to "running out" of electricity, or to a utility power outage. EEPROM memory retains all data so that there is no loss of information during a power failure, regardless of how long it may last.

Cash Refunds

If a customer is moving, the electric value remaining in the PowerStat Display Unit may be left for the next occupant to use. If the amount remaining is substantial, the customer may offer it for sale to the next occupant. Otherwise, the customer may apply to the utility for a refund. This will require a service trip to the site to read the remaining value and physically "zero" the PowerStat Display Unit using a ZeroCard. If the property has not yet been vacated when the display unit is zeroed, the service person may re-install a small amount to keep the lights on for a short period.

When a request for refund is made, the clerk will advise the customer of the service charge (if any), schedule a time for the service trip, determine how much residual amount (if any) is desired, and get the forwarding address to which the refund check is to be mailed. The clerk will then prepare the ZeroCard and service order for the service person.

OFFICE OPERATING PROCEDURES

PowerCard Distribution System Software

The PowerCard Distribution System runs the PowerSales fow Windows software. Persons familiar with electric utility business practices will find PowerSales to be straightforward and easy to use.

The program uses the Microsoft Windows environment and has an easy to use graphics interface. It uses several database files in order to be operated as a complete, self-contained system. The database includes a record for each location served by the utility, and includes most of the information presently maintained for each service location. The database also contains records for electric rates, tax rates, and security light rates. There is no limit to the number of different rates. In addition, the database contains a record for each PowerCard sale to each location. This data is used to provide summary sales reports and on-demand account history information.

New Accounts

When a new account is established, a new record is added to the database. A series of blank forms are presented on the screen for the operator to enter data regarding location, address, electric rate codes, tax rate codes, security light codes, and meter information. At that time, an "Initialization Card" is encoded that will be used to give the new PowerStat its "identity." This identity, which includes security codes, is imbedded in memory and is then no longer accessible through the use of a card. This is to keep unauthorized persons from making a fraudulent change of identity.

After a PowerStat has been initialized, it cannot be given a new identity unless a "clearing" procedure is performed using the System Support Unit. Once a new location has been assigned a device number, that number will never change, since it is needed in the perpetual security code system.

The software allows the assignment of a 15 character account number that is specific to an individual customer. This number can be changed as new tenants move into the location.

Electric Rate Structures

The database has a section for Electric Rates. A blank form is presented on the screen when a new rate is to be created. It includes an identifying code, and fields for various values to be entered. The specific rate structure is determined by which fields are left blank, and which ones have values entered.

Many different rate structures can be accommodated, and changes in rate structures can be made without having to do any field reprogramming. The rate structure being used by the PowerStat at any location at any given time depends only upon the codes written on the last PowerCard used. Both the rate structure and the rate levels can be changed at the time of any regular power purchase.

Rates readily available include:

1. Fixed charge with a flat energy rate.
2. Fixed charge and up to nine declining or inclining blocks.
3. Minimum bill with up to nine declining or inclining block rates.

Electric Rate Changes

Each customer account has an electric rate field, and when the location is first initialized, a code is entered that specifies which rate is applicable to that particular account. The code must match one of the rates in the electric rates file.

Each electric rate can be defined with a present and future rate. This allows the passing of future rate information without requiring the customer to buy a PowerCard in order to place the future rate in effect.

That rate is then encoded on each PowerCard as it is written for that location. When there is a rate change, the new rate information entered into the Electric Rates File will be encoded on each subsequent PowerCard purchased. When a PowerCard is passed through the slot in the PowerStat, the rate encoded on the card is read and stored. If the present rate is different from the previous rate, all the unused supply in the PowerStat is effectively re-priced to the present rate.

When the future rate is passed, the PowerStat stores the future rate information and checks daily to see if it is time for the future rate to become effective, re-pricing the remaining amount at the new rate when it does become effective.

State and Local Taxes

The PowerStat software allows for up to three different types of taxes to be collected when PowerCards are sold. These taxes can be defined as State Tax, Local Tax, and Franchise Tax. These taxes can be configured in 1 of 5 ways:

1. No compounding of taxes.
2. Taxes 1 & 2 are not compounded, tax 3 is compounded on tax 2.
3. Taxes 1 & 2 not compounded, tax 3 compounded on taxes 1 & 2.
4. Tax 1 not compounded, tax 2 compounded on tax 1, and tax 3 compounded on taxes 1 & 2.
5. Tax 1 not compounded and taxes 2 & 3 compounded on tax 1.

This provides a very flexible way of dealing with any number of taxing districts or combinations of taxes that may be applied to individual customers.

If there is a change in a tax rate, the appropriate change is made in the tax structure so that each individual account does not require modification. On the other hand, if there is a change in the taxable status of an individual account, a change is made in the appropriate tax code for that particular location.

When a PowerCard is purchased, the appropriate taxes are automatically deducted from the amount tendered in order to calculate the net amount of the purchase for utility records, and to record the amount which the utility must pass on to the taxing authority.

Values displayed by the PowerStat on Display #6 shows the value including taxes. This is necessary because when a person pays $50 for a PowerCard, it was felt to be important for Display #5 to show a $50 value when the card is loaded, rather than, say, the $47.17 net amount retained by the utility after taxes were deducted.

Unmetered Equipment

The database also has a section to list each type of unmetered equipment (e.g., security light) available to customers, including the description, monthly rate, kWh used, and an identifying code. When a piece of unmetered equipment is installed, the identifying code and the number of pieces of equipment installed are shown on the account information screen. When PowerCards are purchased for that location, the appropriate daily charge for such equipment is encoded on the card, and that amount is subtracted from the amount remaining each day.

When a new piece of equipment is installed at a prepayment location, the date is recorded in the account record in the database, and when the next PowerCard is purchased for that location, an amount is automatically deducted from the card value that is equal to the daily rate times the number of days since the light was installed. This amount appears in the "Variable Adjustment" field in the PowerStat database and printed reports. The same process is followed when a piece of equipment is removed between PowerCard purchases, except the "Variable Adjustment" is credited to the next purchase instead of subtracted from it.

No separate billing or manual accounting procedure is required when equipment is installed or removed between purchases.

Sales Records

The PowerStat System provides a means for recording the amount of each sale to each location.

Each sale is recorded by the PC, and is available for screen viewing or printing in various formats, including "all transactions at this location," and "all transactions for the current month." The number of transactions kept in the active file is an optional administrative decision. Purging is accomplished by a simple menu selection, and old records that have been purged can be kept in a ledger, microfiche, or electronic storage.

Among the options provided in PowerSales software is the ability to determine, in the event of a failure of the Display Unit electronics, how much value should be restored in the "Amount Remaining" register when repairs are completed.

Sales Receipts

As a part of the card encoding sequence, you will have the option of configuring the printing of two labels. One is the receipt to be affixed to a paper PowerCard or a receipt card if a permanent card is used, and the other is a mailing address label for that location.

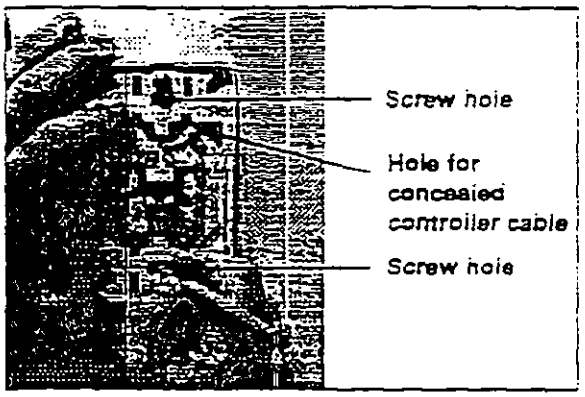
An "end of day" transaction report may be viewed on the screen or printed out to assist in balancing the cash drawer.

Data Backup

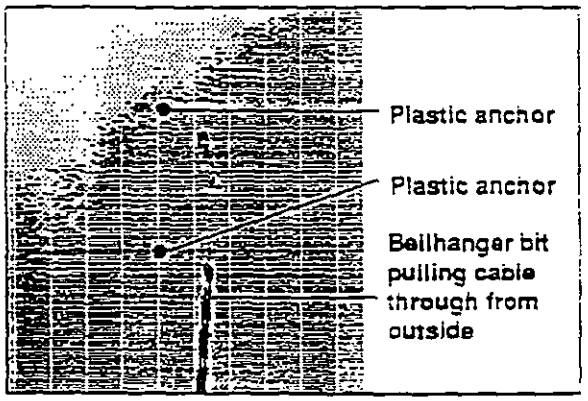
Daily backup of the database at the Host Processor can be accomplished by means of a tape system or by diskette. As with any computer system, it is very important that daily backups of the day's transactions be made. Executing the daily backup procedure can save much painstaking work when a hard disk drive fails.

How PowerStats are installed

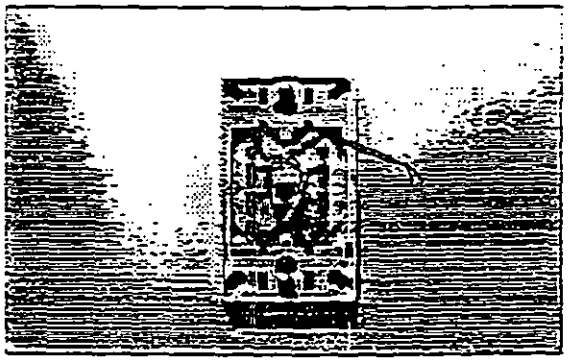
Inside the installer marks the location for the indoor PowerStat display.

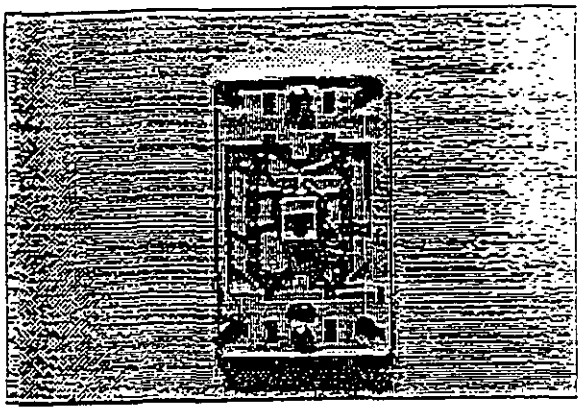


A hole is drilled through the wall. A strand of the cable is looped through a hole in the end of the drill bit. It is used to pull the cable to the inside.

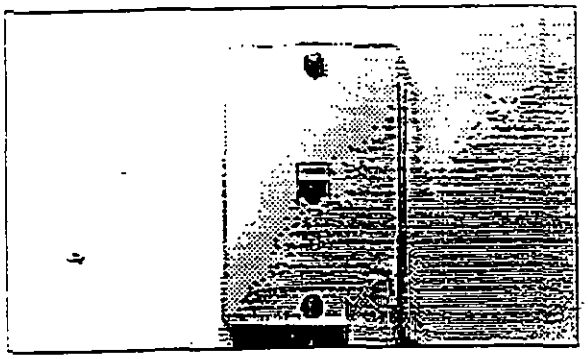


The cable is routed through a hole in the wall mount bracket. The bracket is screwed to the wall and anchored with plastic anchors. The ends of the four wires making up the cable are stripped.

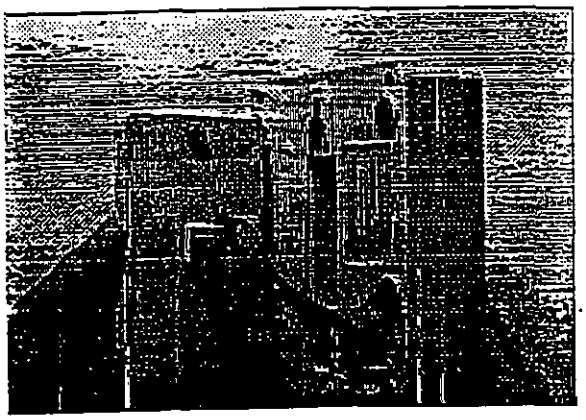




The cable wires are connected to the wires on the wall mount bracket.

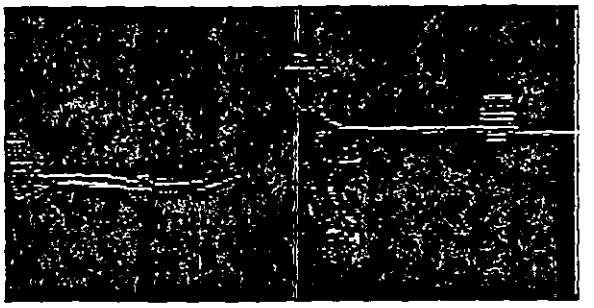


The wall mount bracket cover is snapped into place.



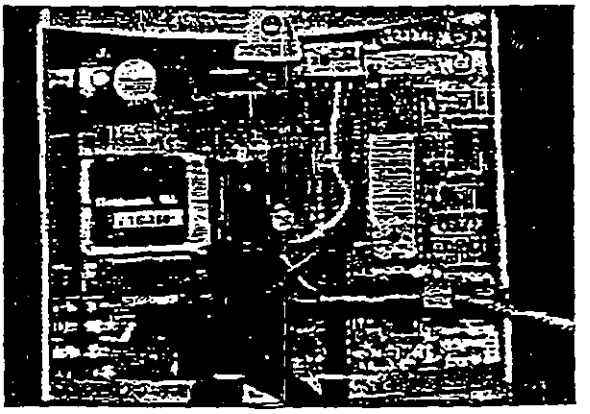
A six inch flat cable connects the PowerStat display to the jack in the wall mount bracket. The unit snaps into place like a wall mount phone.

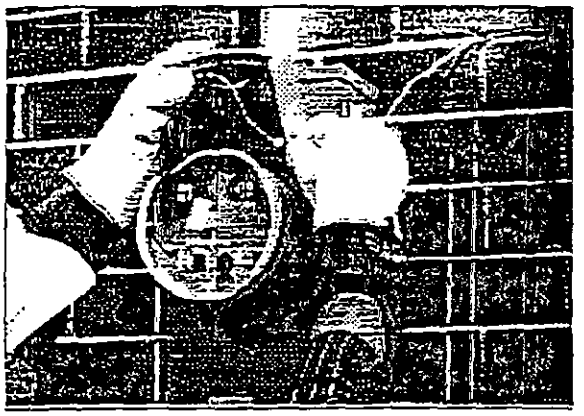
Back outside, service personnel use 3M connectors to splice a wire harness to the cable.



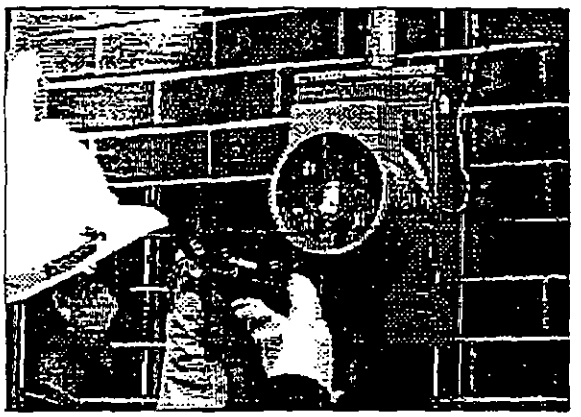
A neutral wire is connected to the ground lug in the meter socket. This same neutral wire connects to a cable that comes out the back of the controller sleeve.

The top hat is removed. The wire harness plugs into a jack in the top hat.

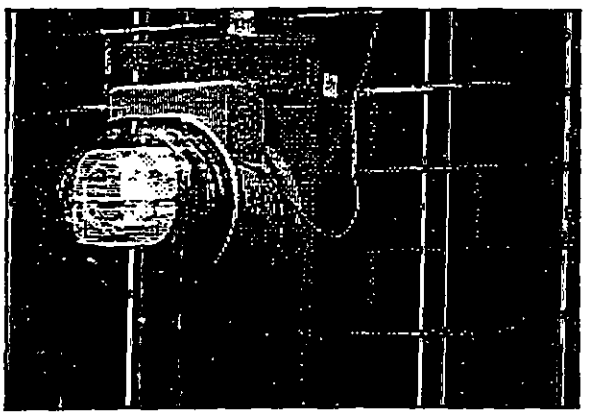




The top hat is attached to the controller sleeve.



A modified meter containing pulse initiators is inserted into the controller sleeve socket.



The meter box cover is put back in place and the meter is secured with a ring.

PowerStat Provides Information for Customers

The PowerStat provides an unprecendented amount of information for customers to use in making intelligent decisions as to how they use their electricity. Displays 1 through 6 are shown in dollars and cents. Displays 7 and 8 are active only when the Cold Weather Protection Mode is in effect.

1 26.22 $ Amount Remaining	Display 1 decreases a penny at a time as electricity is used. New purchases are added to Amount Remaining. The Display blinks when customer is within 4 days of running out.
2 .17 Present Use - $/hr	Display 2 changes any time an appliance is turned on or off. Customers learn which appliances are big users. They know which ones to turn off to save on cost.
3 3.57 $ Used Yesterday	Display 3 updates once each 24 hours. Customer sees daily effect of weather, company, laundry. No surprises at end of month. If problems develop, customer knows it that day and take corrective action.
4 68.93 $ Used Last Month	Display 4 updates one every 30 days. It provides a comparison to previous monthly billing amounts.
5 50.00 $ Last Purchase	Display 5 is updated each time a new purchase is made.
6 7.541 Rate (Tariff)	Display 6 shows the electric rate (tariff) currently in effect.
7 1492 Present Use in Watts	Display 7 shows the present use in watts. This display is active only when Extended Service is in effect.
8 4 Days Left	Display 8 shows the number of days remaining in the Extended Service mode. This display is active only when Extended Service is in effect.

The PowerCard Distribution System (PDS) is the backbone of the PowerStat System. The PDS is the system that allows a utility to sell power via PowerCards to PowerStat customers. The PDS is designed to be easy to use, expandable and flexible.

The heart of the PDS is the *PowerSales for Windows* software. *PowerSales for Windows* is designed to operate in the popular Microsoft Windows environment. It has an easy to use graphics user interface (GUI).

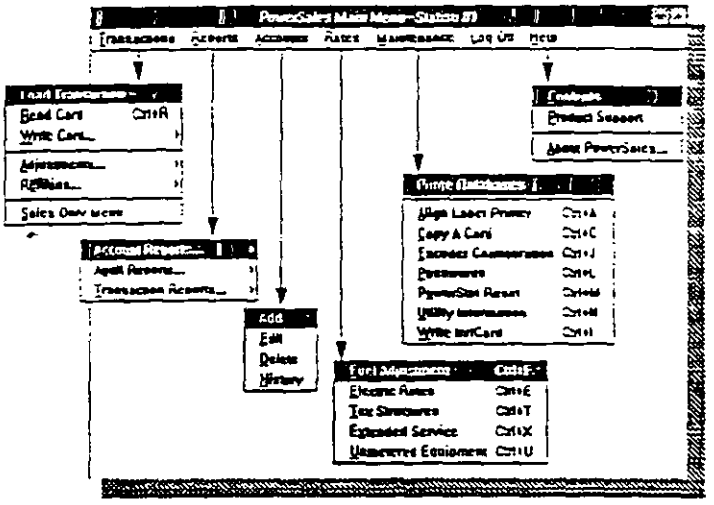


Figure 1. The graphics interface on PowerSales for Windows features "pull down" menus that are designed to be easy to use.

The *PowerSales for Windows* software is powerful and flexible. It can be operated as a single-user system during PowerStat program start-up, and can be expanded to operate on a network to allow addition of both attended and unattended card writing stations as the PowerStat program grows.

PowerSales for Windows can be connected with the mainframe billing computer through a communications gateway computer. The expandibilty and flexibility of *PowerSales for Windows* allows a utility to start with a small PowerCard Distribution System, and then expand it as required.

In the single-user mode, *PowerSales for Windows* would reside on a single PC attached to a magnetic stripe card encoder, allowing the sale of PowerCards at a single location.

The minimum hardware requirements for a PC operating *PowerSales for Windows* in the single-user mode is:

- 80486-33 IBM or Compatible
- 8 MB RAM memory
- 250 MB hard disk drive
- DOS 6.2 or higher
- Microsoft Windows for Workgroups 3.11 or higher
- VGA monitor & card
- A Microsoft Windows compatible mouse
- 28.8 KB external modem

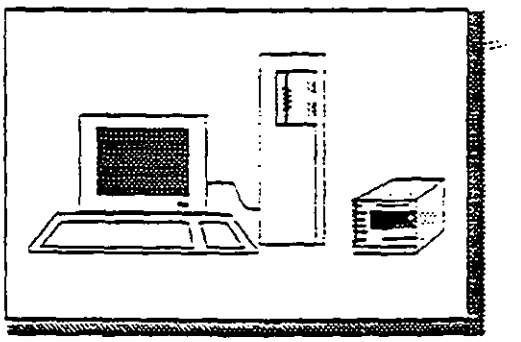


Figure 2. A single-user PC with a card encoder

The PDS is the most important part of the PowerStat System. If the PDS is sufficient to allow easy purchase of cards, the PowerStat program will be successful, and the customers will be satisfied with the system. If the PDS is not sufficient to allow easy purchase of cards, customers will have to wait a long time for PowerCards, which will cause dissatisfaction from both customers and utility employees.

Meter Modification Kit installation

General

This Pulse Initiator kit contains hardware and one of four different disk patterns for modifying meters to work with the PowerStat system.

General Electric meters

The disk pattern without any knockouts besides the three shown in Figure 1 fits General Electric meters model number GE I-70-S.

Asea Brown Boveri (ABB) meters

The disk pattern with one small knockout near the center in addition to the three shown in Figure 1 fits Asea Brown Boveri meter model number D5S.

Sangamo meters

The disk pattern with two small knockouts near the center in addition to the three shown in Figure 1 fits Sangamo meter model number J5S.

Landis & Gyr meters

The disk pattern with three small knockouts near the center in addition to the three shown in Figure 1 fits Landis & Gyr meter model number MS II.

Tools required

1. Slotted head screwdriver
2. Phillips head screwdriver
3. Drill
4. Slip joint pliers (common ordinary pliers)
5. Long nosed pliers
6. 3/8" drill bit

7. CIC SYSTEMS, INC. meter modification tool kit model number 1296 consisting of:
   a. JST YC crimp tool model number YC-39
   b. CIC PI test box model number 1290 (9V battery not included)
   c. Punch tool (awl)

Installation

1. Follow manufacturer's procedures for removing the glass, the nameplate, the register and the disk.
2. Pop out the three knockouts on the disk pattern. Refer to Figure 1.
3. Center the disk pattern on the disk. Centering it as it appears to the human eye should be accurate enough. Refer to Figure 1.
4. With the disk pattern still centered, hold it in place on one side of the crease as you peel off the backing on the other half. Refer to Figure 2.
5. Press the part of the pattern with the backing removed onto the disk.
6. Peel off the backing on the other half of the pattern and press it onto the disk.
7. Using your thumbs, smooth out any air bubbles. Figure 3 shows a correctly placed disk pattern.

   Note: If your operational procedures require anti-creep holes for your meters, use the scratch awl provided in the CIC meter modification tool kit to punch openings in the disk pattern. Simply ensure that the edges of the holes are trimmed back to prevent any obstruction.

8. Drill a hole approximately 3/8" in diameter on the back side of the meter and blow the dust off. Refer to Figure 4.

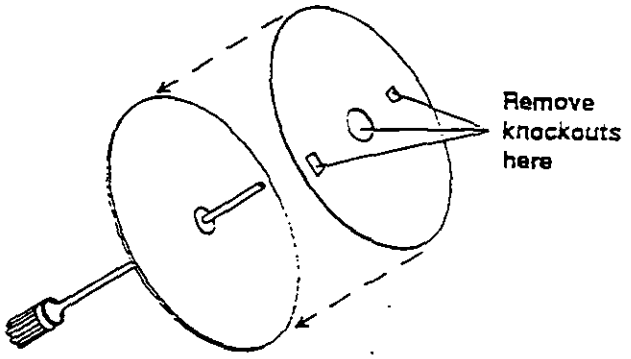


Figure 12

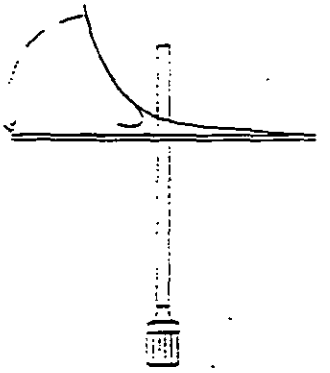


Figure 2

9. Put the disk back in place and align according to manufacturer's specifications.
10. Put the register back in place.
11. Use the two screws enclosed in the kit to fasten the pulse initiator onto the bracket as shown in Figure 5.

    Note: Insert the screws through the holes on the side that is countersunk.

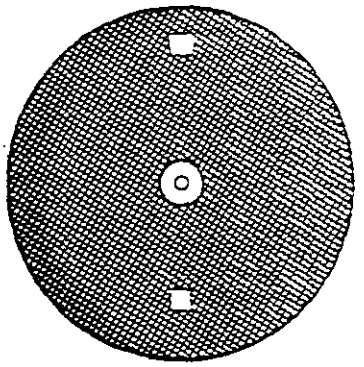


Figure 3

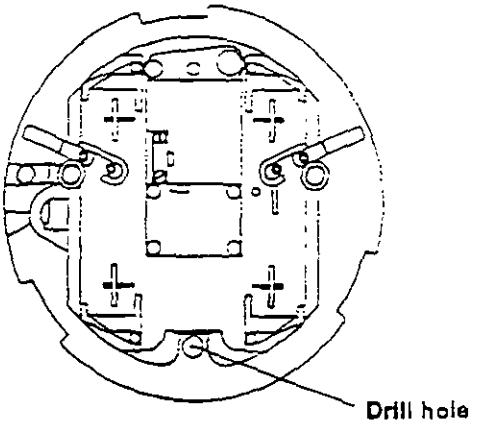


Figure 4

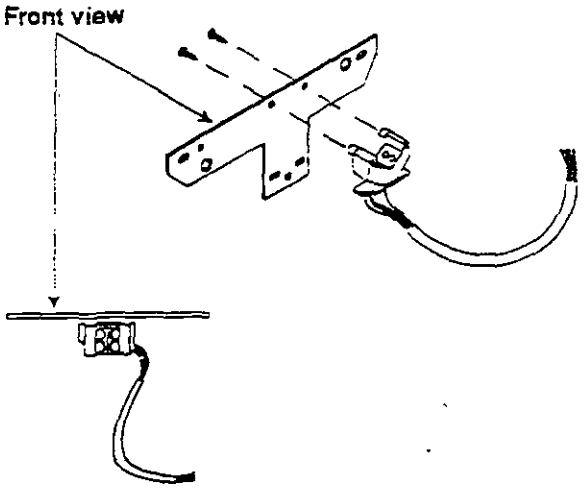


Figure 5

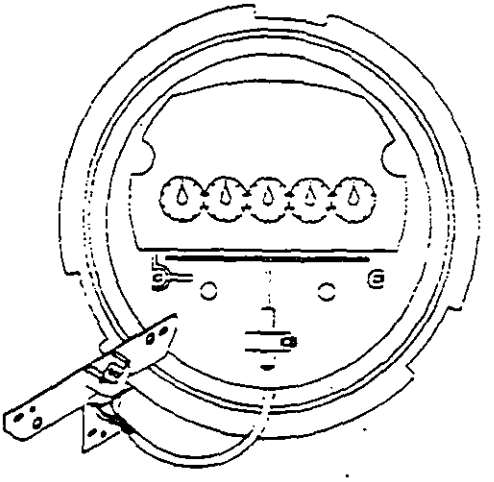


Figure 6

12. Route the cable attached to the pulse initiator through the hole you drilled. Refer to Figure 6.
13. Position the bracket/pulse initiator assembly as shown in Figure 7.
14. Put the name plate back on and screw it down to hold the bracket/pulse initiator assembly back in place.
15. Use the slip joint pliers to crimp the strain relief on the cable (Figure 8). Leave only enough slack inside the meter to allow you to put the strain relief on. Then, insert the strain relief into place in the hole.

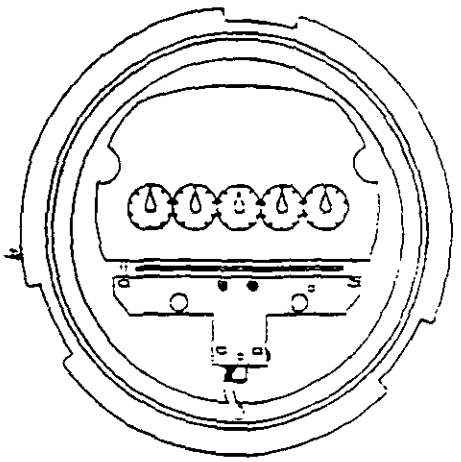


Figure 7

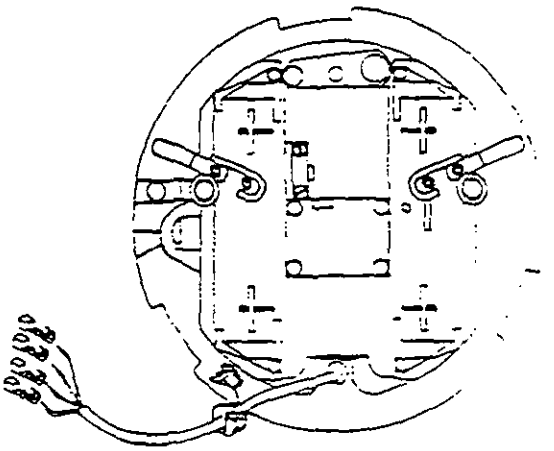


Figure 8

Note: If you routed the cable through a dust filter hole, you may need to rotate the strain relief so that it doesn't slip through notches where the cross braces used to be.

16. Detach the four pins from the strip. Follow these procedures and refer to Figure 9 to crimp pins with the JST YC-39 tool:

    Note: Refer to manufacturer's operation manual for general information concerning use of the YC-39 crimping tool.

    a. Squeeze the handles on the YC-39 tool until the ratchet releases.

    b. Hold the crimping tool with the model number facing to the right. The letters "A" and "B" should be on the right side also and should be upside down.

    c. Insert one of the detached pins into the "A" (front) slot. The small locking tab on the pin should fit in the crimping tool as shown in Figure 9.

    d. Squeeze the handles gently until the pin is held in place in the crimping tool.

    e. Insert the stripped end of one of the wires into the left-hand side of the pin. It is inserted far enough when the insulation on the wire prevents it from going in any further.

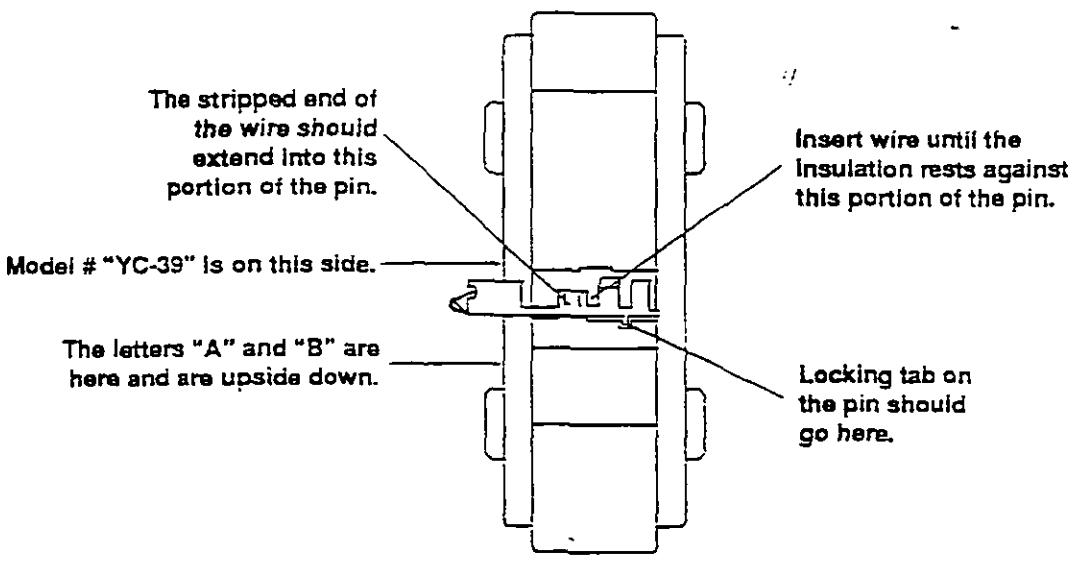


Figure 9

f. Squeeze the handles completely until the ratchet releases.

g. Remove the crimped pin and inspect it.

17. Insert the crimped pins into the numbered slots in the connector body (Figure 10) according to the following color code:

Wire Color	Slot number
Red	1
White	2
Black	3
Green	4

Note: The slot numbers are indicated on the connector body.

18. Put retaining clips on the connector body as shown in Figure 11.

19. Test with the CIC PI test box as follows:

a. Plug the connector body with retaining clips into the CIC PI test box.

b. If neither of the LED's is on, rotate the meter disk until one of the LED's comes on.

Note: If both LED's are on, check alignment of the disk pattern. Also, check all wiring connections.

c. Rotate the meter disk 180 degrees (one half turn). As you do, the LED that was on should go out and the other one should come on. This indicates that the pulse initiator kit is properly installed and can provide suitable signals to the PowerStat controller.

d. Disconnect the PI test box.

20. [illegible] plete reassembly [illegible] continue with normal mechanical meter calibration.

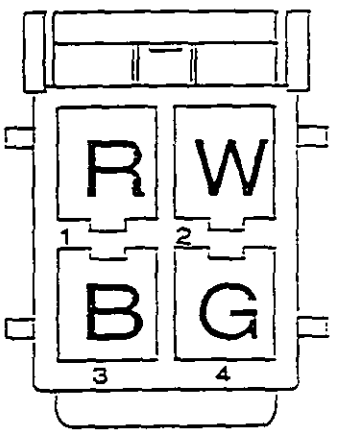


Figure 10

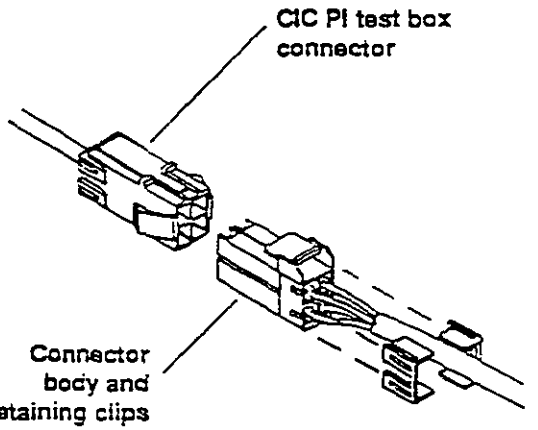


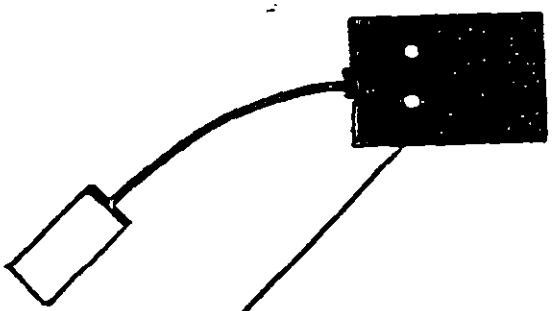
Figure 11

Pulse Initiator Kit Installation Tool Kit

Part No E1047

JST Crimp Tool -
Part No O1042

This tool is used to crimp the pins on the end of the pulse initiator cable



P I Test Box
Part No E1108

This is used to verify that both channels of the pulse initiator are working after the PI Kit is installed in the meter

Punch
Part No O1050

This puch is used to punch out the disk anti-creep holes in the target label that is adhered to the rotating disk

Of course, where apparent unauthorized use appears harmful to the safety of individuals, or to the utility's energy delivery system, the utility is permitted to proceed under § 56.98 and terminate without notice. However, where health and safety factors do not exist, standard termination procedures for grounds found at § 56.81 are in the public interest since they provide reasonable opportunity for occupants to clear up misunderstandings or errors without imposing undue hardship or unreasonable delay to a utility.

Overall, we believe the regulations, as amended in consideration of the above-discussed comments, and as follows in Annex A, are consistent with the public interest and should be adopted at this time by final order.

Accordingly, under authority at 66 Pa.C.S. §§ 501, 1501 and 2911, and sections 201, *et seq.*, of the act of July 31, 1968 (P. L. 769, No. 240) known as the Commonwealth Documents Law, 45 P. S. §§ 1201, *et seq.*, and regulations promulgated thereunder at 1 Pa. Code §§ 7.1—7.9, we amend the regulations at 52 Pa. Code §§ 56.17, 56.57 and 56.98 as noted and as set forth in Annex A; *Therefore,*

It Is Ordered that:

1. The regulations of the Commission, 52 Pa. Code Chapter 56, are amended by amending §§ 56.17, 56.57 and 56.98 to read as set forth in Annex A.

2. The Secretary shall submit this order and Annex A to the Office of the Attorney General for approval as to legality.

3. The Secretary shall submit a copy of this order, together with Annex A, to the Governor's Budget Office for review of fiscal impact.

4. The Secretary shall submit this order and Annex A for formal review by the designated House and Senate standing committees and for formal review by the Independent Regulatory Review Commission.

5. The Secretary shall deposit this order and Annex A with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*. Alternative formats of this document are available to persons with disabilities and may be obtained by contacting Shirley M. Leming, Regulatory Coordinator, Law Bureau at (717) 783-3190, or the AT&T Relay Center at 1-800-654-5988.

6. This rulemaking shall become effective April 14, 1995.

JOHN G. ALFORD,
Secretary

(*Editor's Note*: For the text of the order of the Independent Regulatory Review Commission relating to this document, see 24 Pa.B. 6350 (December 17, 1994).)

Fiscal Note: Fiscal Note 57-133 remains valid for the final adoption of the subject regulations.

Statement of Commissioner John M. Quain

Before us is a final rulemaking amending Chapter 56 of our regulations. As I stated previously, I welcome the proposed changes suggested for § 56.17 and § 56.57 which stem from the Uncollectible Balances Investigation. However, I continue to disagree with the provision which prohibits immediately terminating a residential customer under theft of services circumstances.

I therefore concur in part, and dissent in part, on this rulemaking.

Annex A

TITLE 52. PUBLIC UTILITIES

Part I. PUBLIC UTILITY COMMISSION

Subpart C. FIXED SERVICE UTILITIES

CHAPTER 56. STANDARDS AND BILLING PRACTICES FOR RESIDENTIAL UTILITY SERVICE

Subchapter B. BILLING AND PAYMENT STANDARDS

BILLING

§ 56.17. Advance payments.

Payments may be required in advance of furnishing any of the following services:

(1) Seasonal service.

(2) The construction of facilities and furnishing of special equipment.

(3) Gas and electric rendered through prepayment meters provided:

(i) The ratepayer is nonlow income; for purposes of this section, nonlow income is defined as an individual who has an annual household gross income greater than 150% of the Federal poverty income guidelines, and has a delinquency for which the individual is requesting a payment agreement but offering terms that the utility, after consideration of the factors at § 56.97(b) (relating to procedures upon ratepayer or occupant contact prior to termination), finds unacceptable.

(ii) The service is being rendered to an individually-metered residential dwelling, and the ratepayer and occupants are the only individuals affected by the installation of a prepayment meter.

(iii) The ratepayer and utility enter into a settlement agreement which includes, but is not limited to, the following terms:

(A) The ratepayer voluntarily agrees to the installation of a prepayment meter.

(B) The ratepayer agrees to purchase prepayment cards to maintain service until the total balance is retired and the utility agrees to make new cards available to the ratepayer within 5 days of receipt of prepayment.

(C) The utility agrees to furnish the ratepayer an emergency backup card for additional usage of at least 5 days.

(D) The ratepayer agrees that failure to renew the card by making prepayment for additional service constitutes a request for discontinuance under § 56.72(1) (relating to discontinuation of service), except during a medical emergency, and that discontinuance will occur when the additional usage on the emergency backup runs out.

(iv) During the first 2 years of use of prepayment meters, the utility thoroughly and objectively evaluates the use of prepayment meters in accordance with the following:

(A) *Content.* The evaluation should include both process and impact components. Process evaluation should focus on whether the use of prepayment meters conforms to the program design and should assess the degree to which the program operates efficiently. The impact evaluation should focus on the degree to which the program achieves the continuation of utility service to participants at reasonable cost levels. The evaluation should include an analysis of the costs and benefits of traditional collections or alternative collections versus the costs and benefits of handling nonlow income positive

ability to pay customers through prepayment metering. This analysis should include comparisons of customer payment behavior, energy consumption, administrative costs and actual collection costs.

(B) *Time frame.* The process evaluation should be undertaken during the middle of the first year; the impact evaluation at least by the end of the second year.

(v) The utility develops a written plan for a prepayment meter program, consistent with the criteria established in this section, and submits the plan to the Commission at least 30 days in advance of the effective date of the program.

(4) Temporary service for short-term use, including installation and removal, with credit for reasonable salvage.

Subchapter C. CREDIT AND DEPOSITS STANDARDS POLICY

CASH DEPOSITS

§ 56.57. Interest rate.

Interest at the rate of the average of 1-year Treasury Bills for September, October and November of the previous year is payable on deposits without deductions for taxes thereon unless otherwise required by law.

Subchapter E. TERMINATION OF SERVICE

NOTICE PROCEDURES PRIOR TO TERMINATION

§ 56.98. Exception for terminations based on occurrences harmful to person or property.

Notwithstanding any other provision of this chapter, when a service termination is based on an occurrence which endangers the safety of any person or may prove harmful to the energy delivery system of the utility, the utility may terminate service without written notice so long as the utility honestly and reasonably believes grounds to exist. At the time of termination, the utility shall make a bona fide attempt to deliver a notice of termination to a responsible person at the affected premises and, in the case of a single meter, multiunit dwelling, shall conspicuously post the notice at the dwelling, including common areas when permissible.

[Pa.B. Doc. No. 95-34. Filed for public inspection January 13, 1995, 9:00 a.m.]

PENNSYLVANIA PUBLIC UTILITY COMMISSION
[52 PA. CODE CHS. 57 and 69]

[L-0300079]

Consolidation of Certain Reports; Integrated Resource Planning for Electric Utilities

The Pennsylvania Public Utility Commission (Commission) at a public meeting held June 16, 1994, adopted a final order to promulgate these amendments to consolidate certain reporting requirements of electric utilities into one document—the Annual Resource Planning Report (ARPR). This consolidation is an integral part of the Commission's attempt to further implement Integrated Resource Planning (IRP) since the ARPR will include all the major components of an IRP. The contact person is Anthony J. Rametta, Bureau of Conservation, Economics and Energy Planning, (717) 787-2359.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), the agency submitted a copy of the final rulemaking, which was published as proposed at 23 Pa.B. 4088 (August 28, 1993), and served on October 31, 1993, to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of House Committee on Consumer Affairs and the Senate Committee on Consumer Protection and Professional Licensure for review and comment. In compliance with section 5(b.1) of the Regulatory Review Act, the agency also provided IRRC and the Committees with copies of all comments received, as well as other documentation.

In preparing these final-form regulations, the agency has considered all comments received from IRRC, the Committees and the public.

These final-form regulations were approved November 16, 1994, by the Senate Committee on Consumer Protection and Professional Licensure, and were approved by IRRC on November 29, 1994, in accordance with section 5(c) of the Regulatory Review Act.

Executive Summary

At the public meeting held June 16, 1994, the Commission adopted an order which promulgates final rulemaking to consolidate certain reporting requirements of electric utilities into one document, the ARPR, due May 1 of each year starting in 1995.

Consolidated into the new ARPR will be the Annual Conservation Report, the Coal Upgrading Report, the existing ARPR, the Bureau of CEEP Cogeneration Questionnaire and the PURPA Avoided Cost Filings. The Commission received requests from the jurisdictional electric utilities to reduce their reporting burden by consolidating certain reporting requirements that contain duplicative information. This consolidation is an integral part of the Commission's attempt to further implement IRP, since the ARPR will include all the major components of an IRP. It would also have the additional benefit of improving access to the documents by Commission staff and the public.

Public Meeting Held
June 16, 1994

Commissioners Present: David W. Rolka, Chairperson, Statement follows; Joseph Rhodes, Jr., Vice-Chairperson; John M. Quain; Lisa Crutchfield; John Hanger

Order

By the Commission:

At the public meeting held June 3, 1993, the Commission adopted an order which promulgates proposed regulations designed to consolidate certain reporting requirements of electric utilities into one document, the ARPR. The proposed rulemaking deleted certain existing regulations governing the reporting requirements of the jurisdictional electric utilities (52 Pa. Code §§ 57.33, 57.49, 57.50, 57.123, 69.121 and 69.122), and added regulations (§§ 57.141—57.152) providing for a new ARPR. On August 13, 1993, a copy of the proposed rulemaking was submitted to IRRC and to the Chairpersons of the House Committee on Consumer Affairs and the Senate Committee on Consumer Protection and Professional Licensure. On August 28, 1993, the proposed rulemaking was published at 23 Pa.B. 4088 (August 28, 1993) with a 45-day comment period.

Comments were received from IRRC, the Office of Consumer Advocate (OCA), Pennsylvania Electric Com-

BEFORE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RE: PETITION OF PECO ENERGY COMPANY REGARDING PREPAYMENT METERS	:	DOCKET NO. P-

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Petition of PECO Energy Company in the above-captioned matter upon the following persons in the manner listed below, in accordance with the requirements of 52 Pa. Code §§1.54 and 1.55:

VIA FIRST CLASS MAIL

Bernard A. Ryan, Jr.
Small Business Advocate
Suite 1102, Commerce Building
300 North 2nd Street
Harrisburg, PA 17101

Irwin Popowsky
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Mitchell A. Miller
Director, Bureau of Consumer Services
Pennsylvania Public Utility Commission
North Office Building
P. O. Box 3265
Harrisburg, PA 17105

Mary McFall Hopper
Assistant General Counsel
PECO ENERGY COMPANY
2301 Market Street, S23-1
Philadelphia, PA 19103
(215) 841-4941

Dated: November 22, 1995

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Office of Consumer Advocate, et al.	:	Docket Nos.
	:	R-00953515C0001
v.	:	R-00953515C0002
	:	R-00953515C0003
PECO Energy Company	:	

ORDER APPROVING JOINT STIPULATION

History of the Proceeding

On November 22, 1995, PECO Energy Company (PECO or Company) made a filing addressing low-income energy assistance in the Company's service territory. The filing contained three specific items: (1) Supplement No. 19 to Electric Pa. P.U.C. No. 1, which provides for an experimental tariffed rate for eligible payment-troubled, low-income residential customers; (2) a description of a revised Customer Assistance Program (CAP) into which all eligible applicants after April 1, 1996 would be placed until such time that PECO requests a further change; and (3) a Petition for a Waiver of the Requirements of 52 Pa. Code §56.17(3)(I) regarding the use of prepayment meters for low-income customers. All parts of PECO's filing had a proposed effective date of April 1, 1996.

On March 13, 1996, the Office of Consumer Advocate filed a complaint against PECO's filing in order to ensure that the Company's proposals for addressing rates for customer assistance programs in its service territory are not unjust, unreasonable, or otherwise unlawful, and are in conformity with the maintenance of

adequate, efficient and safe services. On March 15, 1996, PECO filed an Answer to the OCA's complaint. On March 27, 1996, complaints were filed by the Tenants' Action Group of Philadelphia and GRASP. Interventions were filed by the following groups: ACORN, Action Alliance of Senior Citizens, Frankford Group Ministry, Friends Neighborhood Guild, Kensington Joint Action Council, South Lehigh Action Counsel, Germantown Settlement and CEPA.

On March 28, 1996, the Commission adopted and entered an order which approved the proposed rates, rules and regulations and provided a temporary waiver of 52 Pa. Code §56.17 to allow a prepayment meter pilot for 100 low-income customers. The Commission also required the Office of Consumer Advocate to notify the Commission within ten days of the entry of the Order whether it intended to pursue its complaint. On April 8, 1996, the Office of Consumer Advocate notified the Commission that it intended to pursue its complaint. The OCA recognized that full litigation of the complaint may not be the most appropriate manner for resolving the issues presented by the filing.

On June 14, 1996, PECO filed Answers to Petitions to Intervene of the above-named groups.

On June 19, 1996, a prehearing conference was held. During the conference, the interventions of the above-named parties were noted, but those interventions were not ruled upon at that time in light of the intention of the parties to pursue a negotiated remedy in lieu of formal litigation. Since that time,

the parties have been engaged in lengthy negotiations resulting in the proposed stipulation presented before me on November 4, 1996.

Terms of the Stipulation

The stipulation presented by the parties governs the actions of the parties throughout the time period in which the pilot CAP program will be in effect. That program is referred to as the "CAP Rate" within the context of the stipulation. The parties agreed to the following: to have two public input hearings, one in November of 1996 and one at the end of the pilot after an evaluation or termination report has been forthcoming; to establish a monitoring committee which will meet at least quarterly; to develop a written record of those meetings which will become part of the record in this docket; to identify high users for LIURP and to conduct a field evaluation of the LIURP recipients; to prepare a Final Evaluation report or a termination report as appropriate; to enroll 10,000 in the CAP Rate pilot program and to maintain 35,000 in the CAP I program; to end the pilot program enrollment by April 1, 1998; to file for a replacement of the pilot program no later than May 1, 1998; to provide sixty days advance notice prior to the filing of a permanent program; to hold public input hearings 30 days before the filing of a permanent program; and to comply with notice requirements when terminating the program early.

The parties further stipulated that appeal rights and discovery rights continue, however, the complainants will not challenge PECO's right to continue the pilot through its

conclusion. The complainants also waive their rights to formal hearings, pleadings and briefs, with the exception of formal pleadings that may be necessary to pursue formal discovery. Provided the terms and conditions of the stipulation are fulfilled, the complainants will, at the conclusion of the pilot, withdraw their complaints.

Given that, the stipulation establishes a working relationship for the parties with an interest in the customer assistance pilot program being conducted by PECO and an opportunity to address the interests of those parties and the public in a cooperative rather than adversarial manner.

THEREFORE,

IT IS ORDERED:

1. That the Joint Stipulation dated November 4, 1996 is accepted and approved in its entirety.

2. That the scheduling staff of the Office of Administrative Law Judge will schedule an initial public input hearing in the month of November or as close thereto as possible.

3. That a copy of this Order will be served upon the Bureau of Consumer Services and all parties to this proceeding.

Herbert S. Cohen

HERBERT S. COHEN
Administrative Law Judge

DATED: November 18, 1996

R-00953515C0001-C0003 - Parties of Record

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Docket Section

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Office of Consumer Advocate, et al.	:	
	:	
v.	:	Docket No. R-00953515C001
	:	R-00993515C002
PECO Energy Company	:	R-00953515C003

JOINT STIPULATION

Article I. Introduction.

On November 22, 1995, PECO Energy Company ("PECO" or "Company") made a filing addressing low-income energy assistance in the Company's service territory. The filing contained three specific items: 1) Supplement No. 19 to Electric Pa. P.U.C. No. 1, which provides for an experimental tariffed rate for eligible payment-troubled, low-income residential customers; 2) a description of a revised Customer Assistance Program ("CAP") into which all eligible applicants after April 1, 1996 would be placed until such time that PECO requests a further change; and 3) a Petition for a Waiver of the Requirements of 52 Pa. Code § 56.17(3)(i) regarding the use of prepayment meters for low-income customers. All parts of PECO's filing had a proposed effective date of April 1, 1996. For ease of reference, this document shall refer to PECO's previously existing CAP as "CAP I." The proposed pilot program that is the subject of PECO's filing shall be referred to as the "CAP Rate."

On March 13, 1996, the Office of Consumer Advocate filed a complaint against PECO's filing in order to ensure that the Company's proposals for addressing rates for customer

assistance programs in its service territory are not unjust, unreasonable, or otherwise unlawful, and are in conformity with the maintenance of adequate, efficient, and safe services. On March 15, 1996, PECO filed an Answer to the OCA's Complaint. On March 27, 1996, complaints were filed by the Tenants' Action Group of Philadelphia and GRASP. Interventions were filed by the following groups: ACORN, Action Alliance of Senior Citizens, Frankford Group Ministry, Friends Neighborhood Guild, Kensington Joint Action Council, South Lehigh Action Council, Germantown Settlement, and CEPA.

On March 28, 1996, the Commission adopted and entered an order which approved the proposed rates, rules, and regulations and provided a temporary waiver of 52 Pa. Code § 56.17 to allow a prepayment meter pilot for 100 low-income customers. The Commission also required the Office of Consumer Advocate to notify the Commission within ten days of the entry of the Order whether it intended to pursue its complaint. On April 8, 1996, the Office of Consumer Advocate notified the Commission that it intended to pursue its complaint. The OCA recognized that full litigation of the complaint may not be the most appropriate manner for resolving the issues presented by the filing.

On June 14, 1996, PECO filed Answers to Petitions to Intervene of the above named groups.

On June 19, 1996, a prehearing conference was held before Administrative Law Judge Herbert Cohen. During the conference, the interventions of the above-named parties were noted, but the Judge did not rule to grant or deny those interventions at that time.

Article II. Parties.

The parties to this agreement are PECO Energy Company, hereinafter referred to as "PECO", the Respondent, and the Office of Consumer Advocate, Tenants' Action Group, GRASP, ACORN, Action Alliance of Senior Citizens, Frankford Group Ministry, Friends Neighborhood Guild, Kensington Joint Action Council, South Lehigh Action Council, Germantown Settlement, and CEPA, hereinafter referred to as "Joint Complainants." The obligations, responsibilities, and authority that binds or is granted to the parties by virtue of this agreement will also bind or be granted to their heirs, successors, and assigns for the life of this agreement.

Article III. Time Period Covered by This Agreement.

This agreement will be in full force and effect until one or all of the following conditions are met: all complaints against the filing docketed at R-00953515 are withdrawn by all parties; all complaints are dismissed by the Commission; the filing is withdrawn by PECO; all terms and conditions of this agreement have been met; or by mutual agreement of all parties.

Article IV. Position Statements of the Parties.

The parties to this agreement understand that a cooperative effort to develop programs that assist PECO's low-income customers to remain on electric service and to contribute to the costs incurred to provide service to those customers is in the best interest of PECO, the public at large, and low-income customers. Although the parties concur in this overriding principle, the underlying positions on issues which will impact on that cooperative

effort may differ. In order to achieve a greater understanding, the parties set forth a statement on their respective positions below.

A. The Joint Complainants set forth the following as a statement of their position:

As advocates for consumers in PECO's market territory, the Joint Complainants are concerned with securing electric energy at affordable rates. At the same time, the Joint Complainants recognize the need to reduce or eliminate large undercollections by PECO in a prudent, reasonable, and just manner without creating undue hardship for those living in poverty.

B. PECO sets forth the following as a statement of its position:

PECO Energy's CAP Rate is intended to be a comprehensive new approach for dealing with low-income energy assistance in PECO's service territory. PECO filed its program with the Commission in order to improve the efficiency and cost effectiveness of PECO's low-income energy assistance activities.

Article V. Terms and Conditions.

A. Public Input Hearings.

1. The parties agree that two sets of public input hearings will be held in PECO's service territory. The first set of public input hearings will be held during or around November of 1996. At that time, the CAP Rate pilot program will have been in operation for several months, raising awareness and making it possible for affected individuals and advocates to comment on the program.

2. A second set of public input hearings will be held after a draft Early Pilot Termination Report or a draft of Dr. Peach's Final Evaluation Report is made available by PECO

to the parties and before the formal filing of a request for a change in the pilot, termination of the pilot, or a permanent CAP Rate program. Provisions concerning notice, enrollment, and pilot termination dates are further specified in Article V, Sections F and G below.

B. Discovery.

1. PECO agrees to continue to answer informal discovery questions presented by the Joint Complainants throughout the pilot stage of the program. PECO understands and recognizes the right of the Joint Complainants to engage in formal discovery.

2. PECO agrees to work with the Joint Complainants on a continuing basis to track data to respond to research questions.

C. Monitoring Committee Meetings with PECO.

1. PECO agrees to establish and maintain a monitoring committee to include, but not be limited to, representatives of the OCA, and representatives from GRASP, the Tenants' Action Group, the Energy Coordinating Agency, Community Legal Services, and an additional representative that the group may designate. The monitoring committee will participate in meetings with PECO. The Joint Complainants understand that the Bureau of Consumer Services will be a part of the monitoring committee as well.

2. PECO agrees that the meetings of the monitoring committee will be quarterly, at a minimum, and more often if desired by the Committee.

3. PECO agrees that a written record summarizing the issues discussed, and the commitments made and action agreed upon at the monitoring committee meetings, will become part of the record in this case. That written record will be prepared by an agreed-upon party and will be circulated for comment to the members of the monitoring committee. Upon

approval of the written record at the next meeting, that record will become part of the official record in the docket of this case by virtue of this Joint Stipulation.

4. PECO agrees that some of the representatives of the parties participating in the monitoring committee will follow up on the conservation issues for the CAP Rate pilot. These representatives will monitor the progress of conservation service delivery.

D. Focus on High Users.

1. PECO agrees that for purposes of this section, high users will be defined as those using over 800 kWh per month. Dr. Peach, PECO's evaluator, will include a section on high users in his program evaluation.

2. Those identified as high users will receive LIURP treatments. LIURP will be coordinated with the pilot CAP Rate to focus on diagnosing and treating the known causes of usage exceeding the 800 kWh level.

3. A representative sample of high users who have been treated by LIURP will be the subject of a field evaluation by a party other than PECO or their LIURP administrative services vendor to determine whether the causes of excess usage were accurately assessed, whether appropriate and cost effective strategies were called for, and whether the installation of treatment and provision of education was done according to quality standards. PECO will assess the costs to address the conversion of that customer from a high user to an average user.

E. Enrollment.

1. PECO agrees that enrollment in the pilot CAP Rate will be limited to 10,000 individuals. PECO will file a supplemental tariff page to provide for 10,000 enrollees.

2. PECO agrees that it will maintain a total enrollment of 40,000 customers between its CAP I and pilot CAP Rate programs with the understanding that enrollment in each program shall be flexible to allow for the fluctuations that naturally occur as individuals enter and exit the programs. The CAP I program will continue to enroll both eligible electric customers and eligible electric and gas customers, up to the enrollment level of 30,000, if the CAP Rate program is at capacity.

F. Final Pilot Termination Date And Early Pilot Termination.

1. No new enrollees will be added to the pilot CAP Rate roster after April 1, 1998, although enrollment of 30,000 will continue in CAP I until CAP I is terminated or replaced by a permanent program.

2. Pilot program benefits will continue for those enrolled in the pilot until the pilot is replaced with a permanent program approved by the Commission.

3. PECO will provide a draft copy of Dr. Peach's "Final Evaluation" Report to each of the Joint Complainants in order that they may have the opportunity to provide comments and input to PECO before the drafting of a final version of the report.

4. PECO agrees to make a filing for replacement of its pilot program with a permanent program no later than May 1, 1998. PECO may file sooner for a permanent program if it complies with the conditions of paragraphs 5 and 6 below.

5. PECO agrees that it will provide the parties with at least sixty days' advance notice prior to filing a permanent program. PECO understands that it may not present a filing for a permanent program until sixty days after it has provided a draft of Dr. Peach's Final Evaluation Report to the Joint Complainants and until thirty days after a second set of public

input hearings is held.

6. PECO retains the right to file to withdraw or revise the pilot program. PECO will provide the Joint Complainants with 60 days' notice of its intent to withdraw or revise the pilot. PECO agrees that it will not file to withdraw or revise the pilot until sixty days after a draft copy of PECO's Early Pilot Termination Report, containing the information PECO relied upon to support its request, is provided to the Joint Complainants and until thirty days after the second set of public inputs. The draft Early Pilot Termination report and the final Early Pilot Termination report must include a comment prepared and written by Dr. Peach responding to the content of the report unless Dr. Peach was the author of that report. PECO understands that the draft report is being provided to the Joint Complainants in order to provide them with an opportunity to respond and comment on the report before it is finalized.

G. Rights of Consumers to Appeal.

PECO agrees that applicants who are not enrolled in CAP I or the pilot CAP Rate program or otherwise have cause for redress regarding the CAP I or the pilot CAP Rate program have the right to appeal to the Public Utility Commission through the complaint process to the Bureau of Consumer Services informally and to continue to pursue that complaint with the Commission on a formal basis.

H. Obligations of Joint Complainants.

1. The Joint Complainants agree not to challenge the right of PECO to continue with the pilot through its conclusion.

2. The Joint Complainants agree to limit formal proceedings to the two public input sessions discussed above in Article V, Section A. Joint Complainants waive their rights to formal hearings, pleadings, and briefs in regard to their complaints, with the exception of formal pleadings that may be necessary to pursue formal discovery consistent with Article V, Section B.1 of this stipulation.

3. The Joint Complainants waive their right to further Commission decision on the pilot program as long as the terms and conditions of the stipulation are met.

4. The Joint Complainants agree that at the conclusion of the pilot, they will withdraw their complaints in this docket, provided that PECO files for approval of a permanent CAP Rate program, whether revised or not, or files for withdrawal of the pilot. The formal filing shall include the completed and final Early Termination or Revision Report, including Dr. Peach's written comment, or Dr. Peach's Final Evaluation Report, the transcripts from the public input sessions, and the reports from the monitoring committee meetings.

5. The Joint Complainants do not, by virtue of this stipulation, waive their right to a formal hearing process in the docket resulting from the filing of a permanent CAP Rate program which is referred to in paragraph 4 above, and in section F, paragraph 6, above.

Article VI. Execution.

WHEREFORE, the Joint Complainants and the Respondent have caused this Joint Stipulation to be executed by their duly authorized representatives, signed in counterpart.

Respectfully submitted,

Linda C. Smith

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LIST OF CUSTOMER INTERACTIONS

1. Application for Service:

   PECO will continue to take applications for service and follow the requirements of Chapter 56. If a customer contacts PECO and wishes to choose another Supplier, PECO will coordinate with the Supplier to initiate service. PECO recognizes that there is an outstanding issue of how a customer will receive information describing the various Suppliers. This is being discussed in a number of the Commission's Working Groups. Alternatives being discussed have included randomly selecting a Supplier (similar to the method used for long distance carriers), providing customers with a list of licensed Suppliers or referring the customer to the Commission or toll free number. PECO will continue to participate in the Commission's Working Groups and to analyze the most efficient and cost effective way to coordinate the initiation of service.

2. Credit Screening

   PECO will continue to use the credit standards contained in Chapter 56. The Company believes that the same credit screening and standards should be used by both the electric distribution company and Suppliers.

3. Meter Reading

   PECO will continue to provide meter reading service consistent with the Commission's Chapter 56 requirements.

4. Billing and Priority of Payment

   PECO will provide a combination bill for customers. PECO will charge the Supplier a cost-based price to include supply charges on the Company's bill. PECO will submit to the Supplier all charges collected from a customer for a Supplier's service net of any amounts owed PECO Energy Company. If the payment made by a customer is less than the total owed, PECO will be paid first for its Charges for Electric Delivery Service and then the Supplier will be paid. To the extent there are still outstanding charges for non-energy products or services from either PECO or the Supplier the priority of payment will be negotiated in the contract between PECO and the Supplier.

   PECO will perform collection functions for Suppliers only for customer for whom PECO is including the Supplier's charges on PECO 's bill. If a customer switches to another

Supplier, PECO will not perform any collection functions with respect to any balance owned to the previous Supplier.

PECO will not perform collection functions for Suppliers that are separately billing customers. If the Commission rules that the electric distribution company must perform collection functions if a Supplier issues a separate bill, PECO will charge a Supplier for this service.

5. Complaint Resolution

PECO will continue to comply with the Commission's complaint resolution regulations. PECO will be responsible for handling disputes if a customer receives one bill from PECO which includes the Supplier's charges. If a customer receives a separate bill from a Supplier then PECO and the Supplier will be responsible for handling their own disputes. PECO, however, will establish with Suppliers protocols and contract terms, using the Chapter 56 procedures and appropriate time limitations, to handle misdirected disputes to ensure timely responses to customers and to the Commission.

6. Discontinuance of Service

PECO will continue to comply with the Commission's regulations governing discontinuance of service. Before PECO will process a discontinuance request, the Company must have oral or written verification from its customer. The Company cannot discontinue service upon receipt of notice from a Supplier, a customer verification procedure must be in place.

7. Termination of Service/Payment Agreements

The provisions of Chapter 56 will continue to apply to termination of service to a customer by PECO. PECO will be the only entity who can physically terminate a customer's service.

If a customer receives one bill from PECO that includes Supplier charges, PECO will be responsible for complying with all applicable provisions of Chapter 56. If a customer is billed for electric supply directly by the Supplier and the Supplier seeks to terminate its relationship with the customer, prior to the end of the contract term, the Supplier must provide appropriate written notice to the customer and PECO. The Supplier's notice to the customer must clearly state that the customer will return to PECO if the supply contract is terminated. If the customer fails to take any steps to remedy his/her relationship with the Supplier, the customer will return to PECO as the Supplier of last resort. PECO may continue collection and termination for the customer upon proper application of the appropriate Chapter 56 provisions.

If a customer returns to PECO, as the Supplier of last resort, under these circumstances the customer will not be able to switch to another Supplier for a specified period of time.

PECO will continue to provide payment arrangements in accordance with Chapter 56 for customer's receiving a combination bill. If a customer is billed for electric supply directly by the Supplier, PECO will negotiate payment arrangements for its distribution bill but will not negotiate payments arrangements for the Supplier's bill.

8. Reconnection or Restoration of Service

PECO will continue to comply with the Chapter 56 requirements regarding reconnection and restoration of service.

Exhibit MCK-5

CUSTOMER EDUCATION OUTLINE

GOAL: TO EDUCATE PECO ENERGY'S LOW INCOME CUSTOMERS ONTHE PROGRAMS AND SERVICES PROVIDED UNDER THE UNIVERSAL SERVICE FUND AND CUSTOMER CHOICE.

I. COMMUNITY OUTREACH ACTIVITIES - to participate and organize workshops, information fairs and conferences. Activities such as the following:
   a. PUC Annual Utility Fair
   b. Utilities and Aging Conference
   c. Senior Expos
   d. ECA's Utility Conference
   e. Health Expos
   f. Celebrate Age Expo

II. DEVELOP LITERATURE THAT WILL DESCRIBE THE PROGRAMS AVAILABLE THRU UNIVRESAL SERVICE-
   a. *Does Your Money Run Out Before The Month Does*
   b. Conservation pamphlets
   c. Safety Brochures
   d. Heat Emergency Brochures
   e. Electric Choice Information Pamphlets

III. COMMUNITY RELATIONS EDUCATIONAL PROGRAMS -
   a. Electric safety programs in schools
   b. PRIME activities
   c. Youth Debates
   d. Events or information forums
   e. School partnerships - Tobby Farms

IV. NETWORK WITH COMMUNITY ORGANIZATIONS - Train the Trainer provide workshops for agencies staff, that will enable them to educate their clients.
   a. Mayors Office of community Services
   b. United Way's - First Call for Help
   c. Urban League
   d. Judicare
   e. Philadelphia Corporation for Aging
   f. CARIE
   g. Community Legal Services
   h. Community Development Corporations throughout the service territory
   i. Community Based Organizations

1996 Actual Low Income Energy Assistance Costs

$1,000's

CAP (a)		27,451
CAP Rate (b)		1,687
LIURP Expense		2,772
MEAF (PECO's Match)		403
Administrative Costs		
- Collection Costs (c)	13,216	
- CAP Programs	2,675	
- LIHEAP Outreach	307	
- MEAF	13	
Subtotal		16,211
Total		48,524

(a) Based on Customer Account charge-offs of preprogram arrearages and the CAP discount.
(b) Based on Customer Account charge-offs of preprogram arrearages. Cost also includes the CAP Rate tariff discount.
(c) Costs associated with all customers.

p:actual

PECO ENERGY STATEMENT NO. 17

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

APPLICATION OF PECO ENERGY COMPANY
FOR APPROVAL OF ITS RESTRUCTURING PLAN
UNDER SECTION 2806 OF THE PUBLIC UTILITY CODE

DIRECT TESTIMONY

OF

GWENDOLYN S. KING

Regarding Proposed Consumer Education Program

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DIRECT TESTIMONY OF GWENDOLYN S. KING

I. INTRODUCTION

Q. Please state your name and business address.

A. Gwendolyn S. King, PECO Energy Company ("PECO Energy" or the "Company"), 2301 Market Street, Philadelphia, PA 19103.

Q. What is your position and what are your responsibilities at PECO Energy?

A. I was elected to the position of Senior Vice President, Corporate and Public Affairs, in October 1992. In this capacity I am responsible for management of the Company's government and media relations, development and implementation of public policy positions, as well as internal and external communications.

Q. What was your experience prior to joining PECO Energy?

A. Prior to joining PECO Energy, I served as Commissioner of the Social Security Administration, having been appointed to that position by President Bush. Before heading Social Security, I was Executive Vice President of Gogol and Associates, a consulting firm in Washington, D.C. From 1986 to 1988, I served as deputy assistant to President Reagan and Director of the Office of Intergovernmental Affairs at the White House, where my responsibilities included working with the Nation's governors, mayors, and state legislators. Prior to my service in the White House, I directed Pennsylvania's first full-time, professional staff office in Washington and acted as a liaison between the Federal Government and the

1 Commonwealth. In the late 1970's, I was senior leglislative assistant to U.S.
2 Senator John Heinz.
3
4 **Q. What is your educational background?**
5 A. I graduated cum laude in 1962 from Howard University, and did graduate studies
6 in public administration at George Washington University. I was awarded an
7 honorary doctorate of Humane Letters in 1992 from the University of New Haven
8 and an honorary doctorate in Public Service in 1990 from the University of
9 Maryland.
10
11 **Q. What is the purpose of your testimony?**
12 A. The Electricity Generation Customer Choice and Competition Act (the
13 "Competition Act") requires that all local distribution utilities, such as PECO
14 Energy, develop and implement a comprehensive plan to educate consumers
15 regarding their ability to choose an electric generation supplier ("Supplier"). 66
16 Pa. C.S. §2807(d). My testimony will describe how PECO Energy has already
17 begun to fulfill this obligation and its continuing plans for implementation. Our
18 Consumer Education Program is broad-based and seeks to educate all of PECO
19 Energy's 1.5 million electric customers about competition.
20
21 **Q. Why has PECO Energy already begun its Consumer Education Program?**
22 A. We felt that the issues raised by consumer choice were of such magnitude and
23 complexity that it was important to begin a Consumer Education Program as soon

as possible. Our research showed that consumers were vaguely aware that electric generation competition was coming, but were not aware of the specifics of such competition and how it would affect them. To develop an effective education program for them, the Company has maintained regular contact with the Office of Public Liaison and shared with its staff all the materials we planned to disseminate.

II. CONSUMER EDUCATION PROGRAM

Q. How does PECO Energy intend to implement its Consumer Education Program?

A. The Commission, in its Consumer Education Discussion Document, recommended that utilities employ a wide variety of media in their education programs, specifically: "direct mail, town meetings, speakers bureaus, trade shows, 800 numbers, Internet world wide web pages, print media, cable and radio, and call-in shows," and the use of broad umbrella community organizations. PECO Energy fully supports these recommendations for outreach and has incorporated them all into its Consumer Education Program. All of PECO Energy's public education communications will have a single purpose: to provide objective information that enables consumers to make informed choices regarding electric generation choice. In my testimony, I will briefly summarize the content of PECO Energy's Consumer Education Program and the Company's numerous methods for educating the public, which include using television, radio, newspapers, the PECO Energy Home Page, direct mail and brochures, as well as

staffing a Public Education 800 Number and a Speakers Bureau to respond to consumer questions. (For more detail, see the PECO Energy Consumer Education Program, a 1997 Energy News bill insert, and a brochure, copies of which are attached, respectively, as Exhibits GSK 1-3.)

Q. What are the key messages of PECO Energy's Consumer Education Program?

A. The key messages include the following:

- Customers will be able to select the company that generates or supplies their electricity.
- Competition among Suppliers may lower the cost of generation, and thus reduce customers' bills.
- The program will be phased-in through January 1, 2001, at which time all customers will have choice.
- Beginning in 1997, Pennsylvania's electric utilities are conducting pilot programs to determine the most effective way to implement customer choice.
- PECO Energy will continue to provide transmission and distribution of electricity to customers' homes or businesses.

Q. What other information does PECO Energy plan to provide to consumers?

A. PECO Energy plans to provide each of its customers with a list of Suppliers as well as questions they should ask of all Suppliers. The Commission is preparing a list of questions for consumers, with input from interested utilities, suppliers and

consumer groups. PECO Energy also plans to advise consumers to read carefully contracts from Suppliers, and to make sure they understand the terms and conditions before signing.

Q. How does the Company plan to communicate this information?

A. The Company has prepared a question and answer brochure, which addresses many of these issues (See Exhibit GSK-3). To meet the needs of our varied customer base, PECO Energy is printing the brochure in English, Spanish and Korean. To reach our customers, the Company plans to distribute this in numerous ways, for example: at trade shows such as the Philadelphia Home Show; at meetings of community organizations; to state legislators for distribution to their constituents; by mail if requested through our Public Education 800 number; and at our bill payment locations.

Q. What other means does PECO Energy plan to use?

A. To reach as wide an audience as possible, beginning in April 1998 we will broadcast on television a series of announcements explaining the Phase-In of customer choice, its timing and the selection and enrollment process for eligible customers. During the Phase-In, PECO Energy will run additional announcements on television and radio, as well as in the newspapers throughout our service territory, reminding eligible customers of their opportunity to participate in the program.

1 Q. **Describe the circumstances under which PECO Energy will use outside**
2 **contractors or third parties for its Consumer Education Program and**
3 **describe the services they will provide.**
4 A. PECO Energy will use an outside contractor to staff our Public Education 800
5 number during 1997. The contract staff will be trained and supervised by PECO
6 Energy. We anticipate that the 800 number service will become part of PECO
7 Energy's Customer Service Department in 1998 or 1999. We will also use the
8 services of Penn State University to assist with our Speakers Bureau. PECO
9 Energy will train selected Penn State employees to educate consumers about
10 competition.
11
12 Q. **When does PECO Energy plan to begin its Consumer Education Program?**
13 A. We have already begun our Customer Education Program. The Company
14 published its first announcement in March 1997, informing consumers that choice
15 was coming and that pilots would be conducted to determine the most effective
16 means to implement choice. PECO Energy printed and distributed its question and
17 answer brochure (see Exhibit GSK-3) and also began airing radio messages
18 informing customers of the coming changes. The Company agreed with the
19 Commission that it was crucial to launch our education efforts without delay so
20 that consumers would become accustomed to and educated about the coming
21 changes. PECO Energy also wanted to "set the stage" for the Pilot, which it will
22 implement this year for approximately 90,000 residential, commercial and
23 industrial customers.

1 **Q. Who is PECO Energy's audience for these communications?**

2 A. PECO Energy's audience is all of its customers. However, different media are
3 more effective in reaching some parts of the audience than others. For example, to
4 inform its residential customers the Company plans to use broad-based media such
5 as television, radio, and newspaper. Although these means are also effective to
6 reach small commercial customers, the Company plans to work with local
7 chambers of commerce as well. Based on internal data, PECO Energy believes
8 that in general its large commercial and industrial customers already are
9 knowledgeable about competition and would plan to reach this audience through
10 smaller meetings and by responding to specific requests for information.
11

12 **Q. How will PECO Energy ensure that its communications with customers are**
13 ***in plain language?***

14 A. Our communications professionals will maintain our current procedures, which
15 include using software to check that sentence length, structure and vocabulary do
16 not exceed a targeted education level. PECO Energy will also conduct regular
17 focus groups and use their feedback to ensure that its communications are in plain
18 language.
19

20 **Q. Will PECO Energy inform low-income customers about issues likely to affect**
21 **them?**

22 A. Yes. PECO Energy will inform low-income customers about payment assistance
23 programs, usage reduction programs and service protections. Marilyn C. Kray

provides an outline of PECO Energy's Universal Service Consumer Education Program as an exhibit to her testimony. (PECO Statement No. 16)

Q. How will the Company communicate with the customers who are among the first one-third to be phased in?

A. In addition to the television, radio and newspaper announcements I mentioned earlier, by July 1, 1998, the Company will send all of it customers an information packet explaining the Phase-In process. PECO Energy will then send several additional direct mail pieces to the Phase-In participants before January 1, 1999. The Company will also continue to use the Public Education 800 number established to answer questions regarding customer choice.

Q. What is the Company's communications plan for the other two years of the Phase-In?

A. In 1999, PECO Energy plans to run television and newspaper announcements from July to September and radio announcements in August and September explaining again how choice works. The Company will also send direct mail pieces to the customers who were not already participating in the Phase-In. In the year 2000, we will have newspaper, radio, and television announcements from July to September and, from August through December, direct mail to the last group of customers receiving choice.

1 **Q. Will PECO Energy's name appear on all your communications?**

2 A. Yes. Because the Company believes it is important for consumers to know the
3 source of all the information they receive, we will put PECO Energy's name on all
4 communications. To enable customers to obtain information and have their
5 questions answered promptly, the Company will also include on its
6 communications the special 800 number dedicated to the Consumer Education
7 Program.
8

9 **Q. How will the Company determine the effectiveness of your communications?**

10 A. To determine which means of communications are the most effective and to gauge
11 the customer's level of understanding regarding choice, PECO Energy will
12 conduct research on a regular basis and share the results with the Commission.
13 This research will be both quantitative and qualitative.
14

15 **Q. How will this research be conducted?**

16 A. The Company will randomly sample a representative number of customers to
17 obtain statistically valid data. It will also conduct focus groups throughout the
18 Phase-In to obtain more detailed information on the effectiveness of our
19 communications.
20

21 **Q. How will PECO Energy educate employees who will be responding to**
22 **questions from consumers?**

A. The Company will provide special training to all employees who have regular customer contact, such as Customer Consultants and Energy Technicians, so they can either respond to customer questions or refer customers to those who can. This special training will enable these employees to answer "off-the-cuff" questions from customers who have contacted the Company to conduct regular business.

Q. What are your estimates regarding the cost of your Consumer Education efforts.

A. The total proposed budget for the Consumer Education Program, for the period 1997-2000, is $ 24,161,000. This includes both mass and direct communications with customers, as well as the designated 800 number. A copy of the proposed budget is attached hereto as Exhibit GSK-4.

III. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes.

PECO ENERGY COMPANY

CONSUMER EDUCATION PROGRAM

April 1997

Goal

Create a communications campaign to inform and educate the public about electric utility competition and help convert them into informed consumers.

Objectives

- Educate all PECO Energy customers, including residential, commercial, and industrial
- Reach out to low income customers to assess and address their particular concerns
- Continually inform PECO Energy's 7,000 employees about electric generation competition to enable them to educate the public
- Utilize the numerous networks of business and community organizations to reinforce the messages and to multiply the education efforts
- Keep the news media informed and educated in order to assist them in reaching the broader audience with accurate and updated information

Audiences

The primary audience is all adults 25 years of age and over in PECO Energy's franchise service territory. The goal will be to reach the widest audience possible in the Philadelphia metropolitan area, including the encompassing six-county area of Bucks, Montgomery, Chester, Delaware, Philadelphia and York.

- All customers

  Residential and small commercial

  Senior citizens

  Industrial and large commercial customers

  Business and community associations and groups

  Low-income customers

- PECO Energy employees and annuitants

- Local elected officials

- News media

PUBLIC RELATIONS PROGRAM

Research

Development of educational materials

PECO Energy employee education to enable employees to answer customer questions and to assist in educating customers regarding competition.

Media relations

Outreach to community and business organizations

Speakers bureau for external audiences

Television, radio, newspaper announcements

Research

Ongoing research will be conducted to measure the effectiveness of the public education efforts and to assist in developing and refining the messages. This research will be shared with the Pennsylvania Public Utility Commission.

- A benchmark survey conducted in March 1997 to establish the current level of people's understanding of the issues surrounding electric generation competition and questions people are raising. All customer groups surveyed.

- Follow-up surveys will be conducted throughout the Consumer Education Program to determine areas for further education. All customer groups will be surveyed at various times between early 1997 and late 2000.

Educational materials

- General question and answer brochure in English, Spanish, and Korean printed in March 1997

- Electric pilot question and answer brochure printed following PUC approval of program.

- Pocket fact card for all PECO Energy employees to assist them in educating customers.

- Competition newsletter distributed to all electric pilot participants during 1997. Research will be conducted to determine effectiveness for use in the transition period. Newsletter will also be distributed to all PECO Energy employees.

- Competition fact kit will contain information on electric generation competition for distribution to the news media, customers, and other interested parties. Materials will include, among other items, brochures, glossary of terms, fact sheets.

- Special bill inserts will be sent to all customers several times a year providing updated information on the transition to electric generation competition.

Employee Communications

The purpose of communicating information to employees on the topic of electric generation competition is to prepare them to answer customers' questions on the topic.

Materials

- Question and answer brochure (see educational materials)
- Pocket fact sheet (see educational materials)
- Competition fact kit (see educational materials)
- Presentations will be made on an as-needed basis to internal organizations of employees, such as the Aspen group, Triple M, Business Forum, Women's History Month Committee and Ambassadors to inform these groups of issues involving electric generation competition.

Employee Communications - Specific Sectors

- Customer Consultants and Energy Technicians – Employees in the Customer Service Department who have regular contact with customers will receive additional training on the transition to competition to assist them in responding to customer inquiries.

- Sales & Marketing Employees – provide fact kits of information containing communications material, such as brochures, pocket fact card, news releases, speeches and other materials to give to customers seeking information on electric competition.

Media Relations

- Regularly inform news media regarding electric competition via news releases, editorial board visits, and other means.
- Utilize radio talk shows to reach a broad audience.
- Participate in public affairs programming and morning television shows.
- Identify senior citizen publications.

Community Outreach

- Jointly sponsor meetings with community groups to discuss electric competition issue.
- Provide material on electric competition to organizations for inclusion in newsletters.
- Speakers Bureau: Employees will be trained on the issue and made available for presentations to organizations interested in the topic.
- Provide brochures to organizations for distribution to membership.

Business Outreach

- Ongoing contact with business organizations, such as chambers of commerce, to provide information on electric generation competition to members, either through correspondence or speaking opportunities.

Elected / Appointed Official Outreach

- Provide educational material to offices of elected and appointed officials in the franchise service territory for distribution to constituents.

External Communications

- Establish an 800 number by March 1997 to respond to customer questions regarding competition. After 800 number is in operation it will be included in all educational material.

- Educational material will be made available on the PECO Energy Home Page.

- Employees will staff special events and trade shows, such as the Philadelphia Flower Show and Philadelphia Home Show to respond to customer questions on a one-on-one basis.

Other Communications

- PECO Energy will implement a broad-based external communications plan during 1997 through 2000 to educate customers regarding the transition to electric generation competition. This plan includes the use of various media, including television, radio, newspaper, and direct mail.

- The messages of this communications effort will:
  - re-introduce the subject of customer choice
  - explain the difference between an electric supplier and a local distribution company
  - discuss potential savings
  - provide information on PECO Energy's pilot program.

The program will also include production of a general information brochure on customer choice, as well as direct mail material for customers participating in the Company's pilot program.

Research conducted in 1996 demonstrated that consumers did not have a high level of awareness of electric generation competition. In order to raise this level of awareness, PECO Energy began implementing its Consumer Education Program in the first quarter of 1997. This was done in order to have sufficient time to inform consumers about the issues involved and prepare them for the decisions to be made. The

material in this first phase of the program was developed in coordination with the PUC's Office of Public Liaison.

The communications effort began with messages aimed at educating consumers about the issue and informing them about the brochure PECO Energy had produced on the issues. Other messages addressed the new roles of electric generation suppliers and local distribution utilities and provided information about PECO Energy's proposed pilot. In 1997, the Company will educate consumers about choice using radio and newspaper communications, in addition to direct mail to the 90,000 customers chosen to participate in the pilot.

In 1998 there will be a general education effort made from April through September, which will include television communications, as well as radio and newspaper messages. The primary purpose of this effort is to provide a broad-based educational effort on the topic. The precise messages for this part of the education effort will be developed in early 1998, based upon the learnings gathered in 1997 and on research conducted to determine what issues are of greatest concern to customers. There will also be additional direct mail material, both of a general nature as well as specific information for customers who are part of the first one-third to transition to customer choice.

In the latter portion of the year the communications will focus on the one-third of customers who will have choice beginning January 1, 1999. The scope of this program could

be affected by the Commission's decision on the selection process for the first third. The company's proposed approaches, "random" for selecting residential customers and "first-come-first-served" for selecting commercial and industrial customers, require an extensive broad-based communications effort to inform consumers of their opportunity to participate in the Phase-in, including television, radio, newspapers and direct mail.

In 1999, from July through September, the communications would include television, radio, and newspaper outreach, informing consumers that a second one-third now has the opportunity to select an electric generation supplier. Direct mail would once again be used for people who are newly eligible. Communications would also reinforce to those selected in 1998 that they continue to have the opportunity to select a supplier.

In 2000, as the final third of customers moves to choice, television, radio, and newspaper advertising would be used to inform this group. Direct mail would also be sent to them.

The specific messages communicated to customers in 1999 and 2000 will be dependent upon research, which will highlight any areas in which additional information is needed or desired.

The Company will be in regular contact with the Commission concerning its public education efforts and the messages being communicated.

PECO ENERGY

ENERGY NEWS

1997 Vol. 6 No. 1

Dear Customers:

A new customer choice law signed last month by Gov. Tom Ridge eventually will change the way you meet your energy needs. This law will permit all our customers to choose their electric generation suppliers by the year 2001.

Pennsylvania is the fourth state, after California, Rhode Island and New Hampshire, to move toward a deregulated market for electricity generation. Pennsylvania's electric utilities, large customers, power suppliers, the governor's office, state legislature, the state Public Utility Commission and offices of the Small Business Advocate and Consumer Advocate worked together to develop this law.

Early in 1997, Pennsylvania utilities will present their plans to the PUC for a retail competition pilot program that will include five percent of their customers. The pilot program is designed to help each utility and its customers learn how a competitive marketplace will function.

To help you become familiar with the customer-choice process, we will be providing information on a regular basis in a number of ways, including Energy News. As part of that communication, we have included a few questions and answers that may help you understand the customer-choice legislation.

Joseph F. Paquette, Jr.
Chairman

Customer Choice:
What it means for PECO Energy's customers

Q. What does this legislation do?

A. The recently passed legislation will provide for full customer choice in the selection of electric generation suppliers by January 1, 2001. In addition, it provides for the continued reliability in the delivery of electricity and continued protection for low-income customers. Electric utilities will have an opportunity to recover prudently incurred investments that the Pennsylvania Public Utility Commission (PUC) determines to be just and reasonable. Finally, it offers the prospect of a near-term reduction and the promise of even lower rates within a few years.

Q. When will electric generation customer choice begin?

A. As the first step in this process, each electric utility will file with the PUC a pilot

Customer Choice

program that will provide about five percent each of residential, commercial and industrial customer groups with the opportunity to choose the company supplying their electricity. This pilot will begin in 1997 and run for at least one year. By January 1, 1999, one-third of each customer group can choose generation suppliers; by January 1, 2000, an additional one-third will be able to choose, and, by January 2001, all customers will be able to choose.

Q. How do I become a part of the pilot program?

A. Each electric utility will file with the PUC a specific pilot program for review and approval that will outline how participants for the pilot program will be selected. The specific details of that process have not yet been finalized. However, once the plan has been approved by the PUC, you can expect that companies will publicize both the selection process and other criteria required for participation.

Q. Will my current electric utility continue to be the company that delivers my electricity?

A. Yes. Although at some point you will be able to choose the company that generates your electricity, your current utility will continue to deliver electricity to your home. Rates for that delivery service will remain regulated by the PUC.

Q. What charges will be included on my bill?

A. Under customer choice, PECO Energy's rates will be broken down into separate charges for delivery, transmission and generation services. In addition, your bill will include transition charges related to the restructuring of the electric industry. These "competitive transition charges" (CTC) will include certain costs to be decided by the PUC in its determination of recovery levels for past investments for the state's electric utilities.

Q. How could this legislation affect my electric bill?

A. Rates for generation, transmission and distribution services will be capped for at least 4-1/2 years and as long as 9 years for the generation portion of customers' bills. Near-term rate reductions can occur through the issuance of "securitization" bonds to refinance portions of utility investments at lower interest rates. The savings from the difference between the interest rates and the financing costs reflected in today's rates on these investments will be passed on to customers in the form of lower electric rates. Other near-term savings are possible if you can purchase electric generation at a cost below PECO Energy's charge. Long-term, substantial savings will result when the CTC ends.

Q. How will this legislation affect reliability?

A. Many specific national industry standards for the installation, maintenance, safety and adequacy of the current system will continue to be a requirement in the future. Reliability will remain an integral part of the electric industry. In addition, the obligation to provide transmission and distribution service to all customers will continue with the requirement that electric distribution companies be the supplier of last resort. No one will be left without the ability to obtain electric service. New generation suppliers will be required to meet all PUC reliability criteria and will be required to obtain a license from the PUC.

Q&A

FREQUENTLY ASKED QUESTIONS ABOUT

ELECTRICITY COMPETITION

FREQUENTLY ASKED QUESTIONS ABOUT

ELECTRICITY COMPETITION

March 1997

Printed on Recycled Paper

PECO ENERGY.
FOCUSING OUR ENERGIES ON YOU.

ELECTRIC CUSTOMER CHOICE IN PENNSYLVANIA

Pennsylvania consumers soon will have the opportunity to select the company that generates their electricity. In 1996 the state legislature passed, and Governor Ridge signed, the Electric Competition Act. All Pennsylvania consumers will have choice by January 2001. Starting this year the state's electric utilities will begin conducting pilot programs to determine the most effective way to phase in choice.

In order to help you better understand these changes, PECO Energy Company prepared this brochure to answer many of the most frequently asked questions about electric competition.

What will electric competition mean to me?

It means that you will be able to select the company that generates your electricity.

How are the electric utilities getting ready for this?

The Electric Competition Act requires that all electric utilities in Pennsylvania conduct pilot programs for at least a year before January 1, 1999. These pilot programs will help the companies and the Pennsylvania Public Utility Commission determine the most effective way to start choice for electric customers.

Does that mean that a new company will have to string new wires to my house or business?

Not at all. The electricity business is divided into three parts — generation, transmission and distribution. Only the generation portion of the business is being opened to competition. The local utility (PECO Energy in the Philadelphia area) will still be your transmission and distribution company.

Tell me what you mean when you say the "generation portion of the business."

This is electricity produced by power plants. The plants we are currently using are nuclear, fossil (coal, oil or natural gas), or hydro plants. This portion of the business will be open to competition.

Then what is the "transmission and distribution" business?

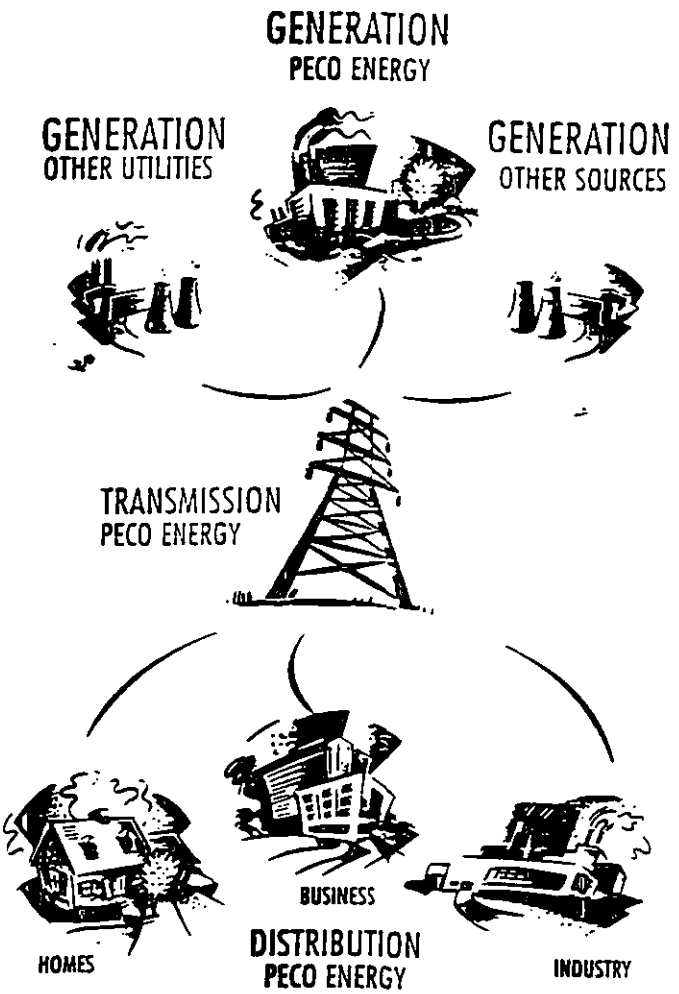
Once electricity is produced it is transmitted over high-voltage lines and then eventually over lower voltage distribution lines to your home or business.
It is possible to get power from a plant located many miles away or even across state lines. This portion of the business will remain regulated.

So what do I do if I lose power?

Same thing you always have. Call your local utility. For example, if you are now a customer of PECO Energy, you would still call PECO Energy regarding a power outage. Regardless of which electricity supplier you choose, PECO Energy still would be responsible for restoring your power.

Can I purchase the electricity I use from someone other than my local utility?

Yes, numerous suppliers of electricity will be coming to Pennsylvania to market power here.



So that means my rates can go down?

Yes, the competition among these suppliers is expected to lower the cost of generation.

How much can I expect to save?

It is hard to say. Initially some rate reductions are anticipated, but the size cannot be predicted right now. There are transition costs that will be collected for 10 years. After that, there could be bigger reductions in your bill.

What are transition costs?

These are PUC-approved costs incurred by utilities, such as the cost of building generating plants. These traditionally would have been recovered in a regulated environment, but might not be otherwise recoverable in a competitive marketplace. These costs can be recovered by utilities over a 10-year transition period, provided that rates do not increase over the current levels.

How many companies are going to want to sell me electricity?

There is no way of predicting, but there are likely to be quite a few.

Does that mean I am going to get calls from telemarketers asking me to switch electric companies just like I get now from long distance telephone carriers?

That is probably going to happen as the number of competitors grows.

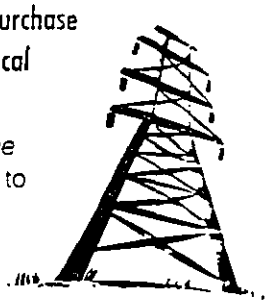
When is all this going to happen?

One-third of all Pennsylvania customers will have choice by January 1, 1999. Another third by January 1, 2000, and the remaining third by January 1, 2001.

Who will decide which companies can sell power in Pennsylvania?

The Pennsylvania Public Utility Commission will be responsible for licensing all electricity suppliers in the state.

Can I still decide to purchase electricity from my local electric company?



Yes, you will have the option of continuing to purchase electricity from your local distribution utility.

I am currently on a low-income program. How does this affect me?

The legislation requires the local utility to supply any customer who may not be able to get electricity from another supplier. However, you must keep to any payment terms you made with the local utility.

What is going to happen to my bill? Is it going to be pages and pages long like my phone bill?

Your bill will change but it will probably not be pages in length. How bills will look is one of the issues being addressed by the pilot programs. You also may get one bill from your local distribution utility and another bill from a power supplier.

What do I do if I think the bill is wrong?

If you have a dispute over your charges from your local utility you will contact them just as you do now. If you have a dispute with your power supplier you will have to contact that supplier, if the power supplier bills you separately.

Could my power supplier shut off my electricity while we dispute the bill?

The power supplier can't turn your electricity off or on; that is the responsibility of the local utility. However if the local utility is informed by the power supplier that your bill is unpaid and has followed all appropriate PUC regulations and requirements, your electricity could be shut off. That is why it is very important to fully understand the contract with your power supplier.

You mean I will have to sign a contract with someone to supply me with electricity?

In all likelihood, yes. Many power suppliers most likely will seek some form of contract with their customers.

Are large industrial customers going to benefit from this at the expense of the residential user?

No. The legislation specifically prohibits one class of customers from unfairly benefiting at the expense of another class.

PECO ENERGY.
FOCUSING OUR ENERGIES ON YOU.

Estimated Budget
Customer Choice
Consumer Education Program

	($ 1,000)
1997	
Newspaper, radio communications programs, direct mail, community group assistance	$ 2,080
800 Number – activation and staffing	3,500
Subtotal	**$ 5,580**
1998	
Television, newspaper, radio communications, direct mail, community group assistance	$ 4,163
800 Number	2,000
Subtotal	**$ 6,163**
1999	
Television, newspaper, radio communications direct mail, community group assistance	$ 4,078
800 Number	2,000
Subtotal	**$ 6,078**
2000	
Television, newspaper, radio communications direct mail, community group assistance	$ 4,340
800 Number	2,000
Subtotal	**$ 6,340**
GRAND TOTAL 1997-2000	**$24,161**