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May 23, 2019

VIA E-FILING

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

Re: Energy Affordability for Low Income Services
Docket No. M-2017-2587711

Dear Secretary Chiavetta:

Enclosed for filing with the Commission in the above-captioned docket are the ***Reply Comments of PECO Energy Company.***

If you have any questions regarding this filing, please do not hesitate to contact me at: 215-841-4353.

Very truly yours,

Jennedy S. Johnson

JSJ/ab
Enclosures

cc: Certificate of Service

#46265569

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

ENERGY AFFORDABILITY FOR LOW-INCOME CUSTOMERS	: :	**DOCKET NO. M-2017-2587711**

REPLY COMMENTS OF PECO ENERGY COMPANY

I. COMMENTS

On May 8, 2019, PECO Energy Company ("PECO" or "the Company") filed its comments ("Initial Comments") in accordance with the January 17, 2019 Commission Order (the "Order") in this proceeding. These Reply Comments will address the following topics that were raised by Commenters in their comments: (1) Customer Assistance Program ("CAP") structure, (2) the cost of a reduction to 6% (maximum) energy burden, and (3) state-wide low-income program administration and other policy issues.

PECO's Initial Comments emphasized that any changes in energy burden arising from this proceeding should be implemented in the context of existing Commission-approved CAPs. The first program evaluation for PECO's Fixed Credit Option ("FCO") CAP ("CAP FCO"), which resulted from a comprehensive Commission-approved Settlement, will not be complete until June 2019. The Commission should make clear that PECO's CAP FCO will continue consistent with prior Commission approvals and that any changes in CAP regulations or guidance that may arise from this proceeding will build on the learnings and data from the CAP FCO and other new programs in the early stages of implementation.

PECO also would note that a number of Commenters raised the issue of conservation with respect to the Commission-discussed Percentage of Income (PIPP) CAP.[1] As noted by the other Commenters, a PIPP plan, with a fixed bill, offers no incentive to reduce usage. PECO's

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[1] *See* Comments of Columbia Gas at 7; Comments of National Fuel at 6-7; Comments of FirstEnergy at 4.

CAP FCO program contains an energy conservation component that ensures that customers will receive a benefit from usage reduction. PECO considers this an important feature of its low-income program, which ties into the overall goals of energy efficiency for all classes of customers.

Next, with respect to the setting of the energy burden, the Low-Income Advocates argue that a 6% maximum energy burden should be implemented (and that existing discounts below 6% should be maintained).[2] As part of its responses to the Commission's Supplemental Data requests, PECO (using the CAP FCO program and applying all other costs/savings) estimated that a decrease in energy burden to 4% for electric non-heat, 6% for gas heat, and 10% for electric heat would result in an increase in the annual cost of PECO's CAP program discounts by $38,534,186 (from $59,322,897 to $97,857,083).[3] Reducing the energy burden to 4% for electric non-heat, 6% for gas heat, and 6% for electric heat would increase the annual cost of PECO's CAP program discounts by $58,975,056 from $59,322,897 to $118,297,953). If that $59 million were recovered from customers through the USFC as part of the CAP shortfall (i.e., CAP costs not otherwise recovered through base rates), the average residential customer would pay an additional $3.39 per month or $40.68 per year.

Finally, a number of Commenters addressed issues that were raised in the context of either the Review of Universal Services and Energy Conservation Programs or the Initiative to Review and Revise the Existing Low-Income Usage Reduction Program Regulations proceedings, Docket Nos. M-2017-2596907 and L-2016-2557886, respectively. To the extent that the Commission decides to address these issues as part of this proceeding, PECO

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[2] Comments of the Low-Income Advocates at 14.

[3] See Initial Comments of PECO Energy Company, Appendix A, PECO Responses to the Supplemental Information and Data Requests of the PA PUC, Docket No. M-2017-2587711 (dated April 8, 2019).

incorporates by reference the Initial and Reply Comments it submitted in Docket Nos. M-2017-2596907 and L-2016-2557886. The most significant of these issues relates to statewide administration of Universal Service and Energy Conservation Programs ("USECPs"). Some Commenters recommended that the Commission transition, or consider transitioning, the administration of USECPs from the utilities to a statewide administrator.[4] Under the current administration model, utilities use dedicated call centers and embedded programming staff to implement their USECPs. It would take a significant amount of time and effort on the part of the Commission, each utility, and interested stakeholders to transition the implementation of these individual programs in a way that ensures that customers are not negatively impacted.

PECO urges the Commission to carefully consider the costs to achieve such a transition, how those costs would be recovered from customers, and the potential benefits to customers. Any customer benefits that may be generated from a statewide administration model should be considered in the context of the substantial costs that may be incurred to make a smooth transition for customers. If the Commission decides to revise energy burdens in a way that materially increases the size of CAP budgets, and CAPs begin to function more as general social service programs instead of utility programs, a statewide administration model with a different cost recovery mechanism may be appropriate.

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[4] Comments of Low-Income Advocates at pp. 22-29; Comments of PGW at 2.

II. CONCLUSION

PECO appreciates the opportunity the Commission has provided to offer these Reply Comments on energy affordability and looks forward to working with the Commission and interested stakeholders on this important initiative.

Respectfully submitted,

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Dated: May 23, 2019

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ENERGY AFFORDABILITY FOR LOW-INCOME CUSTOMERS	: :	**DOCKET NO. M-2017-2587711**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the Reply Comments of PECO Energy Company upon the parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the matter and upon the persons listed below via first class mail and/or electronic mail:

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