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June 13, 2016

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

**SUBJECT: Reply Comments of PECO Energy Company to PECO's Universal Service and Energy Conservation Three-Year Plan for 2016-2018, Docket No. M-2015-2507139**

Dear Secretary Chiavetta:

Attached are PECO's reply comments in response to comments to the Pennsylvania Public Utility Commission's Tentative Order that was issued on June 3, 2016. In the Tentative Order, the Commission tentatively approved PECO's Three-Year Plan for the period 2016-2018, but requested comments and information from PECO on five specified issues. PECO is pleased to provide these reply comments to the Commission.

If you have any questions regarding this matter, please call me at 215-841-5777.

Sincerely,



Copies to: Joseph Magee, Bureau of Consumer Services  
Sarah Dewey, Bureau of Consumer Services  
Louise Fink Smith, Law Bureau  
Office of Consumer Advocate  
Small Business Advocate  
Bureau of Investigation & Enforcement  
Community Legal Services  
Pennsylvania Utility Law Project

Enclosures

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PECO Energy Company  
Universal Service and Energy Conservation Plan  
for 2016-2018 Submitted in Compliance with 52  
Pa. Code §§ 54.74 and 62.4.**

**Docket No. M-2015-2507139**

**Reply Comments of PECO Energy Company**

**I. Introduction**

On February 25, 2016, the Commission issued its Tentative Order in this docket. In the Tentative Order (p. 35, Ordering Paragraph 1), the Commission tentatively approved PECO's 2016-18 Three-Year Plan, "subject to the conditions established in this Order." The primary condition established in the Order is the requirement that PECO provide comments and information on seventeen questions specified in the Tentative Order. The Commission (p. 35) also broadly "invited comments on any provision of the Proposed Plan."

On March 16, 2016, PECO filed comments addressing the seventeen issues specified by the Commission. On that same date, comments were filed by three other stakeholders: the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Tenants Union Representative Network and the Action Alliance of Senior Citizens of Greater Philadelphia ("TURN") and the Office of Consumer Advocate (the "OCA"). The purpose of PECO reply comments is to respond to the comments provided by CAUSE-PA, TURN, and the OCA.

On June 3, 2016, the Commission requested further information after review of the comments from PECO and other stakeholders. The Commission had determined that certain

information is still lacking as identified and requested PECO to provide comments and information on five additional questions in the data requests below.

## II. PECO Reply Comments

**1. Explain what amount a customer previously enrolled in PECO's customer assistance program (CAP) is required to pay to re-enroll in CAP.**

There is no payment required to re-enroll in CAP. Past due balances have no impact on a customer's ability to re-enroll in CAP. A customer must fill out a CAP Application and meet the income eligibility guidelines.

**2. Explain what amount a CAP or CAP-eligible customer must pay for service restoration.**

If the customer is eligible for CAP for the first time and never received Pre- Program Arrearage (PPA) forgiveness, the customer would have to pay the reconnection fee and the outstanding balance would be applied to a PPA.

For an existing CAP customer who is not eligible for PPA, that customer will have to pay the restoration payment requirements as defined in 52 Pa. Code § 56.191(c)(2).

**3. Provide an estimated cost breakdown of the Matching Energy Assistance Fund (MEAF) budgets from 2016 through 2018**

On Page 25 of PECO's Three Year Plan, PECO provided a MEAF budget amount of \$930,958. On March 16, 2016 PECO responded to the Commission's Question #15 providing a detailed cost breakout of the MEAF budget. In that response, the MEAF budget totaled \$916,000.

The difference between these previously reported numbers can be found in the bottom section of table below. Payroll taxes and IT charges (shown as BSC billings) were not included in the cost breakout and caused the variance.

Universal Services - Budget by Program (based on LRP 1.0 as of 09/18/2015)	2016 - MEAF	2017 - MEAF	2018 - MEAF
Payroll / Overtime / Other Premiums / Incentives / Pensions & Benefits	\$ 168,118	\$ 169,185	\$ 172,595
Business Travel	\$ 1,259	\$ 728	\$ 728
Meals & Entertainment	\$ 5,201	\$ 5,201	\$ 5,201
Other Employee Related	\$ 583	\$ 583	\$ 583
Office and Postage	\$ 3,477	\$ 4,140	\$ 4,140
Bucks County Opportunity	\$ 10,384	\$ 15,260	\$ 15,717
Community Action Agency	\$ 10,284	\$ 15,154	\$ 15,608
Montgomery County Community	\$ 12,297	\$ 18,351	\$ 18,901
Torres Credit Services, Inc.	\$ 191,795	\$ 197,549	\$ 203,475
Utility Emergency (Assistance Fund)	\$ 261,475	\$ 277,398	\$ 285,720
York County	\$ 1,329	\$ 1,369	\$ 1,410
Contracting	\$ 487,563	\$ 525,080	\$ 540,833
Charitable Contributions	\$ 250,000	\$ 250,000	\$ 250,000
<b>Total 2016 PECO Universal Services Budget</b>	<b>\$ 916,201</b>	<b>\$ 954,917</b>	<b>\$ 974,080</b>
Payroll Taxes (not charged back to PECO Universal Services)	\$ 10,289	\$ 10,506	\$ 10,885
(User) Login LAN Account	\$ 2,224	\$ 2,224	\$ 2,224
PC Services - Base	\$ 588	\$ 588	\$ 588
Remote Access	\$ 221	\$ 221	\$ 221
Depreciation Shared Network	\$ 332	\$ 332	\$ 332
eMail & Messaging - Personal	\$ 285	\$ 285	\$ 285
Telephong	\$ 184	\$ 184	\$ 184
Desktop Support - Custom	\$ (91)	\$ (91)	\$ (91)
Cell Phone/Pager	\$ 724	\$ 724	\$ 724
BSC Billing (not charged back to PECO Universal Services)	\$ 4,468	\$ 4,468	\$ 4,468
<b>Total 2016 (including non-charged back items)</b>	<b>\$ 930,958</b>	<b>\$ 969,891</b>	<b>\$ 989,432</b>

4. Provide additional information regarding its fraud investigation practice for CAP. PECO should provide additional details about this process, including the following:

- Identify when this process began.
- Identify the credit reporting agency used to process these requests.
- Clarify the costs of this process. In its Reply Comments, PECO states “the cost is quite minimal – a few thousand dollars per ‘run’ to cover the expenses of the credit reporting agency, the letters and follow-up with the customers who exceed the presumptive target income level.” PECO Reply Comments at 21. Without clarifying how many credit “runs” PECO conducts each year and an approximate figure for each instance, the Commission is unable to gauge the cost-effectiveness of this process. PECO should provide this information, the cost per CAP household reviewed, and the total amount spent on CAP credit reviews in 2015.
- Explain how the credit reporting agency obtains a household’s current bills without conducting a credit inquiry.

Last year, PECO began an initiative to confirm income eligibility (as per the CAP application requirements) for customers who are currently receiving CAP benefits. The purpose of this initiative is to maintain the integrity of the CAP program both for low income households who receive benefits as well as residential customers who subsidize the CAP program.

- The Initiative began in April 2015
- The credit reporting agency is Experian

- PECO has spent \$7,892 on 16,463 searches (customers) or \$0.48 a search
- To date, Customer information is obtained via their social security number. Experian provides a comprehensive measurement of likely total income, by reviewing the customer’s expenses and payment history on various financial obligations including rent, mortgage, auto payments, credit card debt and other loans. Based on those financial obligations, and the customers’ ability to consistently satisfy those monthly financial obligations over a period of time, the customer is assigned an “Income Insight Score”. Customers with an “Income Insight Score” greater than \$100,000 of annual income are contacted to verify their income by letter. The customer is provided with an opportunity to respond to the differences in income and if needed, provide additional information that will help PECO determine their continued eligibility for CAP. Customers are asked to respond to the request within 20 days from the date on the letter. Customers are also provided with a number to call if they have questions about the letter. Customers must respond to the letter for PECO to determine their continued eligibility for CAP.

**5. Provide an accurate Jobs Estimate for 2016-2018 Gas and Electric LIURP Jobs**

The table below shows the Job estimate for 2016-2018 for Gas and Electric LIURP jobs. Please note that the 2016 estimate is slightly higher than the job estimate provided in the 2016 annual LIURP data request sent to the Commission on February 29, 2016. The new 2016 estimate reflects a more accurate number of jobs as we have more 2016 completed jobs with which to estimate the remaining year.

<b>Job Type</b>	<b>2016 Number of Jobs</b>	<b>2017 Number of Jobs</b>	<b>2018 Number of Jobs</b>
Baseload	7,649	7,500	7,400
Electric Heat	1,148	1,100	1,000
<i>SubTotal Electric</i>	<i>8,797</i>	<i>8,600</i>	<i>8,400</i>
Gas Heat	1,175	1,100	1,100
<b>Total Jobs</b>	<b>9,972</b>	<b>9,700</b>	<b>9,500</b>