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October 15, 2013

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

Subject: PECO Energy's Report on Alternative Models for the Delivery of Customer Assistance Program (CAP) Benefits Submitted Pursuant to the Commission's April 4, 2013 Order in Docket No. M-2012-2290911 - Supplemental Information

Dear Secretary Chiavetta:

Pursuant to the Pennsylvania Public Utility Commission's (PaPUC) April 4, 2013 Order in Docket No. M-2012-2290911, PECO Energy Company was directed to test various models that would improve the affordability of CAP to the participants. Additionally, PECO was directed to conduct an analysis of the fixed credit Percentage of Income Plan as it would apply to PECO's CAP customers. On September 30, 2013, PECO Energy Company ("PECO") submitted the above-named report in this matter. Since it made its filing, PECO has received informal inquiries from the Office of Consumer Advocate ("OCA"), CAUSE-PA, and TURN et al. for additional information regarding PECO's report. With this filing of Supplemental Information, PECO makes its answers to those inquires available to the Commission and all parties for review.

Accordingly PECO Energy Company is hereby submitting to the PaPUC the following Supplemental Information:

- Appendix A: Customer count and mean bills
- Appendix B: Tier detail on customers who lose discounts under the PIP and FCO
- Appendix C: Coverage ratio by Tier
- Appendix D: Detailed results of First Energy Program applied to PECO CAP customers

Rosemary Chiavetta, Secretary
October 15, 2013
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Thank you for your assistance in this matter and please direct any questions regarding the above to Dick Webster, Regulatory Policy & Strategy (215) 841-5777.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Webster, Jr.", with a long, sweeping horizontal line extending to the right.

Richard G. Webster, Jr.
Vice President
Regulatory Policy & Strategy

cc: Certificate of Service

**PECO Energy's Report on
Alternative Models for the Delivery of Customer Assistance Program Benefits
Submitted Pursuant to the Commission's April 4, 2013 Order in Docket No. M-2012-2290911**

Supplemental Information

On September 30, 2013, PECO Energy Company ("PECO") submitted the above-named report in this matter. Since it made its filing, PECO has received informal inquiries from the Office of Consumer Advocate ("OCA"), CAUSE-PA, and TURN et al. for additional information regarding PECO's report. With this filing of Supplemental Information, PECO makes its answers to those inquiries available to the Commission and all parties for review.

1. OCA Requests

On October 7, 2013 PECO conferred with the OCA and its expert, Mr. Roger Colton, at which time they made several requests for additional data. In response to the OCA's requests, PECO provides the following supplemental information.

Appendix A: Customer Count and Mean Bills

This appendix provides information on three additional data points requested by the OCA: (1) a tier-by-tier breakdown of number of customers per tier; (2) the mean CAP bill for each tier in each of the program designs; and (3) the number of customers in each tier whose average monthly usage exceeds PECO's current usage discount levels (650 kWh for Rate R; 1500 kWh for Rate RH).

Appendix B: Tier Detail on Customers Who Lose Discounts Under the PIP and FCO

In its primary report (pp. 20-21, Table 10), PECO provided information that approximately 40,000 customers would currently receive benefits would lose all of their benefits if PECO moved from

its tiered program to the percentage of income program (“PIP”) or Fixed Credit Option (“FCO”). Appendix C provides detail on those customers by tier and amount of lost benefit in each tier.

Appendix C: Coverage Ratio by Tier

In its primary report (p. 6), PECO reported that its Status Quo program has a “coverage ratio” – the percentage that CAP customers pay of the bills rendered to them – of 82%. Appendix D provides coverage ratio detail by tier for each of the trailing 12 months.

2. CAUSE-PA inquiry regarding the First Energy CAP program.

On October 1, 2013, CAUSE-PA noted that the Customer Assistance Program run by First Energy Corporation is similar to the Colorado FCO program that is discussed at length in PECO’s primary report. CAUSE-PA inquired whether PECO could model the First Energy program as applied to the PECO CAP population and provide information on the resulting affordability and cost.

The First Energy program design differs from the PECO program, and from the modeled Colorado FCO program, in several material ways. The First Energy program:

- uses a 3% energy burden for all Rate R customers, and a 9% energy burden for all Rate RH customers;
- requires a minimum bill for Rate R of \$12 per month (the same as the PECO program), but a minimum bill for Rate RH of \$45 per month; and
- applies an individual customer maximum annual credit of \$960 for Rate R, and \$2400 for Rate RH.

PECO used these design parameters and modeled the First Energy program as applied to PECO’s CAP population. ***The overall results are that the First Energy program would cause a significant***

degradation in affordability – it would deliver unaffordable bills to 78% of PECO’s CAP Rate R customers, and to 58% of PECO’s CAP Rate RH customers – and that program shortfall costs would increase \$11 million per year over the Status Quo program. Detailed results, by tier, are provided in tabular form in Appendix D.

PECO notes that, because the First Energy program is an FCO, if PECO moved to the First Energy program it would incur the same IT programming and other transition costs as for the Colorado FCO (approximately \$6.8 - \$11.4 million in IT transition costs, plus other transition costs.) That information is provided in detail in PECO’s main report.

3. TURN et al. Inquiries

On October 10, 2013 PECO received the following written inquiries from TURN, et al.

TURN 1: Does the Adjusted Status Quo (7-Tier/S/SD) program design require no new programming? If it requires new programming, what is the cost estimate for the incremental IT Cost relative to the Status Quo program design?” Similarly, this program would require some new Change Management Costs, what is the cost estimate for the Adjusted Status Quo (7-Tier/S/SD) program design?

Reply to TURN 1: With respect to IT transition costs, please refer to page 14 of PECO’s report, where it states that:

The 7-Tier R/S/SD approach would be based on existing programming. In PECO’s existing CAP tier program, whenever PECO’s underlying rates change, its Rates Department calculates new discount percentages to be applied in each CAP tier. The 7-Tier R/S/SD approach uses the same IT framework, but the periodic calculation of new discount percentages would simply be based upon different target goals and usage limits. PECO anticipates that no additional IT programming would be needed to accomplish this approach.

With respect to change management costs, PECO does not expect any material change management costs if it were to move the 7-Tier R/S/SD approach. The change management costs referred to in PECO's report are primarily (1) retraining of call center employees to understand the fundamental framework change of moving to a PIP/FCO system, and (2) educational materials for customers re same. The changes involved in the 7-Tier R/S/SD do not alter the basic program framework, and thus do not require those types of change management efforts.

TURN 2: What was the enrollment level for each of the 6 Rate R tiers and the 6 Rate RH tiers ? Were these enrollment levels constant throughout the report's analysis? If not, please indicate the different enrollment levels and specify which tables or the pages of the report reflect the particular enrollment figures.

Reply to TURN 2: Enrollment levels by tier are provided in Appendix A to this Supplemental Information. The enrollment levels were held constant for this analysis.

TURN 3: How does PECO define "target affordability" in the Report, with special reference to the discussion of breadth of affordability at Pages 6-7? For its analysis, does PECO accept 52 Pa. Code §265 targeted energy burdens? Please provide the specific numeric energy burden targeted for breadth of affordability analysis (or % unaffordable) for each of the six income tiers (A/B, C, D, D1, E, E1) for both Rate R and Rate RH. In Appendix C, do the Percentage of Income Payment percentages used in the FCO and PIP scenarios correspond to the targeted energy burdens used in each tier for the "% Unaffordable" analysis for the 7-Tier Status Quo Scenarios and the 7-tier R/S/D scenarios?.

Reply to TURN 3: PECO used the following energy burden targets as its “target affordability” in its report. These correspond with the highest energy burden targets for each income level for PIP programs as set forth at 52 Pa. Code §69.265.

Rate R:

Tier/Income Level	Rate R	Rate RH
A – 0-25%	5%	13%
B – 0-25%	5%	13%
C – 26-50%	5%	13%
D – 51-75%	6%	16%
D1 – 76-100%	6%	16%
E – 101-125%	7%	17%
E1 – 126-150%	7%	17%

These energy burden targets were used for all scenarios, including the information provided in Appendix C to PECO’s report, with one exception: for the First Energy scenario provided with this Supplemental Information, at the request of CAUSE-PA, PECO modeled the energy burden targets currently in use by First Energy – Rate R, 3%; Rate RH, 9% for all income levels.

TURN 4: Please define “coverage ratio” as used in the PECO Report, with special reference to the discussion in the text on Page 6. Does coverage ratio meant the percentage of the average participant annual utility bill that is paid by the program subsidy, or is it the percentage of monthly bills paid in full by the customer while participating in the customer assistance program, or does it have other meanings?

Reply to TURN 4: The coverage ratio refers to the fact that customers only pay a percentage of the amounts billed to them. This percentage -- the ratio of Bills Paid/Bills

Rendered¹ – is known as the coverage ratio. It is the percent of rendered bills that are “covered” by actual customer payments.

The coverage ratio does not refer to the “average participant annual utility bill that is paid by the program subsidy.”

The coverage ratio does not refer to the “percentage of monthly bills paid in full by the customer while participating in the customer assistance program” because if a customer pays their bill in part, but not in full, that will affect their coverage ratio. However, if that phrase is edited to say the “percentage of monthly bills paid ~~in full~~ by the customer while participating in the customer assistance program,” then the phrase is an accurate description of coverage ratio.

TURN 5: What are the coverage ratios for the four program designs on Rate R and on Rate RH?

Reply to TURN 5: “Coverage ratio” is an empirical measure of actual payments made by customers. It therefore can only be measured for programs that already exist and under which customers are receiving bills and making payments. In this case, this means that PECO can only provide coverage ratios for its Status Quo program, and for the Colorado FCO program *as measured for the Colorado customer population*. PECO provided this information at pages 16-17 of its report:

PECO’s Status Quo program achieves an 82% coverage rate,² and therefore is deemed by this measure to provide an acceptable level of affordability of service.

¹ In the coverage ratio analysis, the “Bills Rendered” amount is each customer’s monthly energy charge. Payment arrangements and late fees are excluded from the analysis.

PECO did not model potential coverage rates for the various alternatives. However, Mr. Colton's evaluation of the Colorado FCO states that: "Low-income customers who had participated in PEAP for more than 12 months had customer payment coverage ratios of roughly 80%."³ The Colorado PEAP program has some elements beyond the FCO, so it is not certain that this number is attributable directly to the FCO, but it is clear that the overall Colorado program, which includes the FCO, has a coverage ratio at or slightly below the PECO Status Quo.

TURN 6: Why does the Percentage of Income program design fail to show 0% unaffordable bills? Is it because of the minimum bills of \$12 for Rate R and \$30 for Rate RH? If yes, how did PECO arrive at the respective 6% and 7% unaffordable bill figures? Specifically, were actual individual income and household composition figures used for each tier? Or was there some other method used as a proxy for individual data, such as the use of averages? Please specify.

Reply to TURN 6: Correct, the PIP fails to show 0% unaffordability primarily due to the \$12 and \$30 minimum bill requirements. PECO determined this by examining actual individual income and household composition figures for every CAP household that was in the CAP program for the entire 12-month study period.

This issue was discussed in Ms. Feldhake's testimony (PECO Statement No. 1, pp. 32-33) in the spring litigation:

The most important [intractable issue] is the effect of the Commission's required minimum \$12/\$30 monthly bills on affordability in the CAP A/B tier. The APPRISE affordability analysis shows that, using 2012 income data, a \$12/\$30 bill is unaffordable for 57% of the CAP population in that tier. This is true no matter whether the Commission chooses a PIP or rate

² For the three-year period 2009-2011, PECO's CAP participants paid 82.6% of their CAP budget bills. See Testimony of Lauren B. Feldhake, PECO Statement No. 1, p. 30.

³ Colorado Evaluation, p. viii.

tiers – all of the programs are required to issue a minimum \$12/\$30 minimum bill, and therefore over half of the CAP A/B population will be issued an unaffordable bill.

The reason for this is that, in 2012, PECO's CAP B population had an average reported income of \$2778. A minimum bill of \$12 equates to a \$144 annual bill. \$144 is 5.2% of \$2778. But, according to the Commission's PIP energy burden values, the maximum bill that will be considered affordable for a CAP B customer is a bill for 5% of income. Thus, the average CAP B customer will get an unaffordable bill. APPRISE's analysis shows that 57% of the actual population would receive an unaffordable bill by this measure.

A second area that I consider to be intractable is shown in the APPRISE affordability analysis in the final column showing a PIP with two cost-containment measures – the minimum bill just discussed, and a maximum annual benefit applied on an individual customer basis. This analysis shows that a PIP constructed in that matter will issue about 32% unaffordable bills to the Rate R CAP population, as compared to about 36% for the PECO rate tier program, which also has the minimum bill and maximum benefit cost containment mechanisms, although the maximum benefit is applied on a system-wide basis rather than an individual basis. This broadly tells me that, as long as the Commission requires cost containment measures to be applied, all programs, CAP rate tier or PIP, will have difficulty achieving full affordability against the Commission's PIP energy burden guidelines.

TURN 7: Similarly, in reaching “% Unaffordable” for each of the scenarios in Appendix C, were actual individual income and household composition figures used for each tier? Or was there some other method used as a proxy for individual data, such as the use of averages? Please specify.

Reply to TURN 7: PECO examined actual individual income and household composition figures for every CAP household that was in the CAP program for the entire 12-month study period.

TURN 8: What is the Energy Burden Factor and CAP Credit Limit for each of the 12 CAP Groups in the case of each of the four program designs developed in the PECO Report, and for Rate R and Rate RH?

Reply to TURN 8: The Energy Burden Factor for each tier is provided in the reply to TURN-3. PECO does not apply a CAP Credit Limit to individual customer bills; it applies it on a system-average basis as a program cost containment mechanism. PECO currently uses system

average limits of Rate R: \$778.35; Rate RH: \$2001.47. In the spring litigation, all stakeholders, including TURN, et al., agreed that this is an appropriate approach for PECO to use. PECO therefore did not model a customer-specific CAP credit limit for any of the four programs.

With that said, the First Energy approach, for which information is provided in this Supplemental Information, uses individual CAP Credit Limits of Rate R: \$960; Rate RH: \$2400. The data on the First Energy program show that, when the higher (\$960/\$2400) CAP Credit Limits are applied to the PECO population, unaffordability rises to extremely high levels (78% Rate R; 58% Rate RH). While the unaffordability increase may have other contributing factors, the use of individual credit limits clearly is the primary contributing factor. If PECO were to apply its lower CAP Credit Limits on an individual customer basis, rather than on a system-average cost containment basis, unaffordability would necessarily be higher than the reported figures for the First Energy approach because, with lower CAP Credit Limits, additional customers would lose benefits.

TURN 8: [R]econfigure Table 1 on Page 4 to show the following for each of the 12 CAP groups, by each of the four designs and by each of the two rates (R and RH):

- Shortfall
- Shortfall with Bad Shopping Decisions
- Unaffordability (R/RH)
- Unaffordability with 3% Usage Increase
- Unaffordability with Bad Shopping (30% shopping, 5% higher rate)
- Customers who get zero benefit
- Impact on Bad Debt Expense
- Impact on Terminations

Reply to TURN 8: A Word-compatible copy of PECO's Report, including Table 1, was provided to TURN et al. (and the other stakeholders) on September 30 so that they could undertake any such reconfiguration as they deemed advisable.

TURN 9: For each of the program designs, please provide the reason why the numbers of customers shown in Table 1, Page 4 of the PECO Report receive zero benefit. Is it the same reason for each program design, or are there different reasons for the different program designs? Please explain. In other words, is it solely because customers with zero benefit already have bills that are at or lower than the "Percentage of Income Payment" percentages used in the FCO and PIP scenarios in Appendix C?

Reply to TURN 9: This issue was discussed at pages 19-21 of PECO's report:

The Commission's CAP Policy Statement provides target affordability ranges for various income levels. For example, an electric only customer with income in the range of 51-100% of the Federal Poverty Level has a target affordability of 6-7% of their income. Many of PECO's CAP customers do not need a CAP benefit to attain the lowest levels of "affordability."

The different models treat such customers differently. Most simply, the tiered models – the Status Quo and the 7-Tier R/S/SD – will provide a small benefit to such a customer. Often, this small benefit will leave the customer's affordability within the Commission-defined acceptable target range of affordability. This is an intentional outcome of the tiered approach, and it reflects the judgment that, for many low-income customers, it is appropriate to give them a benefit that takes them beyond the lowest edge of affordability. The discount, or benefit, may only be \$100 a year, but it nonetheless flows to the customer because of the mechanism of the tiered program.

PECO's CAP program has approximately 140,000 enrollees. The tiered models – the Status Quo and the 7-Tier R/S/SD – provide some degree of benefit to almost all of those customers, with only 4,400 CAP customers receiving no benefit.

The PIP and FCO, on the other hand, are designed to provide precisely the dollar amount of benefit that is necessary to achieve the targeted affordability level. This precision was discussed at length in the testimony of Mr. Colton and Dr. Gil Peach⁴ in the spring litigation. One of the effects of this precision is that, if a customer achieves the targeted level of affordability based

⁴ Dr. Peach appeared on behalf of the low-income advocates.

upon their income level (and, in the case of the FCO, prior usage and price), then they will receive no CAP benefit. Thus, the individuals who attained the lowest level of their affordability, and who nonetheless receive a small benefit in the tiered programs, receives a zero benefit in the PIP and FCO.

There are a surprisingly large number of customers who fall into this category in PECO's service territory. PECO's modeling shows that approximately 44,000 customers (over 30% of all PECO CAP customers) would receive a \$0 benefit under an FCO. This is an increase of nearly 40,000 families who are currently receiving a benefit (and would continue to receive it in a 7-Tier R/S/SD), but would not receive a benefit under an FCO or PIP.

TURN 10: Please develop a table showing *Total* Bad Debt Expense and *Total*

Terminations for each of the four program designs (rather than showing these as incremental to the Status Quo program design).

Reply to TURN 10: PECO's analysis of Bad Debt Expense and Terminations was specifically done to determine the incremental effect on those two measures. Its methodology for those measures, as set forth in Ms. Feldhake's testimony, its brief, and its report, is thus not based upon an analysis of Total Bad Debt Expense or Terminations. PECO therefore cannot develop the requested table from the data it used to develop these measures.

Supplemental Information

Appendix A

Customer Count and Mean Bills

PECO Energy CAP Redesign Scenarios

Docket No. M-2012-2290911

Customers Count and Annual Mean Bills

Rate R	# Cust	SQ		7 Tiers R/S/SD		FCO		PIP		Average	
		Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	# Cust Usage > 650 kWh	Average # Cust Usage (W) > 1500 kWh
Tier B	9,809	\$455	\$270	\$352	\$182	4,927					
Tier C	17,462	\$565	\$321	\$489	\$387	7,392					
Tier D	25,261	\$640	\$493	\$665	\$633	8,933					
Tier D1	33,313	\$621	\$587	\$726	\$708	13,178					
Tier E	23,056	\$884	\$925	\$1,013	\$1,009	7,727					
Tier E1	18,478	\$1,013	\$1,129	\$1,080	\$1,078	7,424					
Total	127,378	\$695	\$629	\$738	\$695	49,581					

Rate RH	# Cust	SQ		7 Tiers R/S/SD		FCO		PIP		Average	
		Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	Annual Mean <u>CAP Bill</u>	# Cust Usage > 650 kWh	Average # Cust Usage (S) > 1500 kWh
Tier B	975	\$786	\$520	\$694	\$446	532					
Tier C	1,531	\$1,066	\$678	\$1,064	\$926	719					
Tier D	2,275	\$1,251	\$1,137	\$1,413	\$1,391	917					
Tier D1	3,360	\$1,286	\$1,443	\$1,366	\$1,354	1,352					
Tier E	2,382	\$1,667	\$1,667	\$1,592	\$1,589	966					
Tier E1	2,288	\$1,652	\$1,652	\$1,617	\$1,616	928					
Total	12,811	\$1,327	\$1,279	\$1,348	\$1,298	5,414					

Grand Total 140,189

Supplemental Information

Appendix B

Tier Detail on Customers Who Lose Discounts Under the PIP and FCO

PECO Energy CAP Redesign Scenarios
Docket No. M-2012-2290911
Lost CAP Discounts Under PIP and FCO Programs

Original PIP - \$12 Minimum Monthly Payment

CAP Tiers	# of Customers	Poverty Level	Discount	Usage Limit			Customers Not Receiving PIPP Subsidy			Total Discount
				Winter Oct - May	Summer June	Summer Jul - Sept	# of Customers	% of Customers	Mean Discount under CAP	
B	9,809	<=25%	92%	650	650	750	49	<1%	\$7	\$343
C	17,462	26% - 50%	84%	650	650	750	175	1%	\$190	\$33,177
D	25,261	51% - 75%	68%	650	650	650	2,273	9%	\$360	\$818,456
D1	33,313	76% - 100%	61%	650	650	650	7,329	22%	\$378	\$2,770,309
E	23,056	101% - 125%	37%	650	650	650	13,142	57%	\$297	\$3,903,150
E1	18,478	126% - 150%	21%	650	650	650	13,674	74%	\$177	\$2,420,248
Total	127,378	Total					36,642	27%	\$275	\$9,945,685

Original PIP - \$30 Minimum Monthly Payment

CAP Tiers	# of Customers	Poverty Level	Discount	Usage Limit				Customers Not Receiving PIPP Subsidy			Total Discount
				Winter Nov - Apr	Winter Oct, May	Summer June	Summer Jul-Sept	# of Customers	% of Customers	Mean Discount under CAP	
B	975	<=25%	86%	1500	650	650	750	10	1%	\$27	\$263
C	1,531	26% - 50%	73%	1500	650	650	750	107	7%	\$422	\$45,221
D	2,275	51% - 75%	39%	1500	650	650	650	1,138	50%	\$390	\$443,625
D1	3,360	76% - 100%	22%	1500	650	650	650	2,486	74%	\$218	\$542,035
E	2,382	101% - 125%	0%	1500	650	650	650	2,120	89%	\$0	\$0
E1	2,288	126% - 150%	0%	1500	650	650	650	2,196	96%	\$0	\$0
Total	12,811	Total						8,057	61%	\$134	\$1,031,144

Fixed FCO - \$12 Minimum Monthly Payment

CAP Tiers	# of Customers	Poverty Level	Discount	Usage Limit			Customers Not Receiving PIPP Subsidy			Total Discount
				Winter Oct - May	Summer June	Summer Jul - Sept	# of Customers	% of Customers	Mean Discount under CAP	
B	9,809	<=25%	92%	650	650	750	49	<1%	\$10	\$490
C	17,462	26% - 50%	84%	650	650	750	175	1%	\$190	\$33,177
D	25,261	51% - 75%	68%	650	650	650	2,273	9%	\$360	\$818,456
D1	33,313	76% - 100%	61%	650	650	650	7,329	22%	\$378	\$2,770,309
E	23,056	101% - 125%	37%	650	650	650	13,142	57%	\$297	\$3,903,150
E1	18,478	126% - 150%	21%	650	650	650	13,674	74%	\$177	\$2,420,248
Total	127,378	Total					36,642	27%	\$275	\$9,945,632

Fixed FCO - \$30 Minimum Monthly Payment

CAP Tiers	# of Customers	Poverty Level	Discount	Usage Limit				Customers Not Receiving PIPP Subsidy			Total Discount
				Winter Nov - Apr	Winter Oct, May	Summer June	Summer Jul-Sept	# of Customers	% of Customers	Mean Discount under CAP	
B	975	<=25%	86%	1500	650	650	750	10	1%	\$43	\$419
C	1,531	26% - 50%	73%	1500	650	650	750	107	7%	\$422	\$45,221
D	2,275	51% - 75%	39%	1500	650	650	650	1,138	50%	\$390	\$443,625
D1	3,360	76% - 100%	22%	1500	650	650	650	2,486	74%	\$218	\$542,035
E	2,382	101% - 125%	0%	1500	650	650	650	2,120	89%	\$0	\$0
E1	2,288	126% - 150%	0%	1500	650	650	650	2,196	96%	\$0	\$0
Total	12,811	Total						8,057	61%	\$134	\$1,031,300

Supplemental Information

Appendix C

Coverage Ratio by Tier

PECO Energy CAP Redesign Scenarios

Docket No. M-2012-2290911

Payment Coverage Ratio By Tiers

Coverage Ratio by CAP Tier (August 2012 to July 2013)

CAP Tier	Item	SUM
A	Sum of Billing Charge Amount	\$ 32,849
	Total Cash payments	\$ 27,906
	Bill coverage ratio	85%
B	Sum of Billing Charge Amount	\$ 8,472,007
	Total Cash payments	\$ 5,699,571
	Bill coverage ratio	67%
C	Sum of Billing Charge Amount	\$ 11,207,269
	Total Cash payments	\$ 8,676,111
	Bill coverage ratio	77%
D	Sum of Billing Charge Amount	\$ 23,809,819
	Total Cash payments	\$ 19,038,996
	Bill coverage ratio	80%
D1	Sum of Billing Charge Amount	\$ 31,170,241
	Total Cash payments	\$ 24,405,515
	Bill coverage ratio	78%
E	Sum of Billing Charge Amount	\$ 27,918,276
	Total Cash payments	\$ 24,814,808
	Bill coverage ratio	89%
E1	Sum of Billing Charge Amount	\$ 29,347,443
	Total Cash payments	\$ 23,567,466
	Bill coverage ratio	80%
Total	Sum of Billing Charge Amount	\$ 131,957,904
	Total Cash payments	\$ 106,230,373
	Bill coverage ratio	81%

Supplemental Information

Appendix D

Detailed Results of First Energy Program Applied To PECO CAP Customers

PECO Energy CAP Redesign Scenarios

Docket No. M-2012-2290911

FCO - First Energy Model

FCO Analysis - First Energy Model

Non-heating

- Energy burden of 3%
- Minimum monthly payment of \$12
- Maximum annual credit of \$960

CAP Tiers		Percent of Income Payment	Maximum Annual Subsidy	% Unaffordable	% Who Do Not Receive Subsidy	\$ Over Affordable Burden Mean	Mean PECO Cost
Rate R	Poverty Level						
B	<=25%	3%	\$960	100%	0%	\$491	\$744
C	26% - 50%	3%	\$960	99%	0%	\$432	\$773
D	51% - 75%	3%	\$960	92%	1%	\$302	\$690
D1	76% - 100%	3%	\$960	81%	2%	\$237	\$604
E	101% - 125%	3%	\$960	57%	5%	\$265	\$552
E1	126% - 150%	3%	\$960	38%	12%	\$286	\$463
Total	Total			78%	3%	\$324	\$630

Heating

- Energy burden of 9%
- Minimum monthly payment of \$45
- Maximum annual credit of \$2,400

CAP Tiers		Percent of Income Payment	Maximum Annual Subsidy	% Unaffordable	% Who Do Not Receive Subsidy	\$ Over Affordable Burden Mean	Mean PECO Cost
Rate RH	Poverty Level						
B	<=25%	9%	\$2,400	100%	0%	\$622	\$1,030
C	26% - 50%	9%	\$2,400	96%	3%	\$403	\$1,059
D	51% - 75%	9%	\$2,400	78%	14%	\$218	\$684
D1	76% - 100%	9%	\$2,400	57%	30%	\$182	\$451
E	101% - 125%	9%	\$2,400	31%	50%	\$168	\$349
E1	126% - 150%	9%	\$2,400	15%	68%	\$193	\$203
Total	Total			58%	31%	\$312	\$561

	Shortfall \$ (million)
Rate R	\$ 80.2
Rate RH	\$ 7.2
Total	\$ 87.4

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company for Approval of its Default Service Program	:	P-2012-2283641
PECO Energy Company Universal Service and Energy Conservation Plan for 2013-2015	:	M-2012-2290911

Certificate of Service

I, Ward Smith, hereby certify that I have this day served a copy of Supplemental Information to PECO Energy's Report on Alternative Models for the Delivery of Customer Assistance Program Benefits the above matter upon all interested parties by email, in both PDF and Word-compatible format, to the individuals listed in the attached Service List.

Dated at Philadelphia, Pennsylvania, October 15, 2013.



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**P-2012-2283641 – PETITION OF PECO ENERGY COMPANY FOR APPROVAL OF ITS
DEFAULT SERVICE PROGRAM & M-2012-2290911. Created 1/7/2013 (Revised)**

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