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April 8, 2019

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

Re: Commission Clarification Regarding Supplemental Information and Filing Timeline Regarding the Commission's January 17, 2019 Order at Docket No. M-2017-2587711

Dear Secretary Chiavetta:

On January 17, 2019 the Pennsylvania Public Utility Commission ("Commission") entered an Order at Docket No. M-2017-2587711. The Order, among other things, requested supplemental information from natural gas and electric distribution companies by February 19, 2019. The Commission stayed the filing of the supplemental information as well as comments/reply comments by Secretarial Letter dated February 13, 2019. The Commission then issued a subsequent Secretarial Letter on March 7, 2019 establishing a revised timeline for the filing of the supplemental information and comments.

PECO therefore files and serves the attached supplemental information in accordance with the January 17, 2019 Order and the March 7, 2019 Secretarial Letter.

Thank you for your assistance in this matter and please direct any questions regarding the above to Richard Schlesinger, Manager, Retail Rates at (215) 841-5771.

Sincerely,



Copies to: Lori Mohr, Bureau of Consumer Services
Joseph Magee, Bureau of Consumer Services_
Sarah Dewey, Bureau of Consumer Services_
Louise Fink Smith, Law Bureau
Laura Griffin, Law Bureau

Enclosures

PECO's Responses to the Supplemental Information and Data Requests of
The Pennsylvania Public Utility Commission
Docket No. M-2017-2587711

Dated: April 8, 2019

Question 1: The first cost estimate should be based only on charging all CAP customers the lesser of an average bill or 4, 6, or 10% of the household's income for the yearly periods **from 2016 through 2021**. This estimate should not take into consideration system change costs, additional CAP charges, CAP credit limits, minimum payment/bill requirements, or other costs not related to charging the CAP customer the lesser of an average bill or the designated percent of income.

Answer: PECO is unable to provide the exact information requested by the Commission for 2016-2018 because PECO does not store past iterations of the CAP credit calculation. PECO did, however, calculate the requested information as of January 2019 using individual customer data to more accurately estimate the cost of these scenarios. The January 2019 calculation was then adjusted based on actual CAP enrollment levels in 2016-2018 and was forecasted for the remainder of 2019 and for 2020 and 2021.

For 2019, PECO estimates that changing energy burdens to 4, 6, or 10% for electric, gas heat, and electric heat, respectively, would result in a \$52.9M increase per year over existing CAP costs, as shown below:

	4, 6, 10 % (% of Income)	\$ Change over existing CAP costs
Non-Heat Electric, 4%	\$83,470,418	\$32,238,719
Gas Heat, 6%	\$13,695,169	\$11,313,293
Electric Heat, 10%	\$15,075,886	\$9,366,564
Totals	\$112,241,473	\$52,918,576

The 2019 CAP cost increases would impact average monthly residential customer bills as follows:

- Gas: increase of \$2.59 or 2.7%
- Combined Electric and Electric Heat: increase of \$2.38 or 2.3%.

For 2016-2021, PECO projects the following CAP costs (using 4, 6, or 10% energy burdens):

	2016	2017	2018	2019	2020	2021	Total
Non-Heat Electric, 4%	\$96,404,425	\$86,660,643	\$84,943,569	\$83,470,418	\$85,211,971	\$85,188,366	
Gas Heat, 6%	\$15,922,392	\$14,356,062	\$14,069,952	\$13,695,169	\$14,170,402	\$14,165,553	
Electric Heat, 10%	\$17,411,942	\$15,652,084	\$15,341,957	\$15,075,886	\$15,390,434	\$15,386,171	
Totals	\$129,738,759	\$116,668,789	\$114,355,478	\$112,241,473	\$114,772,808	\$114,740,090	
\$ change over existing CAP costs	\$47,424,757	\$52,992,186	\$57,961,660	\$52,918,576	\$52,127,829	\$52,154,434	\$315,579,442

PECO projects that changing energy burdens to 4, 6, or 10% would result in a total CAP cost increase of \$315M over the period of 2016-2021.

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Question 2: The second cost estimate should also be based on the average bill or the PIP CAP model from 2016 through 2021 but include all other costs/savings related to this change. This includes utility CAP charges, minimum payment restrictions, CAP credit limits, and other CAP costs/savings described in the January 2019 Order. NGDCs and EDCs should identify all costs/savings related to this estimate separately.

Answer: PECO does not have a PIP program, therefore the data provided below is modeled using PECO's existing CAP Fixed Credit Option ("FCO") model. As in response to Question 1, past and future years were forecasted using the January 2019 base calculation. Applying all other costs/savings to PECO's existing CAP FCO model, while changing the energy burdens to 4, 6, or 10%, would result in a \$38.5M increase per year over existing CAP costs, as shown below:

	4, 6, 10 % (within CAP FCO Model)	\$ Change over existing CAP costs
Non-Heat Electric, 4%	\$73,804,737	\$22,573,038
Gas Heat, 6%	\$13,327,824	\$10,945,948
Electric Heat, 10%	\$10,724,522	\$5,015,200
Totals	\$97,857,083	\$38,534,186

For 2016-2021 (applying all other costs/savings), PECO projects the following CAP costs:

	2016	2017	2018	2019	2020	2021	Total
Non-Heat Electric, 4%	\$85,241,016	\$76,625,542	\$75,107,301	\$73,804,737	\$75,344,623	\$75,323,751	
Gas Heat, 6%	\$15,495,306	\$13,970,989	\$13,692,554	\$13,327,824	\$13,790,310	\$13,785,590	
Electric Heat, 10%	\$12,386,321	\$11,134,411	\$10,913,797	\$10,724,522	\$10,948,282	\$10,945,249	
Totals	\$113,122,643	\$101,730,943	\$99,713,652	\$97,857,083	\$100,083,214	\$100,054,590	
\$ change over existing CAP costs	\$30,808,641	\$38,054,340	\$43,319,834	\$38,534,186	\$37,438,236	\$37,468,934	\$225,624,171

PECO projects that changing energy burdens to 4, 6, or 10% (and applying all other costs/savings) would result in a total CAP cost increase of \$225M over the period of 2016-2021.

It is important to note that the cost of IT changes and bad debt impacts are not included in the answers to Questions 1 and 2. PECO estimates that an IT change from the CAP FCO to a PIP would cost \$7-\$11M. PECO estimates a \$3.5M reduction to bad debt resulting from the reduction in CAP bills; this does not, however, include any additional increases in bad debt due to residential customers subsidizing the increased CAP program costs.

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Question 3: The Commission Secretarial letter directed all NGDCs and EDCs to provide monthly customer tallies for all CAP customers claiming zero income in 2016 and 2017, broken out by heating type if possible.

Answer: See below:

CAP Non Heating No Income Counts

Month	Count of Non Heating Accounts
201601	1,307
201602	1,263
201603	1,255
201604	1,255
201605	1,272
201606	1,222
201607	1,195
201608	1,149
201609	1,095
201610	1,065
201611	1,062
201612	1,034
201701	998
201702	976
201703	980
201704	996
201705	985
201706	1,029
201707	1,035
201708	1,069
201709	1,076
201710	1,078
201711	1,029
201712	1,001

CAP Heating No Income Counts

Month	Count of Heating Accounts
201601	456
201602	455
201603	459
201604	486
201605	517
201606	493
201607	491
201608	477
201609	440
201610	435
201611	426
201612	395
201701	391
201702	371
201703	384
201704	388
201705	386
201706	408
201707	422
201708	414
201709	401
201710	401
201711	389
201712	388