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February 11, 2021

**VIA eFILING**

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

**Re: Tenant Union Representative Network v. PECO Energy Company**  
**Docket No. C-2020-3021557**

Dear Secretary Chiavetta:

Pursuant to the February 11, 2021 Interim Order of Administrative Law Judge Mary D. Long (“Interim Order”) in the above-captioned proceeding, enclosed please find on behalf of **PECO Energy Company** the following admitted evidence:

1. **PECO Statement No. 1-R**
2. **PECO Exhibit MK -1**
3. **PECO Exhibit MK -2**
4. **PECO Exhibit MK -3**
5. **PECO Statement No. 1-RJ**
6. **PECO Exhibit MK-1RJ**
7. **Verification of Mark Kehl**

**Rosemary Chiavetta, Secretary**  
**February 11, 2021**  
**Page 2**

As indicated on the enclosed Certificate of Service, copies of this Cover Letter have been served upon Administrative Law Judge Mary D. Long, and all parties of record.

If you have any questions, please contact me directly at 215.841.4353.

Very truly yours,

A handwritten signature in blue ink that reads "JS Johnson". The initials "JS" are written in a stylized, cursive font, followed by the name "Johnson" in a similar cursive script.

Jennedy S. Johnson

Enclosures

c: Per the Certificate of Service (Cover Letter only)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>TENANT UNION REPRESENTATIVE</b>	:	
<b>NETWORK</b>	:	
	:	
<b>v.</b>	:	<b>Docket No. C-2020-3021557</b>
	:	
<b>PECO ENERGY COMPANY</b>	:	

**CERTIFICATE OF SERVICE**

I hereby certify and affirm that I have this day served a copy of the **Letter to Rosemary Chiavetta, Secretary, regarding the Interim Order dated February 11, 2021 Granting Joint Stipulation for the Admission of Evidence** on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA ELECTRONIC MAIL**

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Office of Administrative Law Judge  
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*Counsel for PECO Energy Company*

Dated: February 11, 2021

**PECO ENERGY COMPANY  
STATEMENT NO. 1-R**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TENANT UNION REPRESENTATIVE NETWORK  
v.  
PECO ENERGY COMPANY

DOCKET NO. C-2020-3021557

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REBUTTAL TESTIMONY

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WITNESS: MARK KEHL

SUBJECT: PECO'S CUSTOMER ASSISTANCE  
PROGRAM

DATED: JANUARY 7, 2021

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**REBUTTAL TESTIMONY  
OF  
MARK KEHL**

4

**I. INTRODUCTION AND PURPOSE OF TESTIMONY**

5 **1. Q. Please state your name and business address.**

6 A. My name is Mark Kehl. My business address is PECO Energy Company, 2301  
7 Market Street, Philadelphia, Pennsylvania 19103.

8 **2. Q. By whom are you employed and in what capacity?**

9 A. I am employed by PECO Energy Company (“PECO” or the “Company”) as a  
10 Manager of Universal Services. In that capacity, I am responsible for managing  
11 the low-income programs for PECO.

12 **3. Q. Please describe your educational background.**

13 A. I received a Bachelor of Science in Accounting from DeSales University and  
14 Master of Business Administration from Lehigh University.

15 **4. Q. Please describe your professional experience.**

16 A. I began working for PECO in April of 2009 as a Senior Business Analyst  
17 primarily focused on forecasting Accounts Receivable, Write-offs, and Bad Debt  
18 expense. In March of 2011, I was promoted to Principal Regulatory and Rates  
19 Specialist in the Regulatory Policy and Strategy department. In January of 2019,  
20 I transferred into my current role as Manager of Universal Services. Prior to  
21 working at PECO, I was a financial analyst at Merrill Lynch.

1    **5.    Q.    What is the purpose of your rebuttal testimony?**

2           A.    The purpose of my rebuttal testimony is to respond to the direct testimony of  
3           Tenant Union Representation Network (“TURN”) witnesses Philip A. Bertocci  
4           (TURN St. No. 1) and Philip M. Lord (TURN St. No. 2). First, I will describe the  
5           recent evolution of PECO’s Customer Assistance Program (“CAP”), including the  
6           manner in which PECO has proposed to implement the Pennsylvania Public  
7           Utility Commission’s (“Commission’s”) Revised CAP Policy Statement<sup>1</sup> and the  
8           Company’s proposal to change the format of its CAP from a Fixed Credit Option  
9           (“FCO”) to a Percentage of Income Payment Plan (“PIPP”). As part of my  
10          testimony, I will highlight the significant omissions of Mr. Bertocci and Mr. Lord  
11          in their testimony that are directly relevant to PECO’s pending request to the  
12          Commission to implement the energy burdens (“EBs”) in the Revised CAP Policy  
13          Statement,<sup>2</sup> which both witnesses entirely ignore. I will then address certain  
14          assertions made by Mr. Bertocci and Mr. Lord concerning the appropriateness of  
15          their requested relief.

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<sup>1</sup> *2019 Amendments to Policy Statement on Customer Assistance Program*, 52 Pa. Code § 69.261–69.267, Docket No. M-2019-3012599 (Order entered Nov. 5, 2019). 50 Pa. B. No. 12 at 1691-1695 (Mar. 21, 2020).

<sup>2</sup> *See Petition of PECO Energy Company for Approval of an Amendment to its Proposed Universal Service and Energy Conservation Plan*, Docket No. M-2018-3005795 (filed Sept. 25, 2020) (“PECO Energy Burdens Petition”).



1 program based on those data, and submit the evaluation (the “APPRISE  
2 Evaluation”) to the Commission and the settling parties in June 2019.<sup>5</sup>

3 The Commission approved the Settlement, including the new FCO design, on July  
4 8, 2015.<sup>6</sup> As noted by Mr. Bertocci, both the expected improvement in bill  
5 affordability and APPRISE Evaluation were highlighted in the Recommended  
6 Decision adopted by the Commission.<sup>7</sup>

7 The Company’s USECP for the 2016-2018 period (the “2016-2018 USECP”)  
8 incorporated the FCO and was approved by the Commission on August 11, 2016.<sup>8</sup>

9 The Company began FCO implementation in October 2016 and proceeded with  
10 data collection in accordance with Settlement.

11 **7. Q. Did the Company submit the APPRISE Evaluation to the Commission and**  
12 **the parties to the Settlement when it was completed?**

13 A. Yes. On June 28, 2019, PECO filed the APPRISE Evaluation, which showed that  
14 during calendar years 2017 and 2018 approximately 80% of customers with  
15 household income at or below 50% of FPL received unaffordable bills under the  
16 FCO.<sup>9</sup>

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<sup>5</sup> See Joint Petition For Settlement, Docket No. M-2012-2290911 (filed Mar. 20, 2015).

<sup>6</sup> See PECO Energy Company Universal Service and Energy Conservation Plan for 2013-2015 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4, Docket No. M-2012-2290911 (Order entered July 8, 2015).

<sup>7</sup> See TURN St. No. 1, pp. 13-14.

<sup>8</sup> See PECO Energy Company Universal Service and Energy Conservation Plan for 2016-2018 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4, Docket No. M-2015-2507139 (Order entered Aug. 11, 2016). A number of revisions were made to the 2016-2018 USECP after its initial approval.

<sup>9</sup> APPRISE PECO Energy Universal Services Program Final Evaluation Report (June 2019), Docket Nos. M-2012-

1 **8. Q. What actions did the Company take in response to the APPRISE**  
2 **Evaluation?**

3 A. As explained in the Company’s letter to the Commission accompanying the  
4 APPRISE Evaluation, PECO stated it would continue to investigate the drivers of  
5 the unaffordability experienced in 2017 and 2018 for the 0-50% FPL customer  
6 group.<sup>10</sup> As part of this effort, PECO would “assess whether other programmatic,  
7 design, or structural issues in the FCO” contributed to unaffordability, and, “if so,  
8 what scope and types of changes are available and appropriate.”<sup>11</sup>

9 The Company proposed an action plan for the following nine months, including  
10 (1) completing its analysis of the FCO data and developing preliminary  
11 recommendations to improve the FCO; (2) engaging with other signatories to the  
12 Settlement to discuss the outcome of PECO’s analysis and preliminary  
13 recommendations, obtain input on those issues, and determine whether the parties  
14 can agree to proposed programmatic changes; and (3) filing a proposal with the  
15 Commission to revise the FCO to further improve affordability for its CAP  
16 customers with incomes of 50% or less of the FPL.<sup>12</sup>

17 **9. Q. Do Mr. Bertocci or Mr. Lord acknowledge the APPRISE Evaluation, its**  
18 **findings that the CAP FCO was failing to provide affordable service for all**

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2290911 & M-2015-2507139.

<sup>10</sup> June 28, 2019 PECO Transmittal Letter accompanying the APPRISE Evaluation, p. 2.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 2-3.

1           **the PECO’s CAP customers, or the steps PECO took to address these**  
2           **findings?**

3           A.    No, they do not.

4           **B.    The Revised CAP Policy Statement and PECO’s Analysis of CAP Options**

5   **10.   Q.    Did the Commission take any action with regard to EBs while the Company**  
6           **was analyzing its CAP FCO?**

7           A.    Yes. On November 5, 2019, the Commission issued the Revised CAP Policy  
8           Statement, which, among other things, included updated EB percentages. The  
9           Commission’s Order provided that the Revised CAP Policy Statement would not  
10          become effective until publication in the *Pennsylvania Bulletin*.<sup>13</sup> Subsequently,  
11          the Revised CAP Policy Statement was published in the *Pennsylvania Bulletin* on  
12          March 21, 2020.<sup>14</sup>

13   **11.   Q.    Do Mr. Bertocci or Mr. Lord acknowledge that the Revised CAP Policy**  
14           **Statement, by its own terms, did not become effective upon publication in the**  
15           **Pennsylvania Bulletin on March 21, 2020<sup>15</sup> ?**

16          A.    No. Mr. Bertocci repeatedly represents that the CAP Policy Statement was  
17          amended on November 5, 2019, and asserts that the Company should have

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<sup>13</sup> Final Policy Order, p. 105, Ordering Paragraph no. 4 (stating that the Revised Policy Statement would become effective upon its publication in the *Pennsylvania Bulletin*)

<sup>14</sup> 50 Pa. B. No. 12 at 1691-1695 (Mar. 21, 2020).

<sup>15</sup> Final Policy Order, p. 105, Ordering Paragraph no. 4 (stating that the Revised Policy Statement would become effective upon its publication in the *Pennsylvania Bulletin*; 50 Pa. B. No. 12 at 1691-1695 (Mar. 21, 2020).

1 incorporated the updated EBs in the FCO at that time.<sup>16</sup> Mr. Bertocci generically  
2 refers to “the date of publication” of the Revised CAP Policy Statement near the  
3 end of his testimony, but does not explain why he believes the Revised CAP  
4 Policy Statement became effective prior to its publication.<sup>17</sup>

5 Mr. Lord and Mr. Bertocci also fail to mention the fact that the Commission  
6 granted two petitions for reconsideration of the Order and stayed its directives to  
7 utilities to make filings with the Commission to address how the Revised CAP  
8 Policy Statement would be implemented. The Commission did not address these  
9 petitions for reconsideration until February 6, 2020, when it clarified the Order  
10 and explained that utilities must file proposals to implement changes to current or  
11 pending USECPs based on the Revised CAP Policy Statement:

12 The intent of the cover letter and addendum filing requirements in the  
13 Ordering Paragraphs is to determine: (1) to what extent a utility is already  
14 complying with the amendments to the CAP Policy Statement (cover  
15 letter); (2) whether and how a utility plans to voluntarily amend its  
16 USECP to comply with the other aspects of the revised CAP Policy  
17 Statement (addendum); and (3) what a utility’s timeline is for any  
18 compliance, recognizing that implementation by January 1, 2021, would  
19 allow utilities to collect meaningful input for the universal service  
20 rulemaking (addendum).

21 Although compliance with the new provisions in the CAP Policy  
22 Statement is voluntary, the requirement to file a cover letter, an addendum  
23 reflecting extended terms of a USECP, and an addendum reflecting CAP  
24 changes as the utility proposes to implement are not...

25 Accordingly, to clarify, the filing pursuant to the November 5 Order shall  
26 be at a utility’s USECP docket and shall specify

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<sup>16</sup> See, e.g., TURN St. No. 1, pp. 8, 19, 22; see also TURN St. No. 2, pp. 11-12 (“Since November 2019, PECO has been overcharging CAP customers...”).

<sup>17</sup> See TURN St. No. 1, p. 29.

- Those new provisions in the CAP Policy Statement with which the utility is already compliant and which new provisions of the CAP Policy Statement the utility is not prepared to address until its next proposed USECP is due to be filed. This can be done in a cover letter.
- ***What changes to its current or pending USECP, if any, the utility proposes to implement predicated on the new provisions in the CAP Policy Statement. This shall be done as an addendum to an existing or pending USECP.*** In support of a proposal, in the form of a petition to change an existing or in the form of an amended proposed USECP, the utility shall file and serve enrollment and budget projections based on the proposed change(s). The Commission may seek stakeholder comment on specific proposed change(s).<sup>18</sup>

**12. Q. How did PECO respond to the Order?**

A. On January 16, 2020, PECO filed a letter that described the portions of the Revised CAP Policy Statement that the Company was already implementing or intended to implement. The Company also noted that it was still considering several provisions of the Revised CAP Policy Statement.

**13. Q. Did the Company take any further action regarding its CAP FCO after the Revised CAP Policy Statement became effective?**

A. Yes. On March 26, 2020, PECO filed a letter with the Commission stating the Company's intention to make a single filing in which it would address the issues raised in the APPRISE Evaluation and the remaining provisions of the Commission's Revised CAP Policy Statement. The letter provided the following discussion of the Company's efforts and future plans:

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<sup>18</sup> EAP Order, pp. 9-10 (emphasis added).

1 PECO has been working diligently since the June 2019 filing  
2 to address the issues revealed in the evaluation report and has  
3 held multiple calls with stakeholders. During that time the  
4 Commission has also issued a series of orders that impact  
5 both energy affordability as well as Universal Service  
6 Programs, as a whole. As a result, PECO is reevaluating [sic]  
7 the structure and efficacy of the FCO and is not yet able to  
8 provide the revisions contemplated in the June 2019 filing.

9 **By this letter, PECO reaffirms its commitment to**  
10 **addressing the issues revealed in the FCO evaluation and**  
11 **to incorporating the guidance the Commission has**  
12 **provided in its subsequent orders.** To that end, PECO  
13 plans to 1) complete its assessment of all factors by mid-  
14 April; 2) to host stakeholder meetings/calls in late April and  
15 throughout May; and 3) to file its CAP revisions no later than  
16 the end of June 2020.<sup>19</sup>

17 **14. Q. Did TURN reach out to the Company after the Revised CAP Policy**  
18 **Statement became effective?**

19 A. Yes. On April 10, 2020, counsel for TURN and the Action Alliance of Senior  
20 Citizens of Greater Philadelphia (collectively “TURN et al.”) spoke with PECO’s  
21 counsel and myself to state their position that the Company was in violation of the  
22 Settlement by not immediately implementing the EBs from the Revised CAP  
23 Policy Statement in the FCO. During that call, PECO explained that it was  
24 seeking a holistic approach to address the affordability issues identified in the  
25 APPRISE Evaluation and the recommendations in the Revised CAP Policy  
26 Statement.

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<sup>19</sup> Mar. 26, 2020 PECO Letter, Docket Nos. M-2012-2290911, M-2015-2507139 and M-2018-3005795, p. 2 (emphasis added).

1 **15. Q. Did the Company meet with stakeholders after the April 10, 2020 call to**  
2 **discuss different options for revising PECO's CAP?**

3 A. Yes. In the spring of 2020, PECO held a series of calls with stakeholders,  
4 including TURN, in which the Company presented its analysis of different  
5 alternatives for revising PECO's CAP. During those calls, stakeholders discussed  
6 their dissatisfaction with the FCO model and expressed a preference for a PIPP.  
7 PECO ultimately stated its intention to stop using the FCO model and instead  
8 implement a PIPP in which CAP customers would receive a credit based upon  
9 their annual income and a modified version of the Commission's updated EBs.

10 As shown in Exhibit MK-1<sup>20</sup>, which is a copy of a presentation made to TURN  
11 and others on April 15, 2020, the Company analyzed five different alternatives for  
12 revising CAP. Two alternatives involved retaining the CAP FCO framework.  
13 The first, Option 1 in the presentation, retained the existing EBs but made other  
14 minor adjustments. The second, Option 2 in the presentation, implemented the  
15 EBs in the Revised CAP Policy Statement and made the same minor adjustments  
16 as in Option 1. The other three alternatives (Options 3, 4A, 4B in the  
17 presentation) involved replacing the CAP FCO with a PIPP and utilizing a variety  
18 of EB levels. Each of the alternatives was projected to increase annual universal  
19 service costs by \$11 million to \$15 million.

20 The Company provided further analysis of Option 4B, which adopted the EBs for  
21 0-50% and 51-100% of FPL in the Revised Policy Statement along with reduced

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<sup>20</sup> PECO waives claims of confidentiality or privilege with respect to this document.

1 minimum bill amounts, to TURN and others on June 1, 2020. Exhibit MK-2 is a  
2 copy of the analysis shared at that meeting.

3 **16. Q. During these stakeholder meetings, did TURN propose that PECO first**  
4 **pursue one of the CAP FCO alternatives before transitioning to a PIPP?**

5 A. No.

6 **17. Q. What were the Company's affordability findings for the CAP FCO options?**

7 A. The Company's analysis showed the same unaffordability levels under both  
8 Option 1 and Option 2. Because the only difference between the options was the  
9 EBs to be utilized, the Company concluded that incorporating the EBs from the  
10 Revised CAP Policy Statement in the FCO made no improvement in bill  
11 affordability. Utilizing the revised EBs would, however, result in substantial  
12 additional universal service costs to be recovered from residential customers.

13 **18. Q. Do Mr. Bertocci or Mr. Lord acknowledge the Company's analysis showing**  
14 **there would be no bill affordability benefit and substantial costs to**  
15 **residential customers if PECO continued the CAP FCO with the EBs from**  
16 **the Revised CAP Policy Statement?**

17 A. No, they do not.

1           C.     PECO's Amended Proposed USECP

2   19.   Q.     **After completing its analysis, did the Company make a filing to address the**  
3           **APPRISE Evaluation and recommendations in the Revised CAP Policy**  
4           **Statement in accordance with the Order and its prior communications to the**  
5           **Commission?**

6           A.     Yes. On July 8, 2020, PECO filed an amended proposed USECP which included  
7           a transition from the CAP FCO to a PIPP.<sup>21</sup> The Company's proposed PIPP  
8           utilizes the EBs from the Revised CAP Policy Statement for the 0-50% FPL and  
9           51-100% FPL customer groups and retains the Company's existing EBs for the  
10          101-150% FPL customer group.

11   20.   Q.     **How does the Company expect its proposed PIPP to affect affordability?**

12          A.     The Company's analysis showed substantial gains in affordability for customers  
13          in the 0-50% FPL income range, with bill unaffordability dropping from around  
14          80% under the current FCO (see APPRISE Evaluation and page 15 of Exhibit  
15          MK-1) to around 50% under the PIPP proposal (see Exhibit MK-2). Bill  
16          affordability is also expected to improve for the 51-100% FPL income range  
17          (from up to 42% under the current FCO to under 10% under the PIPP proposal)  
18          and 101-150% FPL income range (from up to 15% under the current FCO to  
19          under 5% under the PIPP proposal).

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<sup>21</sup> See PECO's Amended Proposed 2019-2024 Universal Service and Energy Conservation Plan, Docket No. M-2018-3005795 (filed July 8, 2020).

1 **21. Q. After the PIPP filing was made, did TURN reach out to PECO regarding**  
2 **implementing the revised EBs as part of the CAP FCO?**

3 A. Yes. On July 17, 2020, counsel for TURN et al. sent PECO a letter demanding,  
4 among other things, immediate implementation of the revised EBs (the “Demand  
5 Letter”). Exhibit MK-3 is a copy of the Demand Letter.

6 **22. Q. Has TURN taken a position on the Company’s proposed PIPP?**

7 A. On July 28, 2020, TURN et al. filed an Answer in response to PECO’s amended  
8 proposed 2019-2024 USECP. TURN et al. expressed strong support for many  
9 critical components of the amended proposed 2019-2024 USECP, including the  
10 transition from the FCO to the PIPP.<sup>22</sup>

11 **23. Q. Has the Company made any further changes to its amended proposed**  
12 **USECP since the filing of the TURN Complaint in this case?**

13 A. Yes. As I have explained, PECO has filed a petition in its current USECP  
14 proceeding<sup>23</sup> to utilize the EBs from the Revised CAP Policy Statement as part of  
15 the FCO until the Company transitions from the FCO to the PIPP (the “EB  
16 Proposal”). As part of that filing, PECO estimated the cost of implementing the  
17 EB Proposal for the first few months of 2021 would be approximately \$9  
18 million.<sup>24</sup>

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<sup>22</sup> TURN et al Answer, Docket No. M-2018-3005795, p. 1.

<sup>23</sup> See Docket No. M-2018-3005795. The Petition was docketed at P-2020-3022154.

<sup>24</sup> *Petition of PECO Energy Company For Approval of An Amendment to its Proposed Universal Service and Energy Conservation Plan*, Docket No. M-2018-3005795 (Filed Sept. 25, 2020).

1   **24.   Q.    Do Mr. Bertocci or Mr. Lord acknowledge or address the Company’s filing**  
2                   **seeking Commission approval to implement the revised EBs as part of the**  
3                   **CAP FCO in their direct testimony?**

4                   A.    No, they do not.

5                   **III.    THE APPROPRIATENESS OF TURN’S REQUESTED RELIEF**

6   **25.   Q.    Messrs. Bertocci and Lord recommend that PECO be fined for its “willful**  
7                   **violation” of the Settlement because, among other things, the Company has**  
8                   **previously stated the implementation of new Commission-approved EBs**  
9                   **would be “automatic.” Please respond.**

10                  A.    As I described in Section II of my rebuttal testimony, the Company has acted in  
11                   compliance with the Order and in good faith to improve bill affordability for CAP  
12                   customers, while remaining mindful of the fact that universal service program  
13                   costs are recovered from all residential customers. PECO has also shared its  
14                   detailed CAP analyses with stakeholders on multiple occasions and kept the  
15                   Commission and others apprised of its plans to improve the functioning of the  
16                   Company’s CAP.

17                   While Messrs. Bertocci and Lord note the Company’s May 2019 comments  
18                   describing the “automatic” implementation of new Commission-established EBs,  
19                   they ignore the fact that the Commission’s Order implementing the Revised CAP  
20                   Policy Statement added specific filing requirements for utilities to address  
21                   implementation of the Revised CAP Policy Statement. I am advised by counsel  
22                   that the Order’s requirement to submit a proposal to implement the Revised CAP

1 Policy Statement was not optional for PECO and other utilities who were not  
2 already in compliance with the Revised CAP Policy Statement.

3 In considering how best to implement the Revised CAP Policy Statement, PECO  
4 had determined that the CAP FCO structure was not providing the anticipated  
5 affordability benefits, particularly for the lowest-income CAP participants.

6 Furthermore, the Company's analysis in Exhibit MK-1 – shared with TURN and  
7 other stakeholders – demonstrated that implementing the CAP FCO with the  
8 revised EBs would not improve bill affordability and would substantially increase  
9 universal service costs. PECO therefore proposed to implement the Revised CAP  
10 Policy Statement through the PIPP, which would incorporate the revised EBs for  
11 the 0-50% and 51-100% income range and improve affordability for all CAP  
12 income ranges.

13 It is important to note that, during the stakeholder meetings that I describe earlier  
14 in my testimony, TURN did not propose that PECO first pursue a revision to the  
15 CAP FCO before transitioning to a PIPP. Instead, TURN sent its Demand Letter  
16 to PECO after the PIPP filing was made.

17 **26. Q. In light of its PIPP proposal, why did PECO file the EB Petition to use the**  
18 **Revised EBs in the FCO?**

19 A. PECO's July 8, 2020 proposal to implement the Revised CAP Policy Statement  
20 through a PIPP remains under consideration by the Commission. Given the time  
21 that will be required to transition to a PIPP, PECO concluded that it would now be

1 reasonable, with Commission approval, to incorporate the revised EBs in the FCO  
2 as a “bridge” to the PIPP.

3 **27. Q. In characterizing PECO’s actions as “unconscionable,” Mr. Lord emphasizes**  
4 **the risk of shut offs due to unaffordable utility bills. Have any CAP**  
5 **customers been terminated by PECO for non-payment since the revised EBs**  
6 **became effective?**

7 A. No. A moratorium on terminations has applied to CAP customers, among others,  
8 since March 13, 2020 under a series of Commission orders at Docket No. M-  
9 2020-3019244.

10 **28. Q. Mr. Bertocci also argues that PECO should retroactively calculate CAP**  
11 **credits for all CAP customers back to the date the Revised CAP Policy**  
12 **Statement was approved and provide appropriate bill credits and arrearage**  
13 **forgiveness. Please respond.**

14 A. First, should the Commission determine that bill credits and/or arrearage  
15 forgiveness are appropriate, it is important to note that the revised EBs did not  
16 become effective until their publication in the *Pennsylvania Bulletin* on March 21,  
17 2020.

18 Second, the individual-by-individual retroactive CAP credit calculations  
19 requested by TURN cannot be recreated in PECO’s customer information system.  
20 The necessary data does not exist to permit automatic recalculation of bills  
21 reflecting the revised EBs for each individual CAP customer. In addition, due to

1 the volume of CAP accounts and potential timeframe covered, a manual  
2 recalculation of bills for each CAP customer would be extremely difficult if not  
3 impossible. If the Commission determined that a retroactive bill credit was  
4 appropriate in this case, a system-wide average bill adjustment could be  
5 determined and provided to every CAP customer.

#### 6 IV. CONCLUSION

7 **29. Q. Does this conclude your rebuttal testimony?**

8 A. Yes.

9  
DB1/ 117703820.8

# **CAP FCO Evaluation Summary**

**April 15, 2020**

# CAP FCO Evaluation Summary

- **History / Overview**      **Page 3 - 7**
- **Analysis**                      **Page 7 - 13**
- **Recommendation**      **Page 14 - 16**

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# CAP FCO – Evaluation Results

- In June, 2019, Apprise completed an evaluation of the first two years of the FCO plan (2017 & 2018) to determine if PECO is within the PUC Energy Burdens guidelines for Affordability.
- The following table summarizes those CAP customers who are still unaffordable:

Electric Baseload	2011	2016	2017	2018
0-50% FPL	62%	79%	76%	82%
51-100% FPL	34%	32%	28%	42%
101-150% FPL	23%	12%	8%	15%
<b>Total</b>	<b>33%</b>	<b>35%</b>	<b>33%</b>	<b>44%</b>

Electric Heating	2011	2016	2017	2018
0-50% FPL	62%	76%	73%	82%
51-100% FPL	18%	15%	10%	22%
101-150% FPL	10%	3%	1%	3%
<b>Total</b>	<b>17%</b>	<b>24%</b>	<b>22%</b>	<b>31%</b>

Gas	2011	2016	2017	2018
0-50% FPL		55%	57%	73%
51-100% FPL		2%	1%	8%
101-150% FPL		1%	1%	1%
<b>Total</b>		<b>13%</b>	<b>15%</b>	<b>22%</b>

- The 2011 data is from the last six-year evaluation which was submitted to the Commission.
- The 2016 data is the results from the last year of the old Tiered Discount Plan.
- 2017 and 2018 are the results from the first two years of the FCO.

# CAP FCO Evaluation Filing

- **PECO filed the Apprise evaluation report on June 30, 2019 with the following timeline:**
- **Now until September 30, 2019: PECO will complete its analysis of the FCO data to determine the underlying drivers of unaffordability in the 50% group and to develop preliminary recommendations for improvement to the FCO CAP program;**
- **October 1, 2019 to January 31, 2020: PECO will engage in briefings and discussions, including face-to-face meetings as necessary, with the other signatories to the Joint Petition for Settlement to inform them of the outcome of PECO's analysis and preliminary recommendations, to obtain input from the stakeholders on those issues, and to determine whether the parties can agree to proposed programmatic changes; and**
- **By March 31, 2020, PECO will file with the Commission a proposal to revise the FCO to further improve affordability for its CAP customers with incomes of 50% or less of the Federal Poverty Level. In that filing, PECO will state whether its proposal has the concurrence of the other signatories to the Joint Petition for Settlement.**

# CAP FCO – Overview

- PECO uses the highest range point of the following PUC guidelines:

PUC Energy Burden Targets	Electric Baseload	Electric Heating	Gas
0-50% FPL	2% - 5%	7% - 13%	5% - 8%
51-100% FPL	4% - 6%	11% - 16%	7% - 10%
101-150% FPL	6% - 7%	15% - 17%	9% - 10%

The CAP FCO is a credit is based on the customer’s total household gross income and energy usage. An example of the calculation is as follows:

- Electric baseload customer makes \$9,540 a year, putting them into 0-50% FPL.
- For this example, the customer can afford to pay 5% of \$9,540 or \$477.
- The previous year, this customer’s non-discounted bills were \$1,944 based upon usage of 10,600 kWh.
- Therefore the FCO for this customer is the difference between their last years undiscounted bills of \$1,944 – their Energy Burden of \$477, or \$1,467.

# Revised CAP Policy Statement Impacts

- On Thursday, September 19th, the Commission voted 3-2 to adopt a Final Policy Statement that amends the Commission’s CAP Policy Statement to enhance the low income customer assistance programs based upon industry, stakeholder, and staff recommendations as well as data analyzed in the Review and Energy Affordability proceedings.
- The most significant change is a lowering of the Energy Burdens. Energy Burdens are the % of Income that CAP customers should pay towards their Utility bills. Here are the current and revised Energy Burdens, by Federal Poverty Income Guidelines (FPIG) and Commodity:

PUC Guideline	Electric Non-Heat	Gas	Electric Heat
0-50% FPIG	5%	8%	13%
51-100% FPIG	6%	10%	16%
101-150% FPIG	7%	10%	17%

PUC Guideline	Electric Non-Heat	Gas	Electric Heat
0-50% FPIG	2%	4%	6%
51-100% FPIG	4%	6%	10%
101-150% FPIG	4%	6%	10%

- PECO provides a discount or shortfall (Fixed Credit Option or FCO) to bring CAP customer’s bills down to the Energy Burden requirements listed in the first table.
- Our current CAP shortfall is approx. \$59M (\$57M for Electric, \$2M for Gas).
- With the changes to lower Energy Burdens down to the 2nd table below, the CAP shortfall would significantly increase.

# Revised CAP Policy Statement Impacts

- Please note that this estimate is based on our current CAP population of 113,000. Prior to the change in our current FCO discount plan in 2016, PECO had 130K-140K CAP customers. The main reason for the drop in enrollment was due to the FCO no longer giving credits to approx. 30,000 CAP customers.
  - It is possible that with these lower Energy Burdens, 20,000 - 30,000 could return to the CAP program, as many of them may now be eligible for a CAP credit.
  - Therefore the possibility of a further increase to the CAP Shortfall is likely given the potential increase in CAP customer enrollment.

- The main reason why unaffordability remains high in the existing CAP customer population is increased year over year usage due to weather and other factors

## Unaffordable accounts

## Affordable accounts

All FPL	Total	YOY change	
	2016	13,668	
	2017	13,841	1.3%
	2018	16,202	17.1%
2017 Weather Adjusted	14,080	15.1%	
0-50% FPL	Total		
	2016	12,370	
	2017	12,603	1.9%
	2018	14,199	12.7%
2017 Weather Adjusted	12,809	10.9%	

All FPL	Total	YOY change	
	2016	10,062	
	2017	9,770	-2.9%
	2018	10,133	3.7%
2017 Weather Adjusted	9,931	2.0%	
0-50% FPL	Total		
	2016	11,460	
	2017	11,324	-1.2%
	2018	11,505	1.6%
2017 Weather Adjusted	11,505	0.0%	

# CAP FCO – Depth Analysis

From Table VIII-8I, pages 133-134				
2018 Statistics				
				Distr * mid-point of unaffordability
	<b>Electric Heat</b>	Distribution		
	2,395			
\$1-\$100	7.2%	172		\$8,622
\$101-\$500	36.2%	867		\$260,097
\$501-\$1,000	22.2%	532		\$398,768
\$1,001-\$1,500	16.2%	388		\$484,988
>\$1,500	18.2%	436		\$871,780
	100.0%	2,395		\$2,024,254
	<b>Electric Base</b>	Distribution		Distr * mid-point of unaffordability
	16,624			
\$1-\$100	14.0%	2,327		\$116,368
\$101-\$500	45.0%	7,481		\$2,244,240
\$501-\$1,000	24.0%	3,990		\$2,992,320
\$1,001-\$1,500	10.0%	1,662		\$2,078,000
>\$1,500	7.0%	1,164		\$2,327,360
	100.0%	16,624		\$9,758,288

	<b>Electric &amp; Gas Combo - Electric</b>	Distribution		Distr * mid-point of unaffordability
	4,286			
\$1-\$100	11.0%	471		\$23,573
\$101-\$500	46.0%	1,972		\$591,468
\$501-\$1,000	27.0%	1,157		\$867,915
\$1,001-\$1,500	11.0%	471		\$589,325
>\$1,500	5.0%	214		\$428,600
	100.0%	4,286		\$2,500,881
	<b>Electric &amp; Gas Combo - Gas</b>	Distribution		Distr * mid-point of unaffordability
	3,784			
\$1-\$100	14.0%	530		\$26,488
\$101-\$500	56.0%	2,119		\$635,712
\$501-\$1,000	23.0%	870		\$652,740
\$1,001-\$1,500	6.0%	227		\$283,800
>\$1,500	1.0%	38		\$75,680
	100.0%	3,784		\$1,674,420
<b>TOTAL</b>				<b>\$15,957,843</b>

# Benchmarking PA Utilities

EDCs	CAP customers	% of total State	# in 0-50% FPL	% of total State
Duquense	36,075	13.4%	7,016	12.8%
First Energy	59,626	22.1%	12,448	22.7%
PPL	56,539	21.0%	9,440	17.2%
PECO	117,162	43.5%	25,951	47.3%
<b>Total</b>	<b>269,402</b>	<b>100.0%</b>	<b>54,855</b>	<b>100.0%</b>

NGDCs	CAP customers	% of total State	# in 0-50% FPL	% of total State
Columbia	23,600	15.9%	5,426	14.8%
NFG	7,728	5.2%	1,022	2.8%
Peoples	30,619	20.6%	7,453	20.4%
PGW	51,371	34.6%	14,469	39.6%
UGI	14,719	9.9%	3,446	9.4%
PECO	20,310	13.7%	4,755	13.0%
<b>Total</b>	<b>148,347</b>	<b>100.0%</b>	<b>36,571</b>	<b>100.0%</b>

Data source: 2018 USP report

# Benchmarking PA Utilities - Affordability

	PECO - 2018			Duquense - 2013		PPL- 2013	
	Electric Heat	Electric	Gas	Electric Heat	Electric	Electric Heat	Electric
0-50% FPL	82.0%	82.0%	73.0%	84.0%	90.0%	58.0%	94.0%
51-100% FPL	22.0%	42.0%	8.0%	19.0%	54.0%	39.0%	55.0%
101-50% FPL	3.0%	15.0%	1.0%	3.0%	20.0%	9.0%	13.0%
Total	31.0%	44.0%	22.0%				

- **Other PA Utilities face the same affordability issues with the 0-50% FPL group.**

Data source: Utility 6-year evaluations

# Benchmarking PA Utilities

Three main reasons why Energy Burden changes impacted PECO more than the other Utilities:

1. PECO has the largest amount of enrolled 0-50% FPL CAP customers and they had the most significant Energy Burden reduction.
2. PECO has the highest CAP maximums. Maximums are set to limit the discount or credits a CAP customer can receive in a given year (cost control).
3. Some utilities had offsetting savings, revised EBs are higher than what they currently use

EDCs	CAP customers	# in 0-50% FPL	% of total State	0-50% as % of Total CAP
Duquense	36,075	7,016	12.8%	19.4%
First Energy	59,626	12,448	22.7%	20.9%
PPL	56,539	9,440	17.2%	16.7%
PECO	117,162	25,951	47.3%	22.1%
<b>Total</b>	<b>269,402</b>	<b>54,855</b>	<b>100.0%</b>	<b>20.4%</b>

	PECO		PPL		First Energy		Duquense	
Max Credits	Electric Heat	Electric	Electric Heat	Electric	Electric Heat	Electric	Electric Heat	Electric
0-50% FPL	\$3,490	\$2,435	\$2,685	\$1,057	\$2,600	\$1,100	\$2,350	\$1,600
51-100% FPL	\$2,318	\$1,716	\$2,441	\$961	\$2,600	\$1,100	\$1,800	\$1,400
101-50% FPL	\$2,070	\$1,554	\$2,219	\$873	\$2,600	\$1,100	\$1,300	\$900

Data source: Utility annual 3-year plans

# CAP FCO - Payment Rates Analysis

- Does affordability impact payment rates?
  - We looked at the Apprise subgroup of CAP customers (sample of all CAP 0-150% FPL) who had 3 years of data and broke those CAP customers into 2 segments, those getting an affordable bill and those who are not.
  - We looked at year-end arrearage balances (> 30 days) to determine payment behavior.
  - The results were:

<b>Unaffordable</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>Avg</b>
Not Past Due	<b>74%</b>	<b>72%</b>	<b>74%</b>	<b>73%</b>
Past Due	<b>26%</b>	<b>28%</b>	<b>26%</b>	<b>27%</b>
<b>Affordable</b>				
Not Past Due	<b>78%</b>	<b>78%</b>	<b>79%</b>	<b>78%</b>
Past Due	<b>22%</b>	<b>22%</b>	<b>21%</b>	<b>22%</b>

- Although the % past due is not significantly different, their past due balances were.
  - Unaffordable accounts average past due balances was \$637
  - Affordable accounts average past due balances was \$389

# CAP FCO Recommendation

	Option 1	Option 2	Option 3	Option 4A	Option 4B
Option Descriptions	FCO with minor adjustments, current Energy Burden	FCO with minor adjustments, using revised, lower Energy Burden	PIPP, current Energy Burdens	PIPP, using revised, lower Energy Burdens	PIPP, revised, lower Energy Burdens except 101-150% FPL
Pros	No IT costs, funnel money directly into 0-50% group	Reduced bills for CAP customers, \$3.5M bad debt savings	Best affordability results, simplified billing	Improves affordability with lowest bills, highest bad debt savings	Same as 4A but with less shortfall spent on 101-150% FPL group
Cons	Only slight improvement in Affordability, inefficient delivery of Shortfall	Increased shortfall without significant improvement in Affordability	Does not follow revised CAP Policy guidelines, cost \$0.5M-\$1M in IT costs	Less affordability improvement than PIPP with current EBs.	Less affordability improvement than PIPP with current EBs, IT costs

# CAP FCO Recommendation

	Current FCO	Option 1	Option 2	Option 3	Option 4A	Option 4B
<u>Energy Burden</u>						
0-50% FPL Electric Heat	13%	13%	6%	13%	6%	6%
51-100% FPL Electric Heat	16%	16%	10%	16%	10%	10%
101-150% FPL Electric Heat	17%	17%	10%	17%	10%	17%
0-50% FPL Electric	5%	5%	2%	5%	2%	2%
51-100% FPL Electric	6%	6%	4%	6%	4%	4%
101-150% FPL Electric	7%	7%	4%	7%	4%	7%
0-50% FPL Gas	8%	8%	4%	8%	4%	4%
51-100% FPL Gas	10%	10%	6%	10%	6%	6%
101-150% FPL Gas	10%	10%	6%	10%	6%	10%
<u>Unaffordability:</u>						
0-50% FPL Electric Heat	82%	~72%	~72%	41%	68%	68%
51-100% FPL Electric Heat	22%			4%	9%	9%
101-150% FPL Electric Heat	3%			1%	3%	1%
0-50% FPL Electric	82%	~72%	~72%	34%	62%	62%
51-100% FPL Electric	42%			9%	13%	13%
101-150% FPL Electric	15%			4%	9%	4%
0-50% FPL Gas	73%	~63%	~63%	33%	62%	62%
51-100% FPL Gas	8%			0%	0%	0%
101-150% FPL Gas	1%			0%	0%	0%

# CAP FCO Recommendation

		FCO with adjustments	FCO with adjs & lower EBs	PIPP current EBs	PIPP lower EBs	PIPP lower EBs but current for 101-150
	Current FCO	Option 1	Option 2	Option 3	Option 4A	Option 4B
Shortfall Estimates Change	\$60,000,000	\$75,000,000 \$15,000,000	\$85,000,000 \$25,000,000	\$70,243,474 \$10,243,474	\$93,473,806 \$33,473,806	\$82,993,086 \$22,993,086
Bad Debt savings		\$2.1M	\$3.5M	\$1.4M	\$4.7M	\$3.2M
IT costs	\$0	\$0	\$0	\$500K - \$1M	\$500K - \$1M	\$500K - \$1M
Shortfall / 117,000 CAP customers	\$513	\$641	\$726	\$600	\$799	\$709
Grossed up shortfall for 140,000	\$69,641,026	\$87,051,282	\$98,658,120	\$81,530,460	\$108,493,529	\$96,328,727
Increase	\$9,641,026	\$12,051,282	\$13,658,120	\$11,286,986	\$15,019,723	\$13,335,641

117K Customers b/c using 2018 as model

## Recommendation – Option 4B: PIPP with lower EBs, except 101-150% FPL

- \$83M in Shortfall providing low CAP bills with improved affordability
- Even at 140K CAP customers, just \$6M over base rate amount of \$90M

## CAP PIPP Affordability study

### Electric Heat with current maximum and revised \$20 minimum bill

	Unaffordable %	# of Unaffordable	Depth of Unaffordability	Total CAP
0-50% FPL	46%	1,075	\$277	2,348
51-100% FPL	6%	295	\$874	5,312
101-150% FPL	1%	35	\$895	3,624
Total	12%	1,405		11,284

### Electric Non-heat with current maximum and revised \$10 minimum bill

	Unaffordable %	# of Unaffordable	Depth of Unaffordability	Total CAP
0-50% FPL	49%	8,598	\$209	17,408
51-100% FPL	8%	3,316	\$781	41,304
101-150% FPL	4%	1,045	\$820	23,971
	16%	12,959		82,683

### Gas with revised \$20 minimum bill

	Unaffordable %	# of Unaffordable	Depth of Unaffordability	Total CAP
0-50% FPL	51%	2,107	\$156	4,170
51-100% FPL	0%	-		8,062
101-150% FPL	0%	-		7,197
	11%	2,107		19,429

<b>Total Remaining Unaffordable</b>	<b>15,426</b>	
<b>% of Total CAP customers</b>	<b>14%</b>	<b>113,396</b>



July 17, 2020

*Via Email*

Jennedy Johnson, Esq.  
Ward Smith, Esq.  
PECO Energy Company  
2301 Market Street  
Philadelphia, PA 19101

**Re: Joint Petition for Settlement, PECO Energy Company Universal Service and Energy Conservation Plan for 2013-2015, Docket No. M-2012-2290911**

Dear Counsel:

Community Legal Services (CLS) represents Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (TURN *et al.*) regarding utility affordability issues affecting low-income Philadelphians. On behalf of our clients, and together with CAUSE-PA, the Office of Consumer Advocate (OCA) and PECO, on March 20, 2015, we signed and PECO filed a Joint Petition for Settlement to create a new CAP structure, the Fixed Credit Option (FCO). The Commission approved the Joint Petition, without modification, on July 8, 2015, approving the Settlement as written. The CAP FCO was then implemented as a part of PECO's Universal Service and Energy Conservation Plan for 2016-2018, which remains active.<sup>1</sup>

**Under the terms of the settlement, PECO is required to revise the energy burden for CAP customers consistent with any Commission approved changes to the energy burden ranges set forth in the Commission's CAP Policy Statement.**

On March 21, 2020, the Commission's revised Policy Statement, which set forth reduced energy burdens for CAP customers, was published in the Pennsylvania Bulletin. On April 10, 2020 counsel for TURN *et al.* spoke with PECO's counsel and the Manager of PECO's Universal Service program and informed PECO that it is in violation of the Commission-approved FCO Settlement. To date PECO has not implemented the new energy burdens.

---

<sup>1</sup> See Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule, Docket No. M-2019-3012601 (Order entered October 3, 2019) at 13 ("As part of the USECP approval process based on this filing schedule, the Commission will set deadlines for the filing of each utility's next proposed USECP and third-party universal service impact evaluation. An existing USECP will remain in effect until a new one is approved and implemented."). PECO's currently active Universal Service and Energy Conservation Plan for 2016-2018 is docketed at M-2015-2507139.

**Center City Office:** 1424 Chestnut St. | Philadelphia, PA 19102-2505 | Telephone: 215-981-3700 [clsphila.org](http://clsphila.org)

**North Philadelphia Law Center:** 1410 West Erie Ave. | Philadelphia, PA 19140-4136 | Telephone: 215-227-2400



Accordingly, we are writing to obtain your written confirmation, by July 31, 2020, that PECO will satisfy the terms of that Settlement and provide a set date by which PECO will do so. If PECO does not provide adequate confirmation, our clients are prepared to commence legal action to enforce the Settlement.

The Settlement sets forth the allowable energy burdens (percentage of income that is considered an affordable energy bill for low-income households) in Table 1 of Appendix A, page 3, with a footnote that states:

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.***

Appendix A p. 2-3 (emphasis added)

As of March 21, 2020,<sup>2</sup> the maximum allowable energy burden in the Commission's CAP Policy Statement has been reduced as follows:<sup>3</sup>

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

This energy burden reduction in the Commission's CAP Policy Statement follows several years of investigation by the Commission into the issue of Energy Affordability.<sup>4</sup> The Commission's decision to amend the CAP Policy Statement reflected an understanding that it was unreasonable

<sup>2</sup> This reflects the date that the amended CAP Policy Statement was published in the Pennsylvania Bulletin. 50 Pa. B. No. 12 at 1691-1695. The Commission's Order amending the CAP Policy Statement was announced at the Public Meeting on September 19, 2019 and entered on November 5, 2019. See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261-69.267, Docket No. M-2019-3012599 (Final Policy Statement and Order entered November 5, 2019). The Commission ruled on Petitions for Reconsideration of that Order filed by the Office of Consumer Advocate and the Energy Association of Pennsylvania on February 6, 2020. See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261-69.267, Docket No. M-2019-3012599 (Orders on Reconsideration/Clarification entered February 6, 2020). It is arguable that PECO's obligation to reduce energy burdens started earlier than March 21, 2020.

<sup>3</sup> 52 Pa. Code § 69.265(2)(i).

<sup>4</sup> See generally Energy Affordability for Low-Income Customers, Docket No. M-2017-2587711.



to expect low-income families to spend more than 10% of their household income on utilities. Having done so, the unequivocal language of the Settlement required PECO to implement the new energy burdens as a part of its CAP FCO.<sup>5</sup>

By failing to adopt the Commission's new energy burden ranges, PECO is subjecting low-income households to unaffordable bills at a time when they are in the greatest need of financial assistance. We appreciate that PECO has taken important steps to provide relief to low-income families during the COVID-19 pandemic and will be seeking to address some affordability concerns by redesigning CAP to function as a Percentage of Income Payment Plan (PIPP); however, PECO's failure to adopt the new energy burden ranges undercuts those efforts to the extent bills remain unaffordable according to the CAP policy statement.

Please let us know if you would like to discuss this letter as soon as possible. While we are open to further discussion, we submit that the most appropriate outcome for all concerned would be for PECO to take the following actions to restore compliance with the Settlement:

- Immediate implementation of the current PUC energy burdens;
- Recalculation of CAP bills issued after March 21, 2020 to reflect the corrected energy burdens; and
- Arrearage forgiveness for partial bill payments, to the extent they were adequate to cover the CAP bills as corrected

Sincerely,

A handwritten signature in black ink, appearing to read 'Joline Price'.

Joline Price, Esq.  
Robert Ballenger, Esq.  
Josie Pickens, Esq.

*Counsel for TURN et al.*

Cc: Mark Kehl, Manager, PECO Universal Services

---

<sup>5</sup> PECO noted this requirement in Comments to the Commission in the Energy Affordability docket. See Energy Affordability for Low-Income Customers, Docket No. M-2017-2587711 (Initial Comments of PECO Energy Company at 7). (“PECO notes, however, that in the Commission-established energy burden is changed, PECO’s CAP FCO program has a “pass through” clause allowing for automatic implementation.”).

**PECO ENERGY COMPANY  
STATEMENT NO. 1-RJ**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

TENANT UNION REPRESENTATIVE NETWORK  
v.  
PECO ENERGY COMPANY

DOCKET NO. C-2020-3021557

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REJOINDER TESTIMONY

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WITNESS: MARK KEHL

SUBJECT: PECO'S CUSTOMER ASSISTANCE  
PROGRAM

DATED: FEBRUARY 5, 2021

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**REJOINDER TESTIMONY  
OF  
MARK KEHL**

4                   **I.       INTRODUCTION AND PURPOSE OF TESTIMONY**

5   **1.     Q.     Please state your name and business address.**

6           A.     My name is Mark Kehl. My business address is PECO Energy Company, 2301  
7                   Market Street, Philadelphia, Pennsylvania 19103.

8   **2.     Q.     Have you previously submitted testimony in this proceeding?**

9           A.     Yes, I submitted rebuttal testimony marked as PECO Statement No. 1-R and  
10                   accompanying PECO Exhibit Nos. MK-1 through MK-3. My background and  
11                   qualifications are set forth in that statement.

12   **3.     Q.     What is the purpose of your rejoinder testimony?**

13           A.     The purpose of my rejoinder testimony is to respond to certain averments in the  
14                   surrebuttal testimony of Mr. Philip A. Bertocci on behalf of the Tenant Union  
15                   Representation Network (“TURN”) and Mr. Harry Geller on behalf of the  
16                   Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania  
17                   (“CAUSE-PA”). First, I respond to the claim made by Mr. Bertocci and Mr.  
18                   Geller that the Settlement<sup>1</sup> provision that required PECO Energy Company  
19                   (“PECO” or the “Company”) to conduct an independent third party evaluation of

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<sup>1</sup> The Settlement was approved by the Pennsylvania Public Utility Commission (the “Commission”) in the docket for the Company’s 2013-2015 Universal Service and Energy Conservation Plan (the “2013-2015 USECP”). See *PECO Universal Service and Energy Conservation Plan for 2013-2015 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4*, Docket No. M-2012-2290911 (Order entered July 8, 2015).

1 PECO’s Fixed Credit Option (“FCO”) program, which was later conducted by  
2 APPRISE<sup>2</sup>, is “distinct” from and “independent” of the other FCO Settlement  
3 provisions, and thus is irrelevant to the issues in this proceeding. Second, I  
4 respond to Mr. Bertocci’s claim that PECO “is not complying with an additional  
5 requirement of the Settlement” related to adjustment of FCO Annual Credits after  
6 PECO’s 2019 electric base rate increase. Third, I respond to the testimony of Mr.  
7 Bertocci and Mr. Geller regarding retroactive FCO credits by providing additional  
8 information about the limitations on PECO’s ability to calculate and provide  
9 individualized FCO credits retroactively (that is, for past billing periods). In that  
10 third section, I provide some brief comments about the claims by TURN and  
11 CAUSE-PA that PECO has acted in bad faith.

## 12 II. THE ROLE OF THE APPRISE EVALUATION

13 **4. Q. In your rebuttal testimony, you discussed an evaluation of PECO’s FCO**  
14 **program that was performed by APPRISE and submitted to the**  
15 **Commission, and which was the basis of PECO’s decision to move to a**  
16 **percentage of income payment plan (“PIPP”) structure for its CAP program.**  
17 **Did Mr. Bertocci and Mr. Geller address the APPRISE evaluation?**

18 A. Yes. In TURN Statement No. 1-SR (p. 5), Mr. Bertocci claims that the APPRISE  
19 evaluation is “not relevant” to the issues raised by TURN in this proceeding. He  
20 states that “[t]he referenced APPRISE evaluation was required by a separate and  
21 distinct settlement term. . . . That evaluation is not relevant to PECO’s current,

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<sup>2</sup> APPRISE is an acronym for the Applied Public Policy Research Institute for Study and Evaluation.

1 ongoing obligations – for as long as it operates its CAP as an FCO, it must  
2 operate the FCO according to the terms of its USECP and the Settlement.” Mr.  
3 Geller makes a similar argument in CAUSE-PA Statement No. 1-SR (pp. 9-11),  
4 where he contends that “PECO’s obligation to revise the FCO’s maximum energy  
5 burdens is based upon a specific commitment in the Settlement that is  
6 independent of any other modifications to universal service program details, CAP  
7 elements, or even any potential attempts to modify the basic CAP structure.”

8 **5. Q. Do you agree that the Settlement terms regarding FCO implementation and**  
9 **operation are “distinct” from or “independent” of the APPRISE evaluation?**

10 A. No. It was fully understood that the results of the APPRISE evaluation could  
11 result in adjustments to the FCO. For example, in CAUSE-PA’s April 22, 2015  
12 Statement in Support of the FCO Settlement<sup>3</sup> (which was signed by Mr. Geller),  
13 CAUSE-PA described the importance of the APPRISE evaluation and that  
14 CAUSE-PA fully expected that data from the APPRISE evaluation could result in  
15 changes to the terms agreed upon in the Settlement. CAUSE-PA stated (p. 10,  
16 emphasis added) that:

17 *External Review of FCO Program: An appropriately timed, expert*  
18 *review of the FCO program is critical to the program's success, as*  
19 *it provides data-driven analysis that enables the Company -*  
20 *together with the Commission, parties and stakeholders - to make*  
21 *necessary adjustments to ensure that the program projections and*  
22 *modeling of affordability are realized. To ensure an appropriate*  
23 *level of data is collected to enable a full and meaningful review of*  
24 *the FCO, the Settlement provides that PECO will seek a one-year*  
25 *extension of its currently scheduled six-year evaluation. This will*  
26 *provide the external evaluators with two full years of data with*

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<sup>3</sup> CAUSE-PA’s Statement in Support is available on the Commission’s website at Docket No. M-2012-2290911.

1 which to analyze the success of the FCO. *CAUSE-PA recognizes*  
2 *the importance of complete data to arrive at meaningful analysis*  
3 *and asserts that regular and robust review of and adjustment to the*  
4 *FCO program is critical to ensure that it meets the projected*  
5 *affordability targets.* As such, CAUSE-PA asserts that this  
6 provision will ultimately serve the public interest to have a  
7 thorough and data-driven evaluation of the FCO program.

8 PECO's April 30, 2015 Statement in Support (p. 11)<sup>4</sup> provided a similar  
9 description of the role of the APPRISE Evaluation. PECO stated (p. 11, emphasis  
10 added) that:

11 Post Implementation Commission Review: The Term Sheet  
12 provides a specific mechanism and time frame to provide the  
13 Commission with a detailed, data-driven review of FCO program  
14 operations, *so that the Commission and the stakeholders will have*  
15 *the opportunity to determine whether further program refinements*  
16 *should be adopted.*

17 Moreover, when the Commission approved PECO's 2016-18 USECP<sup>5</sup>, it  
18 specifically reserved the authority to order additional program changes based  
19 upon, among other things, "evaluation findings." The Commission stated:

20 Finally, the Commission's tentative partial approval of this Plan does not limit the  
21 Commission's authority to order future changes to the Plan based on *evaluation*  
22 *findings*, universal service data, or ratemaking considerations.  
23

24 I find it impossible to reconcile these contemporaneous statements, which clearly  
25 contemplated that the APPRISE evaluation could form the basis for further  
26 changes to PECO's CAP program, with the current position of Mr. Bertocci and  
27 Mr. Geller that the FCO Settlement provisions under discussion in this case were

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<sup>4</sup> PECO's Statement in Support is available on the Commission's website at Docket No. M-2012-2290911.

<sup>5</sup> PECO Energy Company Universal Service and Energy Conservation Plan for 2016-2018, Docket No. M-2015-2507139 (Feb. 25, 2016 Tentative Order, p. 33, emphasis added).

1 “distinct” from and “independent” of the Settlement term that established the  
2 APPRISE evaluation. I therefore do not agree with those characterizations.

3 **III. COMPLIANCE WITH ADDITIONAL SETTLEMENT TERM**

4 **6. Q. In his surrebuttal testimony, Mr. Bertocci claims (pp. 10-11) that PECO “is**  
5 **not complying with an additional requirement of the Settlement” related to**  
6 **adjustment of FCO Annual Credits after its 2019 electric base rate increase.**  
7 **Do you agree with his claim?**

8 A. No. After PECO’s 2019 electric base rate increase, the Company made changes  
9 to the FCO Annual Credits in full compliance with the Settlement provision  
10 identified by Mr. Bertocci.

11 **7. Q. Please explain how the Company has acted in compliance with the Settlement**  
12 **in adjusting the FCO Annual Credits.**

13 A. The Settlement contains a detailed multi-step procedure for calculating the FCO  
14 credit that will be put on each customer’s bill. A brief review of those steps is  
15 necessary to understand the adjustment PECO made to the Annual Credits after  
16 the 2019 electric base rate increase.

17 The first step in the FCO calculation is to determine the “Base Charges.” The  
18 Base Charges are determined by looking at the customer’s prior 12 months’ usage  
19 and the charges imposed during the prior 12 months. The purpose of this first  
20 step in the calculation is to determine what the customer would have paid in the  
21 prior year, given their actual usage characteristics (albeit the Base Charges are

1 also subject to a weather-normalization adjustment) and the actual rates that were  
2 in effect the prior year. In essence, the “Base Charges” portion of the calculation  
3 seeks to determine what the customer would have paid in the prior 12 months if  
4 they received undiscounted service. *Pro forma* data on usage and charges can be  
5 used to set the Base Charges only when the customer is new and historical usage  
6 and charging data is not available. With that limited exception for new customers  
7 for whom historical data does not exist, the use of retrospective data from the  
8 prior 12 months is one of the fundamental architectural features of determining  
9 the Base Charges – the first step of the FCO calculation.

10 The second step of the FCO calculation is to determine the household income.

11 The third step is to determine the energy burden level applicable to the customer’s  
12 income level. Household income is then multiplied by the energy burden  
13 percentage to obtain an “Annual CAP Bill” amount. The Annual CAP Bill  
14 amount can be adjusted if it would violate minimum bill provisions or maximum  
15 benefit provisions but, other than such constraints, the Annual CAP Bill is the  
16 target amount for that customer – in a normal weather year, the overall FCO  
17 calculation aims to deliver bills that equal the Annual CAP Bill amount.

18 In the fourth step, the Annual Credit referred to by Mr. Bertocci is calculated.

19 The Settlement defines “Annual Credit” using a mathematical formula: “Weather-  
20 Normalized Base Charges – Annual CAP Bill = Annual Credit.” It is important  
21 to recognize that, because the Annual Credit is determined in part by reference to  
22 the Weather-Normalized Base Charges, and because the Weather-Normalized  
23 Base Charges themselves are based on a retrospective review of 12 months of

1 trailing data, the FCO calculation requires that the Annual Credit be set using 12-  
2 month retrospective data.

3 The fifth step then applies the Annual Credit to the customer's bill according to a  
4 seasonality table that is designed to deliver higher credits in months with higher  
5 usage.

6 The FCO calculation also takes cognizance that life events for low-income  
7 customers can be quite changeable, and that locking in a single Annual Credit for  
8 a full year would expose those customers to risk of changed circumstances in their  
9 lives, including changes in the utility usage and charges that are used to calculate  
10 the Annual Credit. Consequently, the sixth step of the calculation requires a  
11 quarterly adjustment to the Annual Credit amount. This is accomplished by re-  
12 assessing the Weather-Normalized Base Charges – still using 12 months trailing  
13 data but, because three more months have passed, the new assessment of the  
14 Weather-Normalized Base Charges includes “the customer's most recent three  
15 months' data on usage/charges.” (FCO Calculation, Step Six, Bullet Three.) The  
16 new Weather-Normalized Base Charges are then used to calculate a new Annual  
17 Credit (recall that the Annual Credit = Weather-Normalized Base Charges –  
18 Annual CAP Bill, so that the Annual Credit can only be calculated by reference to  
19 the trailing 12 months usage/charges data that were used to determine the  
20 Weather-Normalized Base Charges.) That new Annual Credit is then used for the  
21 next three months, when a new calculation is performed. Again, the mechanism  
22 and math for conducting this adjustment to the Annual Credit is spelled out in the  
23 Settlement.

1 After PECO's new electric rates were made effective on January 1, 2019, PECO  
2 used this quarterly adjustment procedure to adjust each customer's Annual Credit  
3 on four separate occasions, in each of the four subsequent quarterly reviews.

4 **8. Q. Mr. Bertocci states (p. 11) that implementation of the post-base rate case**  
5 **adjustment “would have required a distinct process separate from quarterly**  
6 **assessments.” Does the Settlement describe any distinct process, separate**  
7 **from the quarterly assessments, to adjust the Annual Credit after a base rate**  
8 **case?**

9 A. No. Adjustments can be made to reflect events such as changes in the customer's  
10 income, family size, or use of medical equipment. But the only mechanism  
11 described in the Settlement that can reflect changes to the charges made to  
12 customers is the quarterly adjustment just described. The Settlement does not  
13 describe any “distinct separate process” to change the Annual Credit after a base  
14 rate case.

15 **9. Q. Did Mr. Bertocci provide any description or details of the mechanism or**  
16 **calculation that he believes PECO should have used to adjust the Annual**  
17 **Credit?**

18 A. No. Other than his reference to a “distinct separate process,” he provides no  
19 description of the mechanism or calculation that he believes PECO should have  
20 used.

1   **10.   Q.    What kind of adjustment would be needed to address Mr. Bertocci’s**  
2                   **apparent desire to more immediately reflect an increase in base rates?**

3           A.    In broad terms, PECO would have to make an adjustment to the Annual Credit at  
4                   the time of base rate case in which, instead of using the trailing 12 months of  
5                   usage and charge data, it would calculate using 12 months of actual trailing usage  
6                   data and a 12-month prospective *pro forma* of charges. I note that this would be  
7                   in direct violation of the terms of the Settlement that require that the Annual  
8                   Credit be set using actual trailing data on usage and charges. Three months later,  
9                   PECO would do a quarterly adjustment to the Annual Credit in which the charge  
10                  data would now include three months of actual charges imposed under the new  
11                  base rates. For that quarterly adjustment, PECO would thus need to use three  
12                  months of actual retrospective trailing data on charges, combined with nine  
13                  months of prospective *pro forma* charge data. Three months later, PECO would  
14                  conduct a second quarterly adjustment, which would now include charging data  
15                  with six months of charges under the new base rate case; PECO would thus need  
16                  to use six months of actual retrospective trailing charge data, combined with six  
17                  months of *pro forma* data for the second adjustment. In the third quarterly  
18                  adjustment, PECO likewise would need to use nine months of actual retrospective  
19                  trailing charge data, combined with three months of prospective *pro forma* data.  
20                  In the fourth quarterly adjustment, PECO would need to use 12 months of trailing  
21                  charge data and zero months of *pro forma* charge data.

22   **11.   Q.    Does the Settlement provide for such an adjustment to Annual Credits using**  
23                   **prospective *pro forma* data?**

1 A. No. The Settlement does not discuss use of prospective *pro forma* data to make  
2 adjustments to the Annual Credit. Indeed, as described earlier in my testimony,  
3 with the exception of new customers for whom no historical data exists, the  
4 Settlement requires that adjustments to the Annual Credit be made using  
5 retrospective actual data on usage and charges from the trailing 12 months.

6 **IV. INDIVIDUAL RETROACTIVE BILL CREDITS**

7 **12. Q. In this proceeding, TURN has requested that PECO provide individual**  
8 **retroactive bill adjustments for CAP customers. Did you address the**  
9 **feasibility of this request in your rebuttal testimony?**

10 A. Yes. I explained that the individual-by-individual retroactive CAP credit  
11 calculations requested by TURN cannot be recreated in PECO's Customer  
12 Information Management System ("CIMS"). In addition, due to the volume of  
13 CAP accounts and potential timeframe covered, a manual recalculation of bills for  
14 each CAP customer would be extremely difficult.

15 **13. Q. Both Mr. Bertocci and Mr. Geller argue that the Company failed to present**  
16 **an appropriate level of detail regarding PECO's feasibility concerns. Can**  
17 **you provide some additional information about why PECO cannot**  
18 **automatically recalculate CAP bills?**

19 A. Yes. PECO's CIMS has the FCO calculation built as a point-in-time calculation.  
20 When a customer enrolls in CAP, recertifies into CAP, changes their financial  
21 income information, or reaches a quarterly adjustment, an FCO calculation is  
22 generated. CIMS uses a customer's verified financial information and the

1 customer's last 12 months of undiscounted bills (if available) at the time the FCO  
2 calculation is made. The calculation pulls from specific data tables that contain  
3 the relevant data to calculate the FCO at any given time. Those data tables do not  
4 store historic billing information beyond what is needed for the point-in-time  
5 FCO calculation. As an example, the data tables used for the FCO calculation  
6 only contain a rolling 12-month history of prior bills. Therefore, each month, the  
7 most recent month of bill history for a CAP customer is added and the oldest  
8 (now thirteenth) month of bill history is dropped. The rolling nature of the FCO-  
9 related data tables prevents the Company from automatically recalculating CAP  
10 bills for a prior period.

11 **14. Q. Are there further complications with calculating credits to cover historic**  
12 **periods?**

13 A. Yes. Not only is the FCO credit determined by a point-in-time calculation, the  
14 calculation is also performed on, at a minimum, a quarterly basis. Specifically,  
15 the FCO calculation is performed at each customer's quarterly reassessment and  
16 could be performed additional times if a customer changes their financial  
17 information. For this reason, to accurately recalculate CAP bills, PECO would  
18 need to recreate each customer's FCO credit at multiple periods for a given year  
19 with the point-in-time information at each of those quarterly reassessment dates.

20 Other factors such as pro forma estimation of usage (for CAP customers who  
21 have not been at that address for 12 months), weather normalization factors,  
22 monthly allocation percentages of the annual Fixed Credit, and application of

1 maximum annual CAP credits and minimum bill requirements would all need to  
2 be researched for each historical point in time for which a prior period calculation  
3 would occur.

4 **15. Q. Can these calculations be done manually?**

5 A. Any given calculation for a specific customer for a specific three-month period  
6 can be done manually by having an analyst pull the historic data from elsewhere  
7 in CIMS and conduct a manual calculation. However, the CAP program has  
8 nearly 100,000 participants and TURN has requested retroactive credits to  
9 November 2019 (15 months ago). Since the calculation needs to be done  
10 separately for each three-month period, that is a minimum of five calculations per  
11 customer. It would thus require approximately half a million individual manual  
12 calculations to implement the approach recommended by TURN and CAUSE-PA.

13 **16. Q. Could the Company make modifications to CIMS to enable the recalculation**  
14 **of individual CAP customer bills from prior periods?**

15 A. Yes, the Company could initiate a new information technology (“IT”) project to:  
16 (1) develop a method to capture the point-in-time data from other areas of CIMS;  
17 and (2) perform all the necessary FCO recalculations for each CAP customer  
18 using the captured data. The full scope of such an IT project has not been  
19 developed at this time, but actual project costs would be recovered from the  
20 residential customer class consistent with other universal service programming  
21 costs.

22 I recommend against attempting to use an IT project to enable calculation of

1 retroactive credits because, unless PECO first conducts a detailed IT investigation  
2 of the scope of needed changes (which itself could take weeks or months to  
3 complete), I cannot provide an estimate of the cost or time that such an IT project  
4 would entail.

5 **17. Q. Has the Company presented an alternative method to determine customer**  
6 **refunds that does not involve a new IT project?**

7 A. Yes. In my rebuttal testimony, I suggested that if the Commission determines that  
8 a retroactive bill credit starting on March 21, 2020 (the date of publication of the  
9 Revised CAP Policy Statement<sup>6</sup> in the Pennsylvania Bulletin) to present is  
10 appropriate, a system-wide average adjustment could occur and be provided to  
11 every CAP customer. Exhibit MK-1RJ details the proposed allocation of the  
12 system-wide average adjustment. The Company took the average CAP credit and  
13 increased the credits, by Federal Poverty Level group and commodity, based on  
14 the impact of changing the energy burdens to the levels in the Revised CAP  
15 Policy Statement. This allocation appropriately directs the increased CAP credits  
16 in proportion to the energy burden changes and would avoid the time and expense  
17 of an IT project.

18 **18. Q. Mr. Geller states (p. 12) that, if the Commission orders retroactive credits, it**  
19 **should conclude that the retroactivity “is fully the responsibility of PECO**

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<sup>6</sup> 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261–69.267, Docket No. M-2019-3012599 (Order entered Nov. 5, 2019). The Revised Policy Statement became effective on March 21, 2020 upon publication in the *Pennsylvania Bulletin*. See 50 Pa. B. No. 12 at 1691-1695 (Mar. 21, 2020).

1 **and should be considered the Company's – not the ratepayers' -**  
2 **responsibility.” Please comment.**

3 A. Mr. Geller seems to be suggesting that any IT costs should be paid by PECO, and  
4 that the magnitude of any costs paid by PECO should be ignored by the  
5 Commission. I disagree on both counts. Costs-to-achieve are always a relevant  
6 factor in determining an appropriate course of action, regardless of who pays  
7 those costs. Moreover, as previously noted, costs-to-achieve in PECO's CAP  
8 program are paid by PECO's residential customers. Mr. Geller's rationale for  
9 shifting those costs to PECO is essentially the same as the rationale presented by  
10 Mr. Geller and Mr. Bertocci for imposing fines and penalties on PECO in this  
11 matter – the claim that PECO has acted in bad faith.

12 Parties can have differing views – even strongly differing views – and still be  
13 operating in good faith. As described in my rebuttal testimony and this rejoinder  
14 testimony, PECO has reasonable bases for its interpretation of the Settlement  
15 provisions under discussion. The parties agreed at the time of the Settlement that  
16 the results of the APPRISE evaluation could form the basis for additional changes  
17 to PECO's CAP program. PECO utilized that process, submitted the APPRISE  
18 evaluation to the Commission and the parties, met with the parties to describe the  
19 comprehensive changes that it intended to make as a result of the APPRISE  
20 evaluation, and made a filing with the Commission to implement that  
21 comprehensive change to a PIPP. Moreover, after TURN filed a formal  
22 complaint in this docket stating that PECO should implement the lower energy  
23 burdens as part of the FCO (on both a retroactive and prospective basis), PECO



Allocation of Retroactive FCO Average Adjustments

Year End 2020 CAP Enrollment

CAP Tier	Electric Baseload	Electric Heat	Gas	Total
0-50% FPL	19,494	2,700	4,988	27,182
51-100% FPL	41,494	5,637	8,548	55,679
101-150% FPL	22,106	3,388	6,652	32,146
<b>Total</b>	<b>83,094</b>	<b>11,725</b>	<b>20,188</b>	<b>115,007</b>

Commodity Allocation	Electric Baseload	Electric Heat	Gas	Total
0-50% FPL	17.0%	2.3%	4.3%	23.6%
51-100% FPL	36.1%	4.9%	7.4%	48.4%
101-150% FPL	19.2%	2.9%	5.8%	28.0%
<b>Total</b>	<b>72.3%</b>	<b>10.2%</b>	<b>17.6%</b>	<b>100.0%</b>

FPL Allocation	Electric Baseload	Electric Heat	Gas	Total
0-50% FPL	23.5%	23.0%	24.7%	
51-100% FPL	49.9%	48.1%	42.3%	
101-150% FPL	26.6%	28.9%	33.0%	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

Change in Energy Burdens	Current EBs	Revised EBs	Change	% Change
0-50% FPL Electric	5%	2%	3%	60.0%
51-100% FPL Electric	6%	4%	2%	33.3%
101-150% FPL Electric	7%	4%	3%	42.9%

0-50% FPL Electric Heat	13%	6%	7%	53.8%
51-100% FPL Electric Heat	16%	10%	6%	37.5%
101-150% FPL Electric Heat	17%	10%	7%	41.2%

0-50% FPL Gas	8%	4%	4%	50.0%
51-100% FPL Gas	10%	6%	4%	40.0%
101-150% FPL Gas	10%	6%	4%	40.0%

	Electric
Average 2020 CAP credit	<b>\$633.02</b>
Weighted average change in Shortfall	
0-50% FPL Electric	\$379.81
51-100% FPL Electric	\$211.01
101-150% FPL Electric	\$271.29

	Electric Heat
Average 2020 CAP credit	<b>\$462.03</b>
Weighted average change in Shortfall	
0-50% FPL Electric Heat	\$340.86
51-100% FPL Electric Heat	\$237.38
101-150% FPL Electric Heat	\$260.65

	Gas
Average 2020 CAP credit	<b>\$111.45</b>
Weighted average change in Shortfall	
0-50% FPL Gas	\$55.73
51-100% FPL Gas	\$44.58
101-150% FPL Gas	\$44.58

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**TENANT UNION REPRESENTATIVE  
NETWORK**

v.

**PECO ENERGY COMPANY -**

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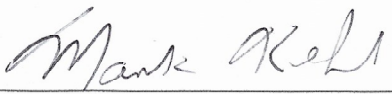
**DOCKET NO. C-2020-3021557**

**VERIFICATION**

I, Mark Kehl, hereby state that I am a Manager of Universal Services for PECO; that I am authorized to and do make this Verification; and that the facts set forth in the pre-marked statement and exhibits listed below are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

- PECO Statement No. 1-R
- PECO Exhibit MK -1
- PECO Exhibit MK -2
- PECO Exhibit MK -3
- PECO Statement No. 1-RJ
- PECO Exhibit MK-1RJ

Dated: 2/8, 2021

  
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Mark Kehl