



December 15, 2016

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

**Re: PECO Energy Company's Pilot Plan for an Advance Payments Program and
Petition for Temporary Waiver of Portions of the Commission's Regulations
with respect to that plan. Docket No. P-2016-2573023**

Dear Secretary Chiavetta:

Enclosed please find Clean Air Council's timely comment for the above captioned matter. A copy has been emailed to PECO.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Otis Minott".

Joseph Otis Minott, Esquire

A handwritten signature in black ink, appearing to read "Ernest Logan Welde".

Ernest Logan Welde, Esquire

Attorneys for Clean Air Council



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Temporary Waiver of Portions of the Commission’s Regulations with respect to that plan
Docket No. P-2016-2573023**

Dear Secretary Chiavetta,

Introduction

Clean Air Council (the “Council”) is submitting these comments to oppose PECO Energy Company’s (“PECO”) Proposal to offer residential customers Prepaid Electric Service, and its request for a temporary waiver of portions of the Pennsylvania Public Utility Commission’s (“the Commission”) regulations, currently pending at PUC Docket No. P-2016-2573023. The Council is a member-supported environmental health organization serving the Mid-Atlantic Region. The Council is dedicated to protecting and defending everyone’s right to breathe clean air. The Council works through a broad array of related sustainability and public health initiatives, using public education, community action, government oversight, and enforcement of environmental laws. The Council has worked to reduce energy consumption through energy efficiency and education since its inception. The Council has more than 10,000 members and supporters in PECO’s service territory, most of whom are PECO customers.

While the Council applauds PECO for its “outside-the-box” thinking in trying to reduce energy consumption, the Council does not believe that this proposed plan will achieve a sustainable reduction in energy consumption, that moving ratepayers from the traditional payment method (after the service has

been used) to a prepaid plan is generally a good business model for a public utility. Furthermore, the Council is concerned that waving protective regulations would be extremely harmful to PECO customers and that comments alone will not be sufficient to resolve this matter. The Council does not believe that this proposal is in the public interest.

The Council believes that PECO's proposed plan, and the request to waive regulations is not fully developed, and that there are material facts at issue that must be resolved. The Council respectfully requests that the Commission refer this matter to the Office of the Administrative Law Judge for a fully litigated proceeding. *Chester Water Auth. v. P.U.C.*, 822 A.2d 146, 152 (Pa. Commw. 2003) (holding that when material facts are at issue a hearing should be held).

Background

PECO Energy Company ("PECO") filed its Pilot Plan for an Advance Payments Program (the "Pilot Plan") and Petition for Temporary Waiver of Portions of the Commission's Regulations with respect to that plan ("Waiver") on October 26, 2016. PECO is proposing, under the Pilot Plan, to register 1,000 volunteers who will pay for their utility service (gas and electric) prior to receiving the service. PECO also is seeking "a waiver of several portions of the Commission's regulations." *Pilot Plan* at 2.

Prepaid metering is allowed under the Commission's regulations. 52 Pa. Code §56.17. Since 1978, when the regulations were amended to allow prepaid metering, there have been no instances of this type of service plan in Pennsylvania. *Pilot Plan* at 3. PECO states that, now that it has completed the Advanced Meter Infrastructure ("AMI"), it has the ability to remotely connect and disconnect ("RCD") residential customers. *Id.* While there are no examples of this type of service in Pennsylvania, PECO states that there are at least 55 programs of this type nationally. *Id.*

PECO has requested that this matter be resolved by submission of written comments and reply comments. The Commission has set a comment deadline of December 15, 2016 and reply comment deadline of January 16, 2017.

PECO Claims the Pilot Plan Will Reduce Energy Consumption

As stated above, Clean Air Council has been deeply concerned with ever-increasing energy consumption and has worked, through education and legal actions, to reduce both residential and commercial energy usage. The Council was very hopeful when PECO began to implement the AMI. That technology offered the hope of instant feedback from PECO to its customers with information like: when is it best to use energy intensive appliances, when a customer is exceeding traditional usage, how a customer's energy use

compares to others in similar situations, or, simply, how a customer can reduce their energy use. PECO, to its credit, has implemented many of these. Technology is a great tool to help customers reduce energy consumption.

While technology can be positive, it can also invite negative use. The Council does not believe that just because PECO now has the technology for RCD it should be used to push customers into prepayment plans. PECO states that customers who are placed in prepayment plans consume less energy. While this may be true, the Council is concerned that the reduction in use is derived, for the most part, from deprivation rather than from true conservation. Deprivation would likely create health and safety issues and, as such, should not be used as a method to foster conservation.

The Council appreciates PECO's enthusiasm for giving more control to their customers regarding energy use and cost, however, the Council does not believe that these must only exist in a prepaid plan; there must exist the ability for PECO to allow its customers to control use and costs without requiring customers to pay in advance. For example, PECO could establish a voluntary pilot program that gives those customers daily reminders (through text message or email) regarding their consumption, the amount they have spent so far that month, tips regarding energy use, etc. PECO could, with RCD, allow customers who travel frequently to disconnect their service for the time they are away from home; this would reduce phantom load. Since it is now so easy to connect and disconnect service, PECO should allow customers to do this at any point, for any duration. Another option that would allow greater flexibility for customers would be to offer dynamic pricing, or time-of-use rates. By allowing customers the opportunity to shift their energy use to take advantage of lower rates, PECO would give customers greater control over how much customers spend on their bill.

The Council does not believe that there is any reason why PECO must enroll customers in this Pilot Plan, requiring prepayments, as the only way to give its customers greater control over their energy consumption and costs.

Who Benefits from The Pilot Plan?

PECO's Pilot Plan does not provide enough details to fully analyze their proposal. It is difficult to determine what party, other than PECO, will benefit from this plan. From PECO's perspective, arrearages would potentially drop to zero, and PECO will receive an upfront loan from every one of its customers. From the customers' perspective, the only obvious benefit would be that certain customers would not have to pay a deposit to initiate service. PECO states that it is beneficial to be able to know upfront how much one will spend on a utility bill, but, as stated above, PECO could, with this current technology, send

daily updates which would allow customers to track the amount they are spending each month; with that information a customer could reduce their use if the amount exceeded their budget. Another obvious disadvantage to customers is that there is a potential to incur small, but significant fees from the upfront payments. The Pilot Plan does not make it clear whether fees will apply or not. PECO could also offer a discount to customers who opt to pay upfront.

Another potential disadvantage to customers, and to Pennsylvania's air quality, is that if customers are disconnected for a few days each month, customers would be forced to rely on alternate sources of heat, their gas ovens or oil-fired heaters. This raises tremendous health concerns, and has the potential to endanger lives.

Simply put, PECO's Pilot Plan is not detailed enough to determine how customers will benefit from it; PECO seems to be the main beneficiary.

Ancillary Concerns

Although Clean Air Council focuses on environmental and health issues, it is obvious that this Pilot Program has the real possibility of being onerous on low- and mid-income customers. It is often the case that Philadelphia residents must choose between "eating and heating." Many families face the difficult choice of paying for their utility bills or providing other necessities for themselves and their families. By terminating service shortly after the prepaid amount is exhausted, many families will likely face frequent disconnections.

This is further exacerbated by the fact that PECO is requesting a waiver of certain safety provisions provided for by the Commission. This Waiver is troubling and has the potential to force many customers to suffer without energy. In addition, because the service would be "discontinued" instead of "terminated," these customers would likely not qualify for Hardship Funds or LIHEAP Crisis assistance.

For these reasons Clean Air Council supports the comments submitted by Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (TURN et al.), and the Office of Consumer Advocate (OCA) in regards to customer protection.

PECO's Pilot Plan and Waiver Do Not Offer Long-term Solutions and Is Not Fully Developed

Customers in general, and specifically in PECO's service territory do need real solutions regarding their energy service. Some customers are using too much and need help to control their use, and some

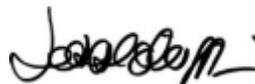
customers are not able to afford even the basic services. With the technology that PECO now has (AMI and RCD) it is possible that PECO could ameliorate these concerns in a long-term fashion. The plan as currently submitted does not address these issues in a sustainable manner. In addition, the Pilot Plan is not developed enough to determine who will benefit and how.

Conclusion

The Council appreciates PECO's efforts in creating a proposal that has the potential to reduce energy use among its customers. Unfortunately, the Council does not believe that the Pilot Plan, as submitted, is one that will create real energy conservation, and will have a much larger negative economic and health impact on residents in PECO's service territory. The Council also would need a much more developed Pilot Plan in order to understand who will benefit from it.

The Council does not support PECO's Pilot Plan or the Waiver. The Council believes that there are material facts at issue and respectfully requests that the Commission refer this matter to the Office of the Administrative Law Judge for a fully litigated proceeding.

Sincerely,



Joseph Otis Minott, Esquire



Ernest Logan Welde, Esquire

Attorneys for Clean Air Council