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October 26, 2016

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

Re: PECO Energy Company (PECO) Pilot Plan for an Advance Payments Program and
Petition for temporary waiver of portions of the Commission's Regulations with respect to
that Plan.

Dear Secretary Chiavetta:

PECO Energy Company is hereby filing a Pilot Plan for an Advance Payments Program and
Petition for temporary waiver of portions of the Commission's Regulations with respect to that
Plan.

The specific purpose of the filing addresses the implementation of a prepayment meter program
(the "PECO Advance Payments Plan") that will allow certain of its residential customers to
voluntarily enter a program in which they pay their bills for utility service in advance of receiving
that service.

In support of this filing we are providing the following:

Attachment 1 – The PECO Advance Payments Plan.

Thank you for your assistance in this matter and please direct any questions regarding the
above to Mark Kehl, Principal Rate Specialist at (215) 841-6406.

Sincerely,

A handwritten signature in black ink, appearing to read "R.G.W.", followed by a horizontal line.

Copies to: Certificate of Service
C. Walker-Davis, Director, Office of Special Assistants
P. T. Diskin, Director, Bureau of Technical Utility Services
D. P. Hosler, Director, Bureau of Audits
R. A. Kanaskie, Director, Bureau of Investigation & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

PECO ENERGY COMPANY'S :
PILOT PLAN FOR AN ADVANCE :
PAYMENTS PROGRAM SUBMITTED :
PURSUANT TO 52 PA. CODE §56.17 :
: :
AND : **DOCKET NO. P-_____**
: :
PECO ENERGY COMPANY'S :
PETITION FOR TEMPORARY :
WAIVER OF PORTIONS OF THE :
COMMISSION'S REGULATIONS :
WITH RESPECT TO THAT PLAN :

**PECO ENERGY COMPANY'S PILOT PLAN FOR AN ADVANCE PAYMENTS
PROGRAM SUBMITTED PURSUANT TO 52 PA. CODE § 56.17
AND
PECO ENERGY COMPANY'S PETITION FOR TEMPORARY WAIVER OF
PORTIONS OF THE COMMISSION'S REGULATIONS WITH RESPECT TO THAT
PLAN**

I. Introduction

1. PECO Energy Company ("PECO" or the "Company") proposes to implement a prepayment meter program (the "PECO Advance Payments Plan")¹ that will allow certain of its residential customers/applicants to voluntarily enter a program in which they pay their bills for utility service in advance of receiving that service. Such programs are authorized in the Commission's regulations under the general heading of "advance payments," with the specific characterization as a "prepayment meter program." See 52 Pa. Code §56.17. That regulation authorizes utilities to implement prepayment meter programs, subject to certain

¹ PECO expects to rebrand the program with a new name prior to launch.

limitations and guidelines set forth in the regulations, and further subject to the requirement that: “The public 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.” 52 Pa. Code §56.17(3)(iv). The primary purpose of this filing is to submit the PECO Advance Payments Plan to the Commission, as required by §56.17, more than 30 days prior to implementation. The secondary purpose of this filing is to seek waiver of several portions of the Commission’s regulations: (1) PECO proposes to implement a pilot program that will be available to a limited population, rather than a broadly available program; a pilot approach is not specifically discussed in the Commission’s regulations; (2) §56.17(3)(i) states that a prepayment meter program may be made available only to customers who have a delinquency; PECO proposes to offer its pilot program to customers whether they have a delinquency or not; (3) §56.17(3)(i) states that a prepayment meter program may be made available to “customers;” PECO proposes to offer its program to applicants as well; (4) §56.17(3)(iii)(B) requires that participants agree, as a condition of Plan participation, to remain in the Plan until their delinquency is retired; PECO proposes to give Plan participants flexibility to leave the program and return to standard service; and (5) §56.53 requires that utilities return deposits to customers on a specific schedule; PECO proposes to use existing deposits to fund customer participation in the program.

2. This filing is comprised of the following sections:

- I. Introduction (¶¶ 1-2)
- II. Background and Description of the PECO Advance Payments Plan (¶¶ 3-6)
- III. Timeline and Effective Date of the PECO Plan (¶¶ 7-8)
- IV. Cost recovery (¶ 9)

- V. Framework for Regulatory Review (¶¶ 10-11)
- VI. Standard of Review (¶¶ 12-14)
- VII. Except for the Requested Waivers, the PECO Advance Payments Plan Meets the Commission’s Regulations (¶¶ 15-28)
- VIII. Use of a Pilot is in the Public Interest. (¶¶ 29-30)
- IX. PECO’s Requested Waivers are in the Public Interest (¶¶ 31-35)
- X. Notice (¶ 36)
- XI. Proposed Comment Schedule (¶¶ 37)
- XII. Conclusion

II. Background and Description of the PECO Advance Payments Plan

3. The Commission’s regulations have allowed Advance Payments programs since 1978. *See Source Note* to 52 Pa. C.S. §56.17, *citing* 8 Pa. B. 1655 (June 16, 1978). PECO’s research suggests that no major jurisdictional Pennsylvania utility has implemented an Advance Payments program. The use of remote connect/disconnect (“RCD”) technology is central to the effective operation of an Advance Payments program, and the historic absence of RCD technology may explain the absence of Advance Payments programs. With the completion of PECO’s Advanced Meter Infrastructure (“AMI”) network, however, PECO now has RCD capability for effectively all of its residential customers. The PECO Advance Payments Plan will leverage the AMI technology to explore new payment opportunities for its residential customers.

4. Notwithstanding the absence of Pennsylvania experience, there are a substantial number of Advance Payments programs underway on the national level – at least 55 such

programs through mid-2015². While the programs run by investor-owned utilities are too young to have been fully reviewed, PECO has engaged in informal discussions with many of the utilities with such programs. Initial results from these newer programs are very promising. The utilities are experiencing high levels of voluntary enrollment and noticeably increased levels of customer satisfaction among program participants. Utilities are also observing that participants reduce usage while in the program. Past due arrearages are also decreasing in program participants.

5. PECO intends to limit its program to a pilot of approximately 1,000 participants. Within this pilot program, the Company will employ a "test and learn" approach to assess customer adoption, usage impacts, satisfaction, payment patterns, as well as frequency and duration of disconnections and the effect of marketing and educational strategies for its customers. PECO expects that the lessons learned from the pilot will allow it to design a more successful program for broad-scale deployment throughout the Company's service territory. (The lessons from this Pilot may also be useful to other jurisdictional utilities).

6. A copy of PECO's Advance Payments Plan is attached to this Petition. The most important elements of the Plan are:

- It will be a pilot limited to approximately 1,000 participants.
- It will be offered to both shopping and default service customers.
- All participation will be voluntary.
- The program will be available to electric-only and dual-service customers.
- Both customers and applicants will be allowed to participate, whether they have a

delinquency or not (but participation will be limited to participants with a maximum delinquency of \$1,500).

² Prepaid Electric Utility Service: The Need for Essential Consumer Protections, National Consumer Law Center, June 24, 2015

- Participants will use any existing payment channel to pay or “load” funds into their account prior to usage of utility service. Each day, the account balance will be reduced to reflect the charges for the prior day’s usage.

- For those customers and applicants who have a delinquency, 25% of the funded amount will be used to reduce the delinquency and 75% will be applied to future service. For customers and applicants who do not have a delinquency, 100% of the funded amount will be applied to future service.

- If a participant has an existing credit deposit on their account when they enroll in the program, the credit deposit will fund their initial participation in the program.

- Participants will not be required to post an additional credit deposit for service.

- Participants will receive electronic notice(s) when the account balance is sufficient to cover an estimated five, three, and one days’ worth of usage. (Additional notices will also be available on customer request.)

- If the account balance reaches zero or a negative balance, the customer will be given a five-day grace period to load funds to the account. Customers will also be given daily notification during the grace period.

- If the customer does not load sufficient additional funds prior to the end of the grace period, service will be remotely disconnected. Pursuant to the Commission’s regulations, 52 Pa. Code §56.72(1), such disconnect is a discontinuance of service. For electric customers and dual-service customers the electric service will be disconnected. Once service is disconnected, in order to restore service a customer will be required to pay for their usage during their grace period, as well as make an additional payment toward future service.

- During the pilot program, a participant may choose at any time to return to standard payment terms and conditions. Once a participant reverts to standard payment terms and

conditions, they will not be eligible to rejoin the Advance Payments program during the pilot period.

- PECO will collect data and report to the Commission on the timeline set forth below, and make a recommendation of whether to terminate, extend, expand, or revise the pilot program at that time.

III. Timeline and Effective Date of the PECO Plan

7. PECO has not completed the selection, testing and validation of the prepaid technology to be deployed. It is seeking this approval in parallel and coordination with that selection effort. PECO expects the program to have the following schedule:

- 4th Quarter 2016 – obtain Commission approval
- 1st Quarter 2017 – complete technology selection
- 2nd-4th Quarter 2017 – IT implementation
- 3rd Quarter 2017 – Customer communication and outreach
- 4th Quarter 2017-1st Quarter 2018 – Begin customer enrollment (date will be

determined in coordination with end of IT work)

- Process evaluation: To begin no later than six months after customer enrollment is complete.

- Impact evaluation: To be completed no later than two years after customer enrollment is complete.

- After the process and impact evaluations are complete, PECO will make a subsequent filing that will recommend elimination, extension, expansion, or revision of the pilot.

8. The Commission’s regulations require PECO to submit its Plan no more than 30 days prior to the effective date of the plan. The term “effective date” is not defined in the Commission’s regulations. However, based on the timeline set forth above, PECO suggests that the instant submittal is more than 30 days prior to the “effective date” of the Plan, regardless of how that term is defined.

IV. Cost Recovery

9. PECO is not seeking the recovery of any Plan costs at this time. Plan costs will be accounted for as normal operating expenses and, to the extent that they are incurred in a test year or other applicable year for the determination of rate base expenses, PECO will include Plan costs in a future electric base rate case claim. PECO is not requesting any determination at this time regarding the reasonableness or prudence of Plan expenditures.

V. Framework for Regulatory Review

10. The Commission’s regulations on Advance Payments plans are found at 52 Pa. Code §56.17(3), and state that:

§ 56.17. Advance payments.

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

(1) [Not applicable.]

(2) [Not applicable.]

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

(i) The customer 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 public utility, after consideration of the factors in

§ 56.97(b) (relating to procedures upon customer or occupant contact prior to termination), finds unacceptable.

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

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

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

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

(C) The public utility agrees to furnish the customer with emergency backup credits for additional usage of at least 5 days.

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

(iv) The public 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.

(v) During the first 2 years of use of prepayment meters, the public 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.

(4) [Not applicable.]

11. The Commission's regulations on return of deposits are found at 52 Pa. Code §56.53, and state that:

§ 56.53. Deposit hold period and refund.

(a) A public utility may hold a deposit until a timely payment history is established or for a maximum period of 24 months.

(b) A timely payment history is established when a customer has paid in full and on time for 12 consecutive months.

(c) At the end of the deposit holding period as established in subsection (a), the public utility shall deduct the outstanding balance from the deposit and return or credit any positive difference to the customer. At the option of the utility, a cash deposit, including accrued interest, may be refunded in whole or in part, at any time earlier than the time stated in this section.

(d) If service is terminated before the end of the deposit holding period as established in subsection (a), the public utility shall deduct the outstanding balance from the deposit and return any positive difference to the customer within 60 days of the termination.

(e) If a customer becomes delinquent before the end of the deposit holding period as established in subsection (a), the public utility may deduct the outstanding balance from the deposit.

VI. Standard of Review

12. PECO believes that two different standards of review are implicated by this filing. For those portions of the PECO Advance Payments Plan that comply with the Commission's regulations, the review is simply whether PECO's proposal in fact tracks the regulatory requirements. For those portions of the PECO Advance Payments Plan in which PECO seeks a variation from the Commission's regulations, PECO respectfully submits that the Commission should review those requests using the public interest standard.

13. Plan elements that track the Commission's regulations: PECO contends that, for plan provisions that follow the Commission's regulations, the review standard should be limited to a determination of whether the plan provisions in fact track the Commission's regulations. If so, the presumption of public interest is inherent in that determination, and no further public interest evaluation is required. In support of this view, PECO notes that the Commission's regulations, 52 Pa. Code §56.17(3)(iv), authorize a utility to proceed with an Advance Payments plan after it develops a written plan and submits that written plan to the Commission "at least 30 days in advance of the effective date of the program." Section 56.17 does not state that Commission approval of the plan is required before the plan is implemented, and the fact that the plan is only required to be submitted 30 days prior to implementation strongly suggests that the required submittal is primarily informational and that the Commission's review is limited in scope. In such situations, Commission review of the plan should not include a separate determination of whether the plan is in the public interest – that is, we do not need to have a debate on the overarching question of whether prepaid meter plans are in the public interest. Rather, the presumption should be that, when the Commission promulgated its regulations allowing for prepaid meter plans, it already concluded that such plans are in the public interest and that utilities are authorized to proceed with such plans upon

the 30-day submittal of a plan to the Commission. Given that framework, PECO believes that the Commission's formal review of the Plan should be limited to a determination of whether the plan meets the requirements set forth in the regulations.

14. Pilot and waivers: A different review standard may be appropriate for PECO's request to structure this program as a pilot, and is appropriate for PECO's request for temporary waivers of the Commission's regulations. PECO recognizes that, for waiver requests, it must demonstrate that the requested relief is in the public interest. As to beginning with a pilot, rather than a full program, the Commission's regulations are silent with respect to pilot programs. Later in this filing, PECO will therefore discuss the public interest factors that support use of a pilot.

VII. Except for the Requested Waivers, the PECO Advance Payments Plan Meets the Commission's Regulations

15. In this section, PECO provides a step-by-step analysis of the requirements of the Commission's regulations. Where PECO is requesting a waiver, PECO simply notes that fact and defers discussion of that requirement until a latter section of this filing. Where PECO avers that the PECO Plan meets the requirements of the Commission's regulations, it provides a brief discussion in support of that contention.

16. Section 56.17(3)(i) sets forth the requirement that the Plan be made available to only "nonlow income" customers. The PECO Advance Payments Plan will only be available to nonlow-income customers.³

³ PECO originally intended to make its Advance Payments Plan available to low-income customers; it has removed that option from the Pilot at the request of the Office of Consumer Advocates and the low-income advocates.

17. Section 56.17(3)(i) also sets forth the requirement that the Plan be made available only to those customers who have a delinquency. PECO seeks a temporary waiver of this requirement, and it is therefore discussed in Section IX of this filing.

18. Section 56.17(3)(ii) states the requirement that the plan be made available only to individually-metered residential dwellings, and that only the customer and occupants be affected by the use of the prepayment meter. The PECO Advance Payments Plan will only be available to individually-metered residential dwellings.

19. Section 56.17(3)(iii) states that, as a requirement to participate in the Plan, a customer must enter into a payment arrangement for their delinquency. As previously discussed, PECO proposes to make the PECO Advance Payments Plan available to customers both with and without delinquencies. For customers who do not have delinquencies, no payment arrangement is needed. For customers with delinquencies, the PECO Advance Payments Plan will be based upon a payment arrangement in which, for each dollar loaded to the customer's account, 25 cents will be allocated to the delinquency and 75 cents will be allocated for future charges.

20. Section 56.17(3)(iii)(A) states that each participant customer must voluntarily agree to the installation of a prepayment meter. The PECO Advance Payments Plan, including the RCD technology, will be implemented using PECO's AMI metering technology, which has been installed at over 99% of PECO's residential customers. No further meter installation will thus be needed to participate in the PECO Plan. Any customer who does not have an AMI meter installed will not be eligible to participate in the PECO Plan unless they voluntarily agree to the installation of an AMI meter. All program participants will be volunteers.

21. Section 56.17(3)(iii)(B) sets forth the requirement that the customer agree to purchase prepayment credits to maintain service until the total balance is retired – that is, the regulations

require that a customer with a delinquency can only enter the program if they agree, as a condition of enrollment, to stay in the program until their delinquency is completely gone. PECO would prefer to give its customers greater flexibility to participate in the program without making that level of commitment. PECO therefore seeks a temporary waiver of this requirement, and it is discussed further in Section IX of this filing.

22. Section 56.17(3)(iii)(B) requires that PECO agree to make new credits available within five days of receipt of prepayment. Given advances in online payment technology, PECO expects to make new credits available effectively upon verified receipt of prepayment, and certainly in less than five days.

23. Section 56.17(3)(iii)(C) states that PECO must agree to furnish the customer with emergency backup credits for additional usage of at least five days. PECO has incorporated this requirement into the PECO Advance Payments Plan.

24. Section 56.17(3)(iii)(D) states that, in order to participate, the customer must agree that failure to make additional payments constitutes a request for discontinuance of service, and that discontinuance will occur when the five days of additional emergency backup usage have been exhausted. PECO will require the customer to accept this condition to participate in the PECO Plan.

25. Section 56.17(3)(iii)(D) sets forth the requirement that, in the event of a medical emergency, an exception will be made to the discontinuation policy described in the prior paragraph. PECO will allow PECO Plan participants to use its medical certificate processes to avoid discontinuance/termination. However, they will be required to first resign from the PECO Advance Payments Plan and return to standard service. The customer will then have access to PECO's medical certificate program on the same basis as any other standard service customer.

26. Section 56.17(3)(iv) states that PECO must develop a written plan and submit it to the Commission at least 30 days in advance of the effective date of the program. The PECO Advance Payments Plan is attached to this pleading, and the effective date of the Plan is more than 30 days from now.

27. Section 56.17(3)(v) states that PECO must conduct a process evaluation and impact evaluations on specified timelines. The PECO Plan includes a commitment to such evaluations on the required timelines.

28. Section 56.53 requires PECO to return deposits to customers once certain conditions are met. PECO proposes to transfer the customer deposits to fund customer participation in the program, and therefore requests a waiver of §56.53 to the extent necessary to allow such transfers.

VIII. Use of a Pilot is in the Public Interest

29. The Commission's regulations on this issue neither exclude nor explicitly authorize use of a pilot program. PECO respectfully submits that it is in the public interest to use a pilot program, rather than a system-wide program, for the following reasons:

- Use of a small scale pilot will provide a low-risk opportunity for the Commission to gain real world data to inform potential updates to those regulations;
- Neither the Commission, PECO, nor other major jurisdictional Pennsylvania utilities have experience with an Advance Payments program; and
- PECO is seeking temporary waivers from the Commission's regulations for the PECO Advance Payments Plan.

30. Given all of the above, PECO respectfully submits that a pilot approach will allow the Commission and all stakeholders to develop their understanding of prepayment meter programs using a limited and controlled program, and that this approach is in the public interest.

IX. PECO's Requested Waivers are in the Public Interest

31. PECO is seeking four waivers:

- customers will be allowed to participate whether they have a delinquency, or not;
- applicants will be allowed to participate;
- customers/applicants with a delinquency will be allowed to participate without committing to remain in the Advance Payments program until their delinquency is retired; and
- customers/applicants who have a deposit on their account when they enroll will use that deposit to fund their participation in the program.

32. Non-Delinquent Customers: It is in the public interest to allow customers to participate even if they do not have a delinquency. Early data from other utility programs suggest that use of Advance Payments programs increases customer satisfaction and helps to decrease usage. Both of those outcomes, if attainable, will be valuable for customers who do not have a delinquency and pursuing those outcomes is in the public interest. PECO therefore respectfully requests that it be granted a temporary waiver of the requirement, set forth in 52 Pa. Code §56.17(3)(i), that only customers with delinquencies are allowed to participate in a prepayment meter program. This waiver will allow PECO the opportunity to determine, with real-world experience, whether non-delinquent customers can also gain advantage from participating in an Advance Payments program.

33. Applicants: As with non-delinquent customers, applicants also would benefit from the opportunity to have increased customer satisfaction and decreased usage. In addition, an applicant can avoid use of credit deposits by enrolling in the PECO Advance Payments Plan, which may be a substantial advantage to some applicants without harming PECO or other customers. Allowing applicants to participate in the pilot program is thus in the public interest, and PECO therefore respectfully requests that it be granted a temporary waiver of the requirement, set forth in 52 Pa. Code §56.17(3)(i), that only customers are allowed to participate in a prepayment meter program.

34. Commitment to remain in program until delinquency is retired: As noted above, PECO intends to offer the PECO Advance Payments Plan to customers and applicants who do not have delinquencies. PECO would also like to offer the program to customers with delinquencies – but without requiring those customers to commit to remain in the Plan until their delinquency is retired. When a customer with a delinquency is deciding whether to volunteer to participate in the Plan, that customer will not be able to predict all of the financial and life events that may occur in their future, and that uncertainty may cause hesitation and concern about volunteering for the Plan. PECO would like to have that barrier removed, at least for the pilot phase of this program, so that a wide variety of customers can reasonably participate in the Plan. If their participation is successful, then many of them may be able to retire their delinquency while in the Plan. If that doesn't happen, however, and the delinquent customer reverts to standard service, PECO will be no worse off (or only minimally worse off, for service rendered the extra five day grace period) than it would have been if the customer had never participated. Given the potential advantage to having such customers participate and succeed; of gaining information about how these programs work; and the limited cost if the customer reverts to standard service, PECO believes it is in the public interest to remove

barriers by participation by such customer. PECO therefore respectfully requests that it be granted a temporary waiver of the requirement, set forth in 52 Pa. Code §56.17(3)(iii)(B), that, as a condition of participation, customers with a delinquency must commit to staying in the program until their delinquency is retired.

35. Use of Deposits to Fund Program Participation: The Commission's regulations allow PECO to assess deposits in certain situations, and require that PECO return the deposits to customers once certain conditions are met. PECO proposes to transfer existing deposits to fund customer participation in the program. This will allow customers who have a deposit to participate in the program without having to identify and provide additional funds. Such a transfer of funds might be seen as a return of funds to the customer, and therefore already allowable under the Commission's regulations. However, to the extent that such a transfer is not viewed as already allowable under 52 Pa. Code §56.53, PECO requests that it be granted a temporary waiver of that regulation to the extent necessary to allow the transfer of deposits to fund a customer's participation in the program.

X. Notice

36. The Commission's regulations regarding prepayment meter programs, 52 Pa. Code §57.13, require that the utility submit its Plan to the Commission, but do not require service on any external stakeholder. However, this filing also constitutes a Petition for waiver of regulations and, pursuant to 52 Pa. Code §5.41, Petitions are to be served on the Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate. PECO's Certificate of Service reflects service on those entities. In addition, PECO has served this filing on Community Legal Services and CAUSE-PA, the two

low-income advocacy groups, and on RESA, which is a generation supplier industry organization. Although PECO is not aware of any other stakeholders upon whom service or notice is required or appropriate, it also believes that publication in the Pennsylvania Bulletin may be appropriate, and asks that the Commission consider such publication.

XI. Proposed Comment Schedule

37. PECO submits that this Petition can be evaluated and resolved on the basis of written comments and reply comments. PECO therefore requests that the Commission issue a Secretarial Letter at its earliest convenience, with a filing date for comments 45 days after publication in the Pennsylvania Bulletin and a filing date for reply comments 30 days after the filing of initial comments.

XII. Conclusion

Based upon the foregoing PECO respectfully requests that the Commission:

- (1) issue a Secretarial Letter requesting written comments within 45 days, and reply comments 30 days thereafter, and
- (2) after evaluation of those comments and reply comments, issue an Order (a) stating that, except for the requested waivers, PECO's Advance Payments Plan complies with the Commission's regulations, and (b) granting the waivers sought in this filing.

Respectfully submitted,



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October 26, 2016

ATTACHMENT 1

**PECO ADVANCE PAYMENTS PLAN
OCTOBER 2016**

1. Overview: PECO's pilot Advance Payments program will allow eligible residential customers and applicants to voluntarily enter a program in which they pay their bills for utility service in advance of receiving that service.

2. Use of Pilot Program: PECO will use a pilot program, rather than a system-wide program, so that the Advance Payments opportunity can be investigated and evaluated with limited scope and exposure. This will allow stakeholders to gain real world data regarding program outcomes. Participation will be limited to approximately 1,000 customers.

3. Customer Eligibility: The program will be available to residential customers and applicants, excluding low income customers/applicants. Low income is defined as an individual who has an annual household gross income less than 150% of the Federal poverty income guidelines. Eligible participants must have a remote-capable electric AMI meter.

The program will be offered to customers or applicants with a delinquency of up to \$1,500.

Customers and applicants without delinquency will also be eligible to participate. The program is available to shopping and default service customers and applicants. The program is available to electric-only and dual service customers and applicants.

Participation in the Pilot program will be on a voluntary basis. From those who volunteer, PECO will choose approximately 1,000 participants who represent a cross section of PECO customers.

4. Customer Outreach: PECO will identify volunteer participants for the program through an outreach campaign to customers/applicants who meet the described eligibility requirements.

5. **Welcome Packet:** PECO will provide detailed information to all program applicants in a Welcome Packet. Key elements of the Welcome Packet will be: eligibility requirements, overview of the program, payment channel information, and frequently asked questions. PECO will review the Welcome Packet materials with the Bureau of Consumer Services prior to issuance.

6. **Advance Payments Balance:** Participants will fund an individual Advance Payments Balance upon enrollment in the program. On a daily basis, the Advance Payments Balance will be adjusted, based on the actual daily usage (electric or electric and gas) and any advance payments received. PECO's monthly customer charge will also be allocated daily.

7. **Funding:** Participants will fund their Advance Payments Balance with an initial payment of \$40 or greater; this amount was selected to provide multiple days of utility service to newly enrolled participants. Participants will make ongoing payments as their available Advance Payments Balance decreases with usage (electric or electric and gas). Additional funding must be made in minimum amounts of \$15. Funding may be made using all existing PECO payment channels.

8. **Deposits:** PECO will transfer existing deposits to the customer's Advance Payments Balance. Customers who have an existing deposit will therefore not be required to make a separate initial funding payment.

9. **Arrearages:** Participants with a delinquent balance will have each of their payments allocated 75% toward future service and 25% towards the arrearage.

10. **Estimated Days of Usage:** Based upon the participant's funds in the Advance Payments Balance and historical and projected usage at the premise, the system will

calculate an Estimated Days of Usage remaining. The Estimated Days of Usage will be updated daily.

11. Notifications: Each notification will provide the dollars in the Advance Payments Balance and the Estimated Days of Usage remaining. All participants will receive a notification at five days, three days, and one day prior to zero balance. In addition, participants will receive daily notifications during the emergency backup credit period, which is described below. Participants may opt to receive additional notifications. Participants will also receive notifications upon payments received, disconnections, and connections. Participants will select communication channels (text and/or email) and frequency of notifications. Participants must provide an email address and/or text-capable phone number to enable electronic communications.

12. Ongoing Access to Account Information: Customers will have access to a website and mobile application that provides Advance Payments Balance and Estimated Days of Usage remaining. Historical usage and payment data will also be provided through those platforms.

13. Emergency Backup Credits: All participants in the program will receive five days of emergency backup credits if their Advance Payments Balance reaches zero. If a customer enters an emergency backup period, the customer will receive daily notifications. Participants who utilize the emergency backup credits must pay for those credits before purchasing any additional future use.

14. Disconnection of Service: As a condition of participating in the pilot, the customer must agree that if they allow their Advance Payments Balance to drop to zero, and completely use the five day emergency backup credit, PECO may disconnect their service

and such disconnection will be treated as a “discontinuance” under 56.72(1) (relating to discontinuance of service). Disconnections will occur during PECO business days and during PECO business hours.

15. Connection of Service After Discontinuance: If a customer’s service has been discontinued pursuant to paragraph 14, service will be connected upon receipt of payment sufficient to: (1) pay for the portion of the five-day emergency backup credit used by the customer and (2) establish an Advance Payments Balance of at least \$15. Once payment is accepted by PECO, the connection process will be initiated by the next business day. No connection fees will be assessed.

16. Reverting to Standard Billing: Participants will have the option to revert to standard billing—that is, customers may leave the Pilot. Requests to revert to standard billing will be processed by the next business day. Any pre-pilot arrearages and any arrearages accrued while in the pilot will be included on the first billing statement after returning to standard billing. Upon return to standard billing, all existing credit arrangement options will be available to customers, if eligible. Customers will not be assessed a deposit as a requirement to revert back to standard billing. Deposit rules will apply once the customer is back on standard billing.

17. Monthly Reconciliations: For shopping customers, the daily information provided to the customers will be based upon generation pricing information (provided by their supplier) for the most recent month available, but not the current month (as PECO will not have the current month information at that time). At the end of each month, PECO will reconcile the Advance Payments Balance using actual pricing information from the alternative supplier. Any other adjustments needed to conform to billing requirements will

be made at this same time. Any credits from the monthly reconciliation will be credited to the customer's Advance Payments Balance by the next business day. Debits will be allocated daily over the next month to the customer's Advance Payments Balance.

18. Evaluations: A process evaluation will be undertaken during the middle of the first year of the program. The process evaluation will focus on whether the program conforms to the program design and will assess the degree to which the program operates efficiently. An impact evaluation will be undertaken by the end of the second year. The impact evaluation will focus on the degree to which the program achieves the continuation of utility service to participants at reasonable cost levels. The evaluation will include an analysis of the costs and benefits of traditional collections or alternative collections versus the costs and benefits of handling non-low income positive ability to pay customer through prepayment metering. This analysis will include comparisons of customer payment behavior, energy consumption, administrative costs and actual collection costs. PECO will initiate the pilot program sometime during, or prior to, the first quarter of 2018.

19. Cost Recovery: PECO is not seeking the recovery of any Plan costs at this time. Plan costs will be accounted for as normal operating expenses and, to the extent that they are incurred in a test year or other applicable year for the determination of rate base expenses, PECO will include Plan costs in a future electric base rate case claim. PECO is not requesting any determination at this time regarding the reasonableness or prudence of Plan expenditures.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITIES COMMISSION**

PECO ENERGY COMPANY'S :
PILOT PLAN FOR AN ADVANCE :
PAYMENTS PROGRAM SUBMITTED :
PURSUANT TO 52 PA. CODE §56.17 :
: **DOCKET NO. P-_____**
AND :
: **PECO ENERGY COMPANY'S** :
PETITION FOR TEMPORARY :
WAIVER OF PORTIONS OF THE :
COMMISSION'S REGULATIONS :
WITH RESPECT TO THAT PLAN :

**PECO ENERGY COMPANY'S PILOT PLAN FOR AN ADVANCE PAYMENTS
PROGRAM SUBMITTED PURSUANT TO 52 PA. CODE § 56.17
AND
PECO ENERGY COMPANY'S PETITION FOR TEMPORARY WAIVER OF
PORTIONS OF THE COMMISSION'S REGULATIONS WITH RESPECT TO THAT
PLAN**

CERTIFICATE OF SERVICE

I, Ward Smith, hereby certify that I have this day served a copy of the above-named filing, via first class mail, on:

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