

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

 @pa_oca

 /pennoca

FAX (717) 783-7152
consumer@paoca.org

July 20, 2020

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

Re: PECO Energy Company's 2019-2024
Universal Service and Energy Conservation Plan
Docket Nos. M-2018-3005795
P-2020-3020727

Dear Secretary Chiavetta:

Enclosed please find the Answer of the Office of Consumer Advocate in the above-referenced proceedings.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Phillip D. Demanchick
Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

Enclosures:

cc: Jennifer Johnson, Bureau of Consumer Services (**email only**)
Joseph Magee, Bureau of Consumer Services (**email only**)
Louise Fink Smith, Law Bureau (**email only**)
Christina Chase-Pettis, Office of Communications (**email only**)
Shari A. Williams, Office of Communications (**email only**)
Office of Administrative Law Judge (**email only**)
Office of Special Assistants (**email only**: ra-OSA@pa.gov)
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PECO Energy Company’s 2019-2024	:	Docket Nos.	M-2018-3005795
Universal Service and Energy	:		P-2020-3020727
Conservation Plan	:		
	:		

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) hereby submits this Answer in response to PECO Energy Company’s (PECO or Company) Amended Proposed 2019-2024 Universal Service and Energy Conservation Plan (Amended Proposed USECP) filed on July 8, 2020, docketed as a Petition at P-2020-3020727. The OCA states the following in response:

I. INTRODUCTION

On November 5, 2019, the Pennsylvania Public Utility Commission (Commission) entered a Final Policy Statement and Order at Docket No. M-2019-3012599, adopting several policy changes and amending the Commission’s existing Customer Assistance Program (CAP) Policy Statement. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket No. M-2019-3012599, Final Policy Statement and Order (Pa. PUC Nov. 5, 2019) (Final Policy Statement and Order). The Final Policy Statement and Order addresses numerous issues raised in the following proceedings, Energy Affordability for Low-Income Customers, Docket No. M-2017-258711, and Review of Universal Service and Energy Conservation Programs, Docket No. M-2017-2596907.

The Commission’s Final Policy Statement and Order identified 17 changes to the CAP Policy Statement, including, among other things, new energy affordability burdens for customers

enrolled in the natural gas and electric distribution companies' CAPs. Final Policy Statement and Order at 28-34. The Commission's Final Policy Statement and Order also identified potential costs relating to the proposed energy affordability burdens. Final Policy Statement and Order at 24-28. In addition, the Commission also required Electric Distribution Companies (EDCs) and Natural Gas Distribution Companies (NGDCs) to file and serve addendums to their existing Universal Service and Energy Conservation Plans (USECPs) reflecting anticipated timeframes for implementing those changes within sixty days of the entry of the Final Policy Statement and Order. Final Policy Statement and Order at 100.

On February 6, 2020, the Commission issued an Order at Docket No. M-2019-3012599, denying an OCA Petition for Reconsideration and/or Clarification. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016885, M-2019-3012599, Order at 11 (Pa. PUC Feb. 6, 2020) (OCA Reconsideration Order). The OCA was seeking clarification as to the extent that the proposed maximum CAP energy affordability burdens established in the Final Policy Statement and Order would cause Pennsylvania's EDCs and NGDCs to increase the amount of LIHEAP benefits returned to the Department of Human Services and whether cost information and enrollment projections should be included in the USECP compliance filings. On the latter point, the Commission stated:

The November 5 Order directs that utilities provide enrollment projections in their addendums for the new CAP provision they propose to implement. This requirement has been reiterated in our order addressing the EAP petition for reconsideration at Docket Nos. P-2020-3016889 and M-2019-3012599. To the extent further granularity may be warranted, it can be addressed in utility-specific proceedings.

OCA Reconsideration Order at 11.

Also on February 6, 2020, the Commission granted the Energy Association of Pennsylvania's (EAP) Petition for Reconsideration and Clarification at Docket No. M-2019-

3012599, clarifying that the filing requirements in Ordering Paragraphs 6, 7, and 8 of the Final Policy Statement and Order did not direct mandatory compliance and clarified the required information that utilities must file. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016889, M-2019-3012599, Order at 11-12 (Feb. 6, 2020) (EAP Reconsideration Order).

On July 8, 2020, PECO submitted its Amended Proposed USECP to its existing USECP for program years 2019-2024, docketed at P-2020-3020727. Through its filing, PECO is seeking to make several significant changes to its universal service program. This includes transitioning from its currently approved Fixed Credit Option (FCO) payment plan to a Percent of Income Payment Plan (PIPP) incorporating certain energy burdens outlined in the Commission’s Final Policy Statement and Order, which are outlined in the table below

Energy Burdens

FPL	Electric Non-Heating	Electric Heating	Gas
0 to 50%	2%	6%	4%
51 to 100%	4%	10%	6%
101 to 150%	7%	17%	10%

Amended Proposed USECP, Attachment at 3. It is important to note that PECO is seeking to maintain its current energy burdens for customers between 101 to 150 percent of the Federal Poverty Level (FPL). As a result of implementing this change, PECO is proposing to discontinue budget billing for CAP customers. Amended Proposed USECP, Filing Letter at 1.

In addition to these changes, PECO is seeking, among other things, to eliminate the assessment of late payment charges for CAP customers, utilize the Commission’s standardized zero-income form, update its recertification requirements to better align with the Final Policy

Statement and Order, and expand its customer outreach and education program. Amended Proposed USECP, Filing Letter at 2.

In all, PECO anticipates that these proposed changes will increase annual costs for its universal services programs by approximately \$21.3 million for 2022, \$22.7 million for 2023, and \$23.0 million for 2024. Amended Proposed USECP, Redline Attachment at 27. PECO did not provide budget projections for 2021. Id.

PECO proposes to implement some of these changes prior to January 1, 2021, following Commission approval of the Company's Amended Proposed USECP. Amended Proposed USECP, Filing Letter at 2. Regarding implementation of the PIPP and the reduced energy burdens, the Company is seeking to implement these provisions no later than eight months after Commission approval of the Amended Proposed USECP. Id., at 1.

For the reasons set forth below, the OCA submits that a full and complete analysis of the proposed changes is needed to determine the justness and reasonableness of the Company's proposal. Under the Company's proposal, PECO projects costs to operate its USECP to increase by approximately \$22.3 million on average each year between 2022 and 2024, including partial increases in 2021 when the reduced energy burdens take effect. Amended Proposed USECP, Redline Attachment at 27. These are significant increases for PECO's non-CAP residential customers during an uncertain economic climate that must be fully and fairly investigated.

II. ANSWER

As stated above, PECO submitted its Amended Proposed USECP seeking to amend significant components of its currently effective USECP for program years 2019-2024, including the fundamental design of its program. Specifically, the Company is seeking to amend its current payment plan to move from an FCO to a PIPP while also reducing its current maximum-tiered

energy burdens for CAP customers between 0-100% of FPL. The following is PECO's proposed energy burdens:

Energy Burdens

FPL	Electric Non-Heating	Electric Heating	Gas
0 to 50%	2%	6%	4%
51 to 100%	4%	10%	6%
101 to 150%	7%	17%	10%

Amended Proposed USECP, Attachment at 3. PECO is also seeking, among other things, to eliminate the assessment of late payment charges for CAP customers, utilize the Commission's standardized zero-income form, update its recertification requirements to better align with the Final Policy Statement and Order, and expand its customer outreach and education program. Amended Proposed USECP, Filing Letter at 2.

The OCA submits that the Commission should not approve the proposed changes to PECO's USECP for program years 2019-2024 until the OCA and other interested parties are able to complete a full investigation and review of the Company's filing. PECO's proposed amendments to change its program design and incorporate aspects of the Final Policy Statement and Order raise significant questions as to the appropriate design of the program, the reasonableness of the energy burdens, the cost of the program, the increased costs related to the proposed amendments, the impact of the amendments on the overall plan, and the cost-effectiveness of the new plan, among others. The OCA submits that further analysis of the impact of the changes on returned LIHEAP dollars is also required. With significantly lower energy burdens, it is possible that even more LIHEAP dollars will not be utilized, resulting in a waste of scarce resources. The Commission should provide an adequate forum to evaluate the proposed program changes and sufficient time for the collection of necessary information and an analysis of

the data. This type of review is critical in light of the COVID-19 pandemic, which is causing much uncertainty amongst consumers and will likely impact universal service programs for the near future, if not longer.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that a full and complete evaluation of the proposed amendments be completed. A full analysis of the proposed changes is needed in order to assess the proposed cost increase, determine whether the program modifications are reasonable and in the public interest, and determine whether other program modifications may be necessary.

Respectfully Submitted,

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

/s/Phillip D. Demanchick
Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

DATE: July 20, 2020
291959

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

CERTIFICATE OF SERVICE

Re: PECO Energy Company's 2019-2024 : Docket Nos. M-2018-3005795
Universal Service and Energy : P-2020-3020727
Conservation Plan :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Answer, upon 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 manner and upon the persons listed below:

Dated this 20th day of July 2020.

SERVICE BY E-MAIL ONLY

Richard A. Kanaskie, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

John R. Evans, Esquire
Office of Small Business Advocate
555 Walnut Street
1st Floor, Forum Place
Harrisburg, PA 17101-1923

Kenneth M. Kulak, Esquire
Catherine G. Vasudevan, Esquire
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

Jennedy S. Johnson, Esquire
PECO Energy Company
2301 Market Street/ S23-1
Philadelphia, PA 19103

Elizabeth R. Marx, Esquire
Ria Pereira, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

Josie B.H. Pickens, Esquire
Joline R. Price, Esquire
Community Legal Services
1424 Chestnut Street
Philadelphia, PA 19102

/s/ Phillip D. Demanchick
Phillip D. Demanchick
Assistant Consumer Advocate
PA Attorney I.D. # 324761
E-Mail: PDemanchick@paoca.org

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAAppleby@paoca.org

Darryl A. Lawrence
Senior Assistant Consumer Advocate
PA Attorney I.D. # 93682
E-Mail: DLawrence@paoca.org

Counsel for:
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
Dated: July 20, 2020
*292444