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June 25, 2018

VIA FIRST CLASS MAIL

Eranda Vero, Adm. Law Judge
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107

**Re: Salwa Mohamed v. PECO Energy Company
PUC Docket No. F-2018-3001318**

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Dear Judge Vero:

Pursuant to Your Honor's instruction at the Thursday, June 21, 2018, in person hearing, please find enclosed three copies of PECO Energy's late filed Exhibits as follows:

- (1) Exhibit 7: PECO Universal Services Three-Year Plan 2016-2018, page 50. CAP Program requirements: "Pay their CAP Rate bills on time and in full each month, or late charges will be assessed on past-due balances..."
- (2) Exhibit 8: PECO – Tariff - Customer Assistance Program (CAP) Rider. "The details of the FCO calculation can be found in the PECO Universal Service and Energy Conservation Plan at Docket No. M-2015-2507139."

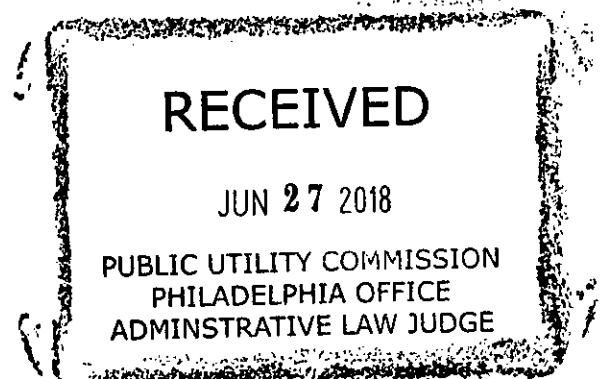
If Your Honor has any questions or you require additional testimony on these exhibits, please do not hesitate to contact me directly at 215-841-6841.

Very truly yours,



Shawane L. Lee
Assistant General Counsel, PECO
Encl.

cc: Salwa Mohamed (*via first class mail*)



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PUBLIC UTILITY COMMISSION
PHILADELPHIA OFFICE
ADMINISTRATIVE LAW JUDGE

EXHIBIT "7"

**PECO Energy Company
Universal Services
Three-Year Plan
2016 to 2018**

**Prepared by:
Patricia King
Manager, Universal Services**

Submitted October 1, 2015

Verification is required <u>every two years</u>	<i>least the monthly minimum)</i>	CAP Option E1 Gas Residential Heating Svc	Total bill	\$25.00
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Note: Gas rates will be adjusted quarterly based on natural gas market prices

B. Eligibility Criteria and Program Requirements for CAP Rate

1. **Eligibility Criteria:** A customer with a verified total household gross income at or below 150% of the FPL is eligible for PECO's CAP Rate program. The CAP Rate discount is dependent upon the FPL tier of the household. There are 14 CAP Rates (7 electric and 7 gas) available to PECO's low-income customers.

2. **Program requirements:**

- Complete a CAP Rate application, or be previously approved through fuel assistance or state agency requirements
- As directed by the Commission's April 4, 2013 Order (p. 52, concluding paragraph 5), PECO will request but will not require a social security or ITIN number for the customer of record or any household member for purposes of enrollment into CAP.
- Provide proof of gross income for all household members. PECO may also consider the income of household members who have not reached the age of majority. As directed by the Commission's April 4, 2013 Order (p. 53, concluding paragraph 6), if a customer or any household member 18 years of age or older claims no income, the customer or household member must provide a statement demonstrating how they pay their monthly expenses.
- Customers with multiple accounts qualify for CAP Rate only at one premise
- Provide PECO permission to verify their income with state agencies
- Pay their CAP Rate bills on time and in full each month, or late charges will be assessed on past-due balances and service may be terminated
- Participate in energy reduction and conservation programs offered by PECO (i.e. LIURP) if identified as high-usage per LIURP usage guidelines
- Currently, CAP customers can not have an alternative generation supplier. Starting in April 2014, CAP customers will be able to shop for an alternative electric supplier. As of March 2014, CAP Shopping was suspended indefinitely per court order
- Agree to re-certification for the respective cycle based on CAP rate tier (every 2 years for CAP Rates B – E1 or every year for CAP Rate A)
- CAP Rate customers are encouraged to apply for a Low Income Home Energy Assistance Program (LIHEAP) grant each LIHEAP season
- Report any change in household income to PECO right away
- CAP customers must submit to investigation if fraud is suspected. Investigations may include a credit check and other income verification methods.



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EXHIBIT "8"

Customer Assistance Program (CAP) Rider

AVAILABILITY.

To payment-troubled customers who are currently served under or otherwise qualify for Rate R, or RH (excluding multiple dwelling unit buildings consisting of two to five dwelling units). Customers must apply for the rates contained in this rider and must demonstrate annual household gross income at or below 150% of the Federal Poverty guidelines. In addition, these customers will not be able to obtain Competitive Energy Supply.

Based on the applicable level of income, number of household members, and their historical usage CAP customers will receive a Fixed Credit Option ("FCO") based upon that individual household's need. The details of the FCO calculation can be found in the PECO Universal Service and Energy Conservation Plan at Docket No. M-2015-2507139. (C)

DISCOUNT LEVELS: The Company will modify the level of discounts every quarter to adjust for changes in Customer usage as well as any Rate changes which may have occurred. (C)

CERTIFICATION/VERIFICATION Prior to enrollment in the CAP Rider, and then again every two years, customers must verify, to PECO's satisfaction, that their household income level meets the "Availability" standards set forth in this Rider. Customers being considered for the CAP Rider will be required to:

- Provide information sufficient to demonstrate to PECO their household income level.
- Waive certain privacy rights to enable PECO to effectively conduct the above certification process.
- Participate in energy reduction and conservation programs offered by PECO, if identified as high-usage. (C)

CAP customers are also encouraged to apply for a Low Income Home Energy Assistance Program ("LIHEAP") grant each LIHEAP season.

PECO may, at its sole discretion, supplement this verification process by using data from Commonwealth or federal government programs which demonstrate the income eligibility of its customers. Such data may come from a customer's participation in, or receipt of benefits from, the Low Income Home Energy Assistance Program, Temporary Assistance for Needy Families, Food Stamps, Supplemental Security Income, and Medicaid. Information available from the Pennsylvania Department of Revenue may also be used where appropriate to expedite the process.

MINIMUM CHARGE. The minimum charge per month will be the \$12 for Residential customers or \$30 for Residential Heating customers. (C)

ARREARAGE.

Customers who qualify and are enrolled in CAP will have their pre-program arrearage ("PPA") forgiven if the Customer pays his / her new, discounted CAP bill on time and in full each month. With every full and on-time monthly payment, one-twelfth of the PPA will be forgiven. PECO allows for customers who may have missed a PPA "forgiveness" due to late or missed payments to "catch-up" on missed forgivenesses. Whenever a customer brings their bill current during the initial 12-month period of PPA set-up, PECO will forgive any missed forgivenesses the customer did not receive during that time. If the customer brings their bill current after the 12-month period or beyond, PECO will forgive all missed forgivenesses.

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ATTACHMENT B

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CAP FCO Calculation:

Prior to October 2016, the 2013 – 2015 PECO 3-Year Plan Settlement will continue to govern CAP program activities. Post October 2016, the CAP FCO program activities will govern PECO's CAP. The FCO calculation is outlined below;

Fixed Credit Option (FCO) Calculation

A. FCO/CAP Design

1. Determination of Credits:

Beginning with PECO's October 2016 IT push, PECO will implement a new design for its Customer Assistance Program ("CAP"). The new CAP design will be based upon the Fixed Credit Option ("FCO"), with customer benefits calculated as follows:

Step 1: Determine customer's prior year's undiscounted charges:

- For each CAP customer, PECO will review the customer's bills at that residence for the prior 12 months and determine the dollar amount that the customer would have been charged *on an undiscounted basis* in those prior 12 months for their PECO-supplied utility service, including both the regulated and unregulated portions of that service (that is, including generation service, whether obtained from an EGS or PECO, and natural gas commodity service, whether obtained from an NGS or PECO) (the "Base Charge(s)").
- For regulated charges, the undiscounted charge will be calculated using the PECO tariff rates in effect for the time period being examined. For generation charges, the undiscounted charges will be calculated using PECO's generation price-to-compare ("PTC") for the time period being examined. For natural gas commodity charges, the undiscounted charges will be calculated using PECO's natural gas PTC for the time period being examined. (For the effect of base rate cases and quarterly GSA filings on determination of Base Charges, see Step 6 below.)
- Pro forma method of determining prior year's usage: If the customer does not have 12 months of prior service at their current residence at the time the above calculation is conducted, then PECO will create a pro forma profile to calculate that customer's trailing twelve months

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York County

5 Pendryus Street, Suite 2

Delta, PA 17314

Telephone: 717-456-5559

Fax: 717-456-6508

www.mason-dixon.org

Neighborhood Energy Centers

- New Kensington – 215-427-0350
- ACHIEVEability – 215-748-8838
- Congreso de Latinos Unidos, Inc. – 215-763-8870
- Germantown Ave. Crisis Ministry – 215-843-2340
- HACE – 215-426-8025
- Hunting Park NAC – 215-225-5560
- United Communities – 215 467-8700
- Diversified Community Services – 215 336-3511
- Southwest CDC – 215 729-0800
- We Never Say Never – 215 452-0440
- Strawberry Mansion – 215 235-7505
- Center in the Park – 215 848-7722
- Nicetown CDC – 215 329-1824
- GPASS – 215 456-0308

PECO continually seeks community based organizations (CBOs) that provide opportunities and access to resources that offer assistance to our low-income, residential customers. Through direct outreach, PECO seeks to leverage customer assistance throughout our service territory. PECO continues to provide advocacy for federal funding when available.

Note: Contact information for the aforementioned CBOs, inclusive of PECO's MEAF agencies, can change during the years governing this 3-Year Plan.

usage/charges. The pro forma profile will be based on the following, in order of preference if data is available:¹

- Usage at that residence by the customer for the months available and actual usage by prior customers for the months unavailable.
 - Usage at that residence by prior customers;
 - Usage at similar residences or CAP residences in the same area; or
 - System-wide usage or CAP usage averages.
- PECO will prepare a weather normalization table that compares the weather in each of the trailing twelve months to “normal” weather for that calendar month, and which gives an adjustment factor to normalize usage and charges for each month on a weather-adjusted basis. This chart will be updated each month so that, at any time, PECO has available adjustment factors for the trailing 12 months. Once PECO has determined the Base Charges, those charges will be weather-normalized using the weather normalization table to create the “Weather-Normalized Base Charges.”

Step 2: Determine Verified Household Income and Federal Poverty Level:

- PECO’s existing income verification procedures will be used to determine Verified Household Income. PECO will then use that information and the number of people in the household to determine the household’s Federal Poverty Level².

Step 3: Determine customer’s allowable Energy Burden:

- Once the household’s Federal Poverty Level has been determined, PECO will determine the household’s allowable Energy Burden, as follows:³

Table I: Energy Burdens

¹ Because of the quarterly recalculations discussed in Step 6 below, these pro forma calculations will start to be replaced by data on the customer’s actual usage three months after the pro forma calculation is done.

² A customer’s Federal Poverty Level percentage will be determined by reference to the then-current version of the Federal Poverty Guidelines published by the Federal Department of Health and Human Services.

³ The table is based upon the ranges found at 52 Pa. Code §69.265 (2)(i)(A). In each case, the energy burden listed in the table is the maximum allowable energy burden for that poverty level. If the Commission changes the energy burden ranges set forth in its Policy Statement, PECO will utilize the new maximum allowable energy burden for each poverty level.

FPL	Electric Non-Heating ⁴	Electric Heating ⁵	Electric with Gas Heating ⁶
0-50%	5%	13%	13%
51-100%	6%	16%	16%
101-150%	7%	17%	17%

Step 4: Calculate customer's Annual Credit:

- PECO will determine the customer's Annual Credit by multiplying the Verified Household Income times that household's allowable Energy Burden to determine an Annual CAP Bill amount. The Annual CAP Bill will then be subtracted from the Weather-Normalized Base Charges; the resulting amount is the Annual Credit amount for that household. That is: Weather-Normalized Base Charges – Annual CAP Bill = Annual Credit.

The maximum Annual Credit for any household will be as follows:⁷

⁴ Applies to PECO Rate R customers who use a non-PECO heating fuel source, including PGW, propane, and oil.

⁵ Applies to PECO Rate RH customers.

⁶ Applies to PECO dual commodity customers.

⁷ The maximum Annual Credit was calculated to provide bills within Commission energy burden guidelines to approximately 93% of Rate R customers (including dual fuel customers), and approximately 96% of Rate RH customers. In addition, application of the Commission-required minimum monthly bills (\$12 for Rate R; \$30 for Rate RH) results in bills above Commission energy burden guidelines for approximately 6% of PECO's CAP customers overall. The combination of those two effects will result in 12% of PECO's Rate R, and 10% for PECO's Rate RH, with bills exceeding Commission energy burden guidelines, assuming a normal weather year.

The maximum Annual Credit levels set forth above will remain at these levels for four years after the program is implemented in October 2016. After four years, PECO will confer with the other signatories to determine whether there is a consensus new maximum Annual Credit level. If so, PECO will adopt that new level in its next-filed Three-Year Plan. If no consensus is reached, PECO may propose a new maximum Annual Credit level in its next-filed Three-Year Plan.

The maximum Annual Credits set forth in the table have been determined in an effort to reduce the number of CAP customers whose bills exceed commission energy burden guidelines. The Commission has previously granted PECO permission to apply maximum annual credits on a system-wide average, rather than as an individual customer limit. This settlement continues that practice. See also section A3 (Cost Containment) below.

Table 2: Maximum Annual Credits

FPL	Electric Non-Heating (Rate R) ⁸	Electric Heating (Rate RH) ⁹	Electric with Gas Heating (PECO Dual Commodity Customer) ¹⁰
0-50%	\$2,048	\$2,922	Same as Rate R for electric service; no maximum for gas service ¹¹
51-100%	\$1,389	\$1,881	
101-150%	\$1,241	\$1,661	

(These are the credit limits for any given household. PECO will also continue to apply a system-wide cost containment mechanism in which the total cost of its program is limited to the number of participants in the program times the inflation-adjusted Maximum Annual Credit set forth set forth in the Commission's guidelines at 52 Pa. Code § 69.265(3)(v).)

Step 5: Apply Annual Credit to Bill:

PECO will apply the total dollar amount of the Annual Credit over the course of the year. The credits will be applied in a manner intended to track the seasonal nature of usage, using the following monthly percentage¹²:

⁸ If PECO is granted an electric base rate increase, the maximum allowable credits will be increased by a percentage equal to the system-wide residential distribution rate increase, applied to the portion of the Maximum Credit that is attributable to distribution rates.

⁹ If PECO is granted an electric base rate increase, the maximum allowable credits will be increased by a percentage equal to the system-wide residential heating distribution rate increase, applied to the portion of the Maximum Credit that is attributable to distribution rates.

¹⁰ If PECO is granted a gas base rate increase, the maximum allowable credits will be increased by a percentage equal to the system-wide residential distribution rate increase, applied to the portion of the Maximum Credit that is attributable to distribution rates.

¹¹ This continues PECO's current gas CAP program policy.

¹² PECO may adjust these percentages to reflect the most current data available to it at any given time. However, any such adjustments will affect only the distribution of the Annual Credit to bills, not the amount of the Annual Credit.

Table 3: Seasonality Distribution

Month	Rate R	Rate RH	Gas
Jan	9.6%	13.9%	20.6%
Feb	8.9%	14.2%	19.5%
Mar	8.9%	12.2%	14.5%
Apr	7.0%	9.0%	9.6%
May	5.8%	5.3%	4.5%
June	7.7%	5.2%	2.6%
July	11.3%	6.4%	2.0%
Aug	10.6%	5.9%	1.8%
Sept	9.3%	5.4%	2.0%
Oct	6.6%	4.5%	2.6%
Nov	6.6%	6.4%	6.9%
Dec	8.7%	11.7%	13.6%
Total	100.0%	100.0%	100.0%

- Credits will be applied on a “rolling” basis; that is, if the customer’s credit in a month exceeds the outstanding balance, the credit will be “rolled” forward to future months and used to offset future balances.

Step 6: Periodic Recalculation and Adjustment of Annual Credit

- PECO will recalculate Step 2 for each customer during a biennial certification and recalculation. At that time, each customer will be required to re-verify their income level and size of household.
- PECO will recalculate Steps 1, 3, 4 and 5 annually to determine a new Annual Credit for each customer. PECO will perform this recalculation on or near the anniversary of a customer’s enrollment in the FCO, but retains the right to spread the recalculation event across the full calendar year for work management purposes.
- Every three months, PECO will recalculate Step 1 using the customer’s most recent three months’ data on usage/charges. PECO will then use the results of the Step 1 recalculation as inputs to complete Steps 2 through 5 to determine a Quarterly Recalculation of the Annual Credit. The adjusted Annual Credit will be applied to bills on a going-forward basis. This quarterly recalculation will be coordinated with the results of PECO’s quarterly Generation Services Adjustment filing and approval so that, in each such quarterly

adjustment, PECO's just-approved PTC will replace the oldest three months of PTC data in the underlying calculation.

- At any time during the year, a customer may verify to PECO that their household income or size of household has changed. Upon completion of that verification, if the changes result in a change in FPL tier, then PECO will recalculate Steps 1 through 5 to determine and apply a new Annual Credit for that household. The new Annual Credit will be applied prospectively beginning with the next monthly bill after the recalculation is completed and processed through PECO's billing system.
- At any time during the year, a customer may verify to PECO that a member of their household has increased usage as a result of medical reasons documented by a medical professional and that such increased, medically-driven usage is expected to be a part of that customer's long-term (more than 12 months) usage pattern. PECO will verify, through field visits or otherwise, that the increased usage is expected to be long-term. Upon such verification, PECO will increase the customer's Annual Credit by an amount equal to the estimated charges for increased usage as a result of medical equipment for the remainder of that quarter, provided however that the Annual Credit cannot exceed the maximum Annual Credit specified above in Step 4.

Step 7: New entrants to CAP program after program begins

- Customers who enter CAP after the FCO program begins will be required to verify income and household size. PECO will then apply Steps 1 through 6 to the new CAP participant.

2. Customers Who Do Not Receive An Annual Credit

- In the FCO, it is possible for a customer to be income-eligible for CAP (defined as having income of less than 150% of the Federal Poverty Level), but nonetheless receive a \$0 credit.
- Phase-Out Benefit: PECO estimates that, under the FCO approach, approximately 40,000 households that receive rate discounts under PECO's current program will not receive discounts under the FCO. PECO will identify the individuals in that category as of the October 2016 FCO implementation date and, for that population, will provide a Phase-Out Benefit of \$50 per household. The Phase-Out Benefit will be provided as a monthly bill credit of \$4.17 for each month the household continues to take service, up to a maximum of 12 consecutive months

- **Other Benefits:** Any customer who is verified to be eligible for CAP, but who does not receive an Annual Credit, will nonetheless be eligible for any other benefits that may be available to CAP customers including, but not limited to, PPA forgiveness, LIURP priority, etc., according to the terms of those program components.

3. Cost Containment

- **Minimum monthly billing amounts:** The Commission's CAP Guidelines, 52 Pa. Code §69.265(3)(i), state that CAP participant payments should be at least:
 - Rate R: \$12 per month
 - Rate RH: \$30 per month
 - Gas Heat: \$25 per month
- **Each monthly bill rendered under this program will have an asked-to-pay amount equal or greater to these monthly minimums, even if a rolling credit creates an overall credit or owed amount of less than the applicable minimum (\$12, \$25 or \$30).**
- **Maximum Annual Credits:** The maximum Annual Credits set forth in Table 2 of this settlement exceed the maximum annual credits set forth in the Commission's guidelines at 52 Pa. Code § 69.265(3)(v). However, the Commission has previously granted PECO permission to apply those maximum annual credits on a system-wide average, rather than as an individual customer limit. This practice will continue.