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January 14, 2019

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

**RE: Pennsylvania Public Utility Commission, Bureau of Investigation
& Enforcement v. PECO Energy Company
Docket No. M-2018-2531404**

Dear Secretary Chiavetta:

PECO Energy Company's *Reply Comments* are enclosed for filing.

Very truly yours,



Ward L. Smith
Assistant General Counsel

WLS/adz
Attachment

c: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
Bureau of Investigation and Enforcement	:	
	:	
v.	:	Docket No. M-2018-2531404
	:	
PECO Energy Company	:	

Reply Comments of PECO Energy Company

On April 30, 2018, the Commission’s Bureau of Investigation and Enforcement (“BI&E”) and PECO Energy Company (“PECO”) jointly filed a Proposed Settlement that addresses certain matters related to PECO’s winter termination procedures. On December 20, 2018, the Commission issued an Opinion and Order in which it published the Proposed Settlement and invited public comments on or before January 9, 2019. On January 9, 2019, one set of comments were filed by the Low-Income Advocates.¹

The Commission’s December 20, 2018 Opinion and Order did not make provision for Reply Comments. However, the Low-Income Advocates’ comments state that Commission should not reach final resolution on the Proposed Settlement until certain additional information is received from PECO. The Low-Income Advocates also recommend material changes to the terms and conditions of the Proposed Settlement.

¹The comments were filed by the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN *et al.*”) together with the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), which requested in their Comments (p. 1) that they jointly be referred to as the “Low-Income Advocates.”

In these Reply Comments, PECO provides the requested additional information. In addition, PECO briefly states whether the proposed modifications to the terms and conditions of the Proposed Settlement are acceptable to it.² PECO believes that this additional information will facilitate the Commission's timely evaluation of the Joint Settlement; PECO therefore requests that the Commission accept these Reply Comments.

1. Implementing Tariff Language

The Low-Income Advocates first note (pp. 2-4 and 6-8) that the Joint Settlement does not contain proposed tariff language to implement the Proposed Settlement.

Typically – although not always -- implementing tariff language is provided at the compliance filing stage of proceedings, after the Commission has ruled on the substance of the underlying dispute, and the Proposed Settlement follows that model.³

With that said, PECO provided tariff language to BI&E in numerous drafts during negotiations, resulting in final draft tariff language being provided to BI&E on July 17, 2018.

² See Proposed Settlement, ¶39: "If the Commission fails to approve by tentative and final order this Settlement Agreement, including any of the terms or conditions set forth herein, without modification, addition, or deletion, then either party may elect to withdraw from this Settlement Agreement by filing a withdrawal in response to the tentative or final order within twenty (20) days of the date the tentative or final order is entered."

³ See Proposed Settlement, ¶32: "Pending Commission approval of the terms and Conditions of the Settlement Agreement, PECO shall file a supplement to its electric tariff that more comprehensively outlines its revised winter termination procedures;" Proposed Ordering Paragraph 4: "That, within sixty (60) days of the date this Order becomes final, PECO Energy Company shall file with the Commission a tariff supplement outlining its enhanced winter termination procedures;" Opinion and Order, p. 6: ("The Settlement also requires PECO to submit a draft tariff supplement for approval to the Commission within sixty days after a final Commission Order. Pursuant to the Settlement, the tariff supplement will enhance the Company's current procedure and would succeed the current tariff language in Tariff Supplement No. 34.")

PECO also provided the final draft tariff language to the Low-Income Advocates on July 25, 2018. It has no objection to further publishing its proposed final draft tariff language.

A copy of PECO's final draft tariff language is thus attached to these Reply Comments as Attachment A.

2. Verbal Reporting of Low-Income Status

The Low-Income Advocates also argue (pp. 5-6) that PECO should not require documentary verification of low-income status, but instead should accept "verbal reporting" of low-income status. This is a material change to the terms and conditions of the Proposed Settlement that, in PECO's view, completely undercuts the agreed-upon procedure for verifying income status prior to winter termination. PECO's procedures give customers multiple opportunities, prior to termination, to demonstrate that they are low-income – but those procedures do require more than a verbal statement from the customer. (PECO is concerned, among other things, that some customers who are not low-income and thus not eligible for low-income protections might nonetheless verbally state that they are low-income, if they know they don't have to prove that verbal statement and can avoid termination by making that verbal statement.) PECO thus considers this to be a request for a material change to the terms and conditions of the Proposed Settlement that is not acceptable to PECO.

3. Matching Energy Assistance Fund

The Joint Settlement (§27a) proposes that PECO will increase the matching funds allocated to its Matching Energy Assistance Fund by \$20,000. The Low-Income Advocates argue (pp. 9-10), that, rather than increasing its matching allocation, PECO should "simply increase its Hardship Fund by \$20,000 and not require the funds to be matched before they are made available."

As its name implies, PECO's Matching Energy Assistance Fund is a matching program. There is no separate MEAF budget or mechanism to provide direct contributions to local community-based organizations ("CBO") or other recipients.

Indeed, it appears that the only method by which PECO could implement the Low-Income Advocates' suggestion would be for PECO to make a \$20,000 contribution to a CBO outside of PECO's MEAF program. The difficulty with this approach is that the CBO would then be able to approach PECO and request that PECO provide a MEAF match for the \$20,000, which would result in a total PECO contribution of \$40,000 – which is double the amount agreed to in negotiations with BI&E. Such a doubling is a material change in a Proposed Settlement term and is not acceptable to PECO.

4. Annual Training

The Joint Settlement (§27c) proposes that PECO will "continue to ensure that its employees are reminded of the Commission's regulations regarding winter termination procedures, with an emphasis on income verification and protections for low-income customers."⁴ The Low-Income Advocates argue (p. 10) that the Commission should require PECO to implement that commitment via annual employee training just prior to the winter period.

PECO may well implement this commitment via annual training prior to the winter period. However, whether PECO uses that method or some other method to meet its commitment is a matter of managerial discretion and judgment. In PECO's view, the Low-

⁴ See also Opinion and Order, p. 6: "Additionally, PECO will continue to ensure that its employees are reminded of the Commission's Regulations regarding winter termination procedures "with an emphasis on income verification and protections for low-income customers."

Income Advocates are inappropriately requesting the Commission to co-manage the details of PECO's program to direct the method that PECO must use to meet its regulatory commitments. In PECO's view, that is not an acceptable level of detail to be included in a settlement or a Commission Order.

Conclusion

For the reasons set forth above, PECO requests that the Commission accept and adopt the Proposed Settlement negotiated by BI&E and PECO, without modification to its terms and conditions.

Respectfully submitted:



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January 14, 2019

Docket No. M-1018-2531404

Attachment A

PECO Proposed Tariff Language

RULES AND REGULATIONS (continued)

17.7 CALCULATION OF LATE FEE. Where a late fee is applicable, the amount of the late fee to be added to the unpaid balance shall be calculated by multiplying the unpaid past due balance, exclusive of any previous unpaid late fees, by the appropriate late fee rate.

17.8 TAX EXEMPTION. If a customer is tax exempt, the customer must provide a tax exempt form to PECO Energy and to its EGS, regardless of which billing option the customer chooses.

17.9 BILLING ERRORS. When the Company provides Consolidated EDC Billing, PECO Energy shall not be responsible for billing errors resulting from incorrect price information received from an EGS.

17.10 RETURNED PAYMENT CHARGE. If a check (electronic or paper) received in payment of a customer's account is returned to the Company unpaid or if upon a second attempt by the Company or its agent for payment the check is again returned unpaid, then the Company will add a returned payment charge to the customer's account in the amount of **\$20.00**. (C)

17.11 APPLICABILITY TO CUSTOMERS RESIDING AT PLACE OF BUSINESS. For purposes of all of the provisions of Rule 17, when a customer resides at a place of business or commercial establishment legitimately served pursuant to a commercial or industrial Base Rate, that is not a residential dwelling unit attached thereto, the customer is not thereby entitled to any of the protections in the Public Utility Code or the Commission's regulations implementing the Pennsylvania Public Utility Code, or to any of the provisions of these rules or this Tariff, that apply exclusively to payment terms for residential customers.

18. PAYMENT TERMS & TERMINATION OF SERVICE

18.1 NON-PAYMENT TERMINATION. When the Company is providing either Consolidated EDC Billing or Separate EDC Billing, the customer is subject to collection action, including termination of service (in accordance with the Pennsylvania Public Utility Code or the Commission's regulations, on the portion of the past due amount attributable to the Company's charges for: (1) service, (2) Energy and Capacity and (3) to Customer EGS Receivables purchased by the Company. Upon termination of service, the Company may also remove its equipment. Notice that complies with applicable Commission regulations shall conclusively be considered to be "reasonable" hereunder Consistent with 52 PA Code §56.100, the Company will accept the following most current and valid documents as proof of household income: (1) income tax returns; (2) pay stubs; (3) benefit letters and governmental agency verification; (4) other forms to be accepted at the Company's discretion. The customer must provide this information within 10 days of the Company's request. This information may also be used by the company to determine deposit requirements, payment arrangements, and any other income specific program.

18.1.1 WINTER TERMINATIONS FOR NON-PAYMENT.- Consistent with 52 PA Code §56.100, The Company will take the following steps for terminations for non-payment during the winter period, defined as December 1-March 31:

A. Verified Low-Income Customers: For customers for whom the Company has received verified proof that the household has income of less than 250% of the Federal Poverty Level, the Company will not pursue termination for non-payment during the winter period unless the Company receives Commission approval, via a petition filed pursuant to 52 Pa. Code §56.100(g), to terminate service for non-payment. For purposes of this section, the following will be accepted as verified proof that the household has income of less than 250% of the Federal Poverty Level:

1. Enrollment in PECO's CAP program at any time within two years prior to the issuance of the winter termination notice;
2. Receipt of a LIHEAP grant at any time within two years prior to the issuance of the winter termination notice;
3. Receipt of a MEAF grant at any time within two years prior to the issuance of the winter termination notice;
4. Receipt of verified documentation of low-income status in response to an Income Inquiry Letter, as described below.
5. Other verified documentation that the household's income is below 250% of the Federal Poverty Level, as long as such documentation was received within two years prior to the issuance of the winter termination notice;
6. UNLESS, after the verification described above, the customer has informed the Company that they no longer have income below 250% of the Federal Poverty Level.

B. Verified Non-Low-Income Customers: For customers for whom the Company has received verified proof that the household has income of greater than 250% of the Federal Poverty Level, the Company will pursue termination for non-payment during the winter period utilizing the termination notices and procedures that would be followed outside of the winter period.

C. Customers with Non-Verified Income Levels: For all other customers, prior to proceeding with termination for non-payment, the Company will:

1. Send the customer a letter (the "Income Inquiry Letter") informing the customer that the Company does not have verified income information for the customer and that the customer is subject to termination for non-payment during the winter period;
2. If the customer responds with verified income information demonstrating that the household income is less than 250% of the Federal Poverty Level, treat that household as Verified Low-Income for purposes of winter termination;
3. If the customer responds with verified income information demonstrating that the household income is greater than 250% of the Federal Poverty Level, OR if the customer does not respond to the Income Inquiry Letter, or responds to the Income Inquiry Letter without providing verified documentation of income level, the Company will pursue termination for non-payment during the winter period utilizing the termination notices and procedures that would be followed outside of the winter period.
4. If the customer fails to respond to the Income Inquiry Letter or responds without providing verified income information, the Company will attempt to contact the customer via telephone to inform the customer of their duty to provide verified income information. If contact is made and verified income information is not provided by the customer, or if contact is not made, the Company will pursue termination for non-payment during the winter period utilizing the termination notices and procedures that would be followed outside of the winter period.

18.2 PAYMENT TERMS. When the Company is providing either Consolidated EDC Billing or Separate EDC Billing, the Company will in accordance with Pennsylvania Public Utility Law and applicable Pennsylvania Public Utility Commission Regulations and Orders, negotiate payment arrangements on the portion of the past due amount attributable to its charges for: (1) service (2) Energy and Capacity and (3) to Customer EGS Receivables purchased by the Company. However, the Company will not negotiate payment arrangements on behalf of an EGS.

18.3 TERMINATION FOR CAUSE. The Company may terminate on reasonable notice if entry to the meter or meters is refused or if access thereto is obstructed or hazardous; or if utility service is taken without the knowledge or approval of the Company; or for other violation of these Rules and Regulations and/or applicable Commission rules, including those found at Pennsylvania Public Utility Code or the Commission's regulations.

18.4 SAFETY TERMINATION. The Company may terminate without notice if the customer's installation has become hazardous or defective.

18.5 DEFECTIVE EQUIPMENT TERMINATION. The Company may terminate without notice if the customer's equipment or use thereof might injuriously affect the equipment of the Company, or the Company's service to other customers; or if a certificate of approval is refused after a re-examination of the customer's installation by a competent inspection agency authorized to perform this service in the specific locality where service is provided.

18.6 TERMINATION FOR FRAUD. The Company may terminate without notice for abuse, fraud, material misrepresentation of the customer's identity, or tampering with the connections, the Company's meters, or other equipment of the Company.

(C) Denotes Change

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
Bureau of Investigation and Enforcement :
 : Docket No. M-2018-2531404
v. :
 :
PECO Energy Company :

CERTIFICATE OF SERVICE

I, Ward L. Smith hereby certify I have this day served a copy of *Reply Comments*, of PECO Energy Company, in the above matter, upon all interested parties listed below, via overnight delivery to:

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Dated: January 14, 2019



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