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August 25, 2021

**VIA eFILING**

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

**Re: PECO Energy Company's 2019-2024 Universal Service and Energy Conservation Plan  
Docket No. M-2018-3005795**

**Re: Petition of PECO Energy Company to Amend its Amended Proposed 2019-2024 Universal Service and Energy Conservation Plan – filed July 8, 2020  
Docket No. P-2020-3020727**

**Re: Petition of PECO Energy Company to Amend its Amended Proposed 2019-2024 Universal Service and Energy Conservation Plan – filed September 25, 2020  
Docket No. P-2020-3022154**

Dear Secretary Chiavetta:

Enclosed please find the **Reply Comments of PECO Energy Company** (“PECO” or “Company”) in the above-referenced proceeding. A copy of the Reply Comments is being served upon all parties of record. In addition, consistent with the Commission’s May 6, 2021 Tentative Order, a Word version of the Reply Comments is being provided to: Joseph Magee, Bureau of Consumer Services; Jennifer Johnson, Bureau of Consumer Services; Christina Chase-Pettis, Office of Communications; Louise Fink Smith, Law Bureau; and Tiffany Tran, Law Bureau.

Please note that due to the ongoing COVID-19 pandemic, PECO’s office personnel are working remotely. Accordingly, PECO will not have its usual access to photocopying and U.S. mail, among other services. PECO requests that all communications with PECO be transmitted by email.

**Rosemary Chiavetta, Secretary**  
**August 25, 2021**  
**Page 2**

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 large, stylized cursive font, followed by the name "Johnson" in a smaller, more fluid cursive script.

Jennedy S. Johnson

Enclosures

c: Per the Certificate of Service (w/encls.)

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>PECO ENERGY COMPANY’S 2019- 2024 UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN</b>	: : : : :	<b>Docket No. M-2018-3005795</b>
<b>PETITION OF PECO ENERGY COMPANY TO AMEND ITS AMENDED PROPOSED 2019-2024 UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN – FILED JULY 8, 2020</b>	: : : : : : :	<b>Docket No. P-2020-3020727</b>
<b>PETITION OF PECO ENERGY COMPANY TO AMEND ITS AMENDED PROPOSED 2019-2024 UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN – FILED SEPTEMBER 25, 2020</b>	: : : : : : :	<b>Docket No. P-2020-3022154</b>

**CERTIFICATE OF SERVICE**

I hereby certify and affirm that I have this day served a copy of the **Reply Comments of PECO Energy Company**, on the persons listed below, in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

**VIA ELECTRONIC MAIL**

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*Counsel for PECO Energy Company*

Dated: August 25, 2021

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PECO ENERGY COMPANY’S** :  
**2019-2024 UNIVERSAL SERVICE** : **Docket No. M-2018-3005795**  
**AND ENERGY CONSERVATION** :  
**PLAN** :

**PETITION OF PECO ENERGY** :  
**COMPANY TO AMEND ITS** :  
**AMENDED PROPOSED 2019-2024** : **Docket No. P-2020-3020727**  
**UNIVERSAL SERVICE AND ENERGY** :  
**CONSERVATION PLAN –** :  
**FILED JULY 8, 2020** :

**PETITION OF PECO ENERGY** :  
**COMPANY TO AMEND ITS** :  
**AMENDED PROPOSED 2019-2024** : **Docket No. P-2020-3022154**  
**UNIVERSAL SERVICE AND** :  
**ENERGY CONSERVATION PLAN –** :  
**FILED SEPTEMBER 25, 2020** :

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**REPLY COMMENTS OF PECO ENERGY COMPANY**

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On May 6, 2021, the Pennsylvania Public Utility Commission (the “Commission”) issued a Tentative Order directing PECO Energy Company (“PECO” or the “Company”) to answer a series of requests for supplemental information (“Data Requests”) regarding the Company’s proposed 2019-2024 Universal Service and Energy Conservation Plan (“Proposed USECP”). The Tentative Order also established a schedule for the submission of Comments and Reply Comments following the Company’s responses to the Data Requests. The due dates for these filings were subsequently extended by the Commission as follows: Data Requests responses

(June 10, 2021)<sup>1</sup>, Comments (July 20, 2021)<sup>2</sup>, and Reply Comments (August 25, 2021).<sup>3</sup> On June 10, 2021, PECO submitted responses to the Commission’s Data Requests (the “June Data Request Responses”). On July 20, 2021, the Office of Consumer Advocate (“OCA”) submitted Comments and the Tenant Union Representative Network (“TURN”) and the Coalition for Affordable Utility Services and Energy Efficiency (“CAUSE-PA”) jointly submitted Comments (the “Joint Comments”). The Company hereby submits these Reply Comments in response to the OCA and TURN/CAUSE-PA filings. PECO continues to urge the Commission to move expeditiously to approve the Proposed USECP as PECO’s proposed transition to a Percentage of Income Payment Plan (“PIPP”) is expected to improve bill affordability for all CAP income tiers.

## I. RESPONSE TO JOINT COMMENTS

**Comment 1:** TURN and CAUSE-PA urge the Commission to require PECO to utilize the energy burdens (“EBs”) from the Revised CAP Policy Statement<sup>4</sup> for the 101-150% of Federal Poverty Level (“FPL”) CAP income tier. *See* Joint Comments, pp. 10-15.

**Reply 1:** In the June Data Request Responses, PECO explained the basis for its proposed EBs (see the response to Question 8) and also provided information about the potential costs associated with the use of different EBs. As stated in that response, the Company will adjust EBs for the 101-150% FPL CAP income tier if the Commission believes the costs associated with this adjustment are appropriate.

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<sup>1</sup> *See* Secretarial Letter dated May 25, 2021.

<sup>2</sup> *See* Secretarial Letter dated June 9, 2021.

<sup>3</sup> *See* Secretarial Letter dated July 29, 2021.

<sup>4</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).

**Comment 2:** TURN and CAUSE-PA oppose the Company’s proposal to employ a CAP participation limit of 142,000 customers if PECO is required to adjust EBs for the 101-150% FPL CAP income tier, claiming the limit is “arbitrary and unduly punitive.” *See Joint Comments, pp. 15-17.*

**Reply 2:** PECO’s proposed enrollment limitation is based on the Company’s peak CAP enrollment level which occurred at a time when the number of confirmed low-income households was greater than it is today. In December 2015, at the time of peak enrollment, the Company’s needs assessment in the 2013-2015 USECP filing indicated there were 325,750 households at or below 150% FPL in PECO’s service territory; CAP enrollment at the time was 140,469. In the current 2019-2024 USECP filing, the Company’s needs assessment indicates there are 269,008 households at or below 150% FPL. PECO’s current CAP enrollment of 119,000 customers would have to grow by almost 19% to reach the proposed limit. It should also be noted that the Company’s current enrollment level is relatively high due to the non-removal of CAP customers who have failed to recertify during the COVID-19 pandemic period. PECO is mindful of the fact that all residential customers must pay for CAP costs, and the Company believes its proposed enrollment limitation would be a reasonable cost containment strategy should the Company be required to adjust EBs for the 101-150% FPL CAP income tier.

**Comment 3:** TURN and CAUSE-PA support the use of the Revised CAP Policy Statement EBs in the FCO transition phase before PIPP implementation. *See Joint Comments, pp. 19-20.*

**Reply 3:** On September 25, 2020, PECO filed a Petition in this docket seeking Commission approval to utilize the recommended EBs from the Revised CAP Policy Statement as part of the FCO until the Company transitions from the FCO to its PIPP. PECO is awaiting Commission

action on its Proposed USECP and the September 25, 2020 Petition and will implement EBs as directed by the Commission. PECO notes that, in light of the importance of the PIPP relative to improving CAP bill affordability, the Company has been working to reduce the PIPP implementation timeframe. While the Company's previous filings stated that 8 months would be required, the Company now believes that it could implement the PIPP proposal within 4 months of Commission approval.

**Comment 4:** TURN and CAUSE-PA propose that PECO improve communications related to income verification time periods and recommend that the CAP application state that PECO will accept either the most recent 30 days of income or the last 12 months of income. *See* Joint Comments, pp. 20-23. TURN and CAUSE-PA also propose that PECO provide training to all call center and universal service program employees as well as any third-party program administrators to ensure they are aware of income documentation options. *Id.*

**Reply 4:** PECO currently accepts income documentation based on the past 30 days or 12 months, consistent with the Revised CAP Policy Statement. PECO believes that the most recent 30 days of income is typically the best indication household income, but also understands that annual tax forms may be more appropriate in certain circumstances (e.g., when a customer engages in seasonal work). To provide additional clarity on the Company's policy, PECO agrees to modify the list of acceptable income documents on the CAP application to state that PECO will accept the last 30 days or the last 12 months of income. PECO will also include training for call center representatives, third-party program administrators, and Universal Services personnel to ensure awareness of this point.

**Comment 5:** TURN and CAUSE-PA make several recommendations regarding CAP recertification, including adopting the three-year recertification period for fixed income CAP customers in the Revised CAP Policy Statement, asking customers for income updates more frequently, and allowing verbal attestations for no-income customers who recertify every six months. *See Joint Comments, pp. 24-25.*

**Reply 5:** PECO disagrees with these recommendations. First, transitioning to a three-year recertification period for fixed-income customers would require an IT change to its Customer Information and Management System (“CIMS”) and would create administrative complexity, as individual CAP customers often transition between fixed and variable incomes. PECO also believes that a single recertification time period provides more consistent messaging for customers to ensure their understanding of the recertification requirements. Second, formalizing a requirement for more frequent income checks is unnecessary because any time a payment-troubled customer talks to a customer service representative, the customer is asked if there has been a change in her income and is provided with an opportunity to submit new income documentation. Finally, the Company does not believe that verbal attestations should be accepted as proof of income (or proof of no income). PECO’s existing and proposed CAP structures rely upon accurate financial information to provide the appropriate level of credit to the customer, and the Company must receive copies of financial records to verify household income.

**Comment 6:** TURN and CAUSE-PA request that any In-Program Arrearage Forgiveness (“InPA”) monies that remain unforgiven at the end of the InPA Program (i.e., in October 2021) *not* be placed on customers’ accounts. *See Joint Comments, pp. 27-28.*

**Reply 6:** PECO has implemented InPA consistent with the Settlement approved by the Commission in the Company’s 2018 Electric Rate Case.<sup>5</sup> The Settlement establishes a term for InPA and specifically addresses (in Appendix C, Exhibit 1) how to determine customer balances at the conclusion of InPA. PECO intends to continue to follow the Settlement in completing InPA and determining customer balances. PECO would also note that these balances are the result of customers failing to make on-time and in-full payments on their accounts, which was a condition for forgiveness.

**Comment 7:** TURN and CAUSE-PA request changes to the final bill once the PIPP is implemented and propose that PECO take the following steps: 1) determine the prorated daily PIPP rate for the final billing month; 2) determine the actual bill for the final billing month; 3) for minimum bill customers, determine the prorated minimum bill amount; and 4) charge the lesser (or least) of these amounts. *See* Joint Comments, pp. 28-32. TURN and CAUSE-PA also propose that the final bill include the amount due to reestablish service (including both the total amount due, as well as, the sum of any unpaid CAP bills that, if paid, would allow the customer to reinstate CAP); additionally, with respect to Pre-Program Arrearages (“PPA”) that have not yet been forgiven (or for any remaining InPA amounts), they propose that the final bill “clearly advise CAP customers that any remaining PPA or InPA balances may be eligible for re-deferral if the customer pays any missed CAP payments.” *Id.* at 31.

**Reply 7:** In regard to the PIPP structure and the final bill, PECO will charge the lesser of the PIPP monthly amount (non-prorated) or the actual charges. PECO does not believe a proration of the PIPP monthly charge is required for a final bill calculation. A PIPP bill is not connected

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<sup>5</sup> *Pa. Public Utility Commission v. PECO Energy Company*, Docket No. R-2018-3000164 (Appendix C, Joint Petition for Partial Settlement filed August 28, 2018).

to a customer's usage for a particular billing period, rather it is a monthly charge based upon what that customer can afford to pay on an annual basis. For that reason, it is appropriate to charge the customer the lesser of their actual charges (which reflect any shortened billing period and lower usage) or their income-based PIPP monthly amount. PECO similarly does not believe that PPA forgiveness is appropriate for final bills, which can reflect usage for a period less than a full month, and thereby does not satisfy the PPA forgiveness requirement of an on-time, in-full *monthly* payment. Of note, neither proration of a PIPP final bill nor providing PPA forgiveness on a final bill are currently programmed into CIMS for either the CAP FCO or PIPP. If the Commission ordered either of those changes to occur, an IT project would be required, which would increase costs and could delay the implementation of the PIPP.

Lastly, TURN and CAUSE-PA request that PECO list the restoration amount on a final bill, as well as provide notice regarding arrearage forgiveness reinstatement. This proposal assumes that final bills occur only for disconnection of service due to failure to pay. A final bill can occur for other reasons (e.g., a customer moving) and therefore a restoration balance is neither necessary nor appropriate to place on a final bill.

**Comment 8:** TURN and CAUSE-PA recommend that PECO provide a “cure” by permitting customers to catch up on CAP credits for months between their removal from CAP and when they are re-enrolled. *See* Joint Comments, pp. 32-33.

**Reply 8:** PECO believes it is the responsibility of each customer to maintain their CAP status by providing income documentation or a no-income form. Each CAP customer already receives two recertification letters (that also include CAP applications) prompting them to recertify prior to the expiration of a customer's two-year enrollment period. PECO does not believe it is

appropriate for the residential customer class to fund retroactive credits for those who fail to recertify. The Company further notes that the proposed retroactive credits would necessitate that a manual process be completed by the Company's billing departments for which there would be incremental staffing and administrative costs.

**Comment 9:** TURN and CAUSE-PA recommend that PECO add a note to both its CAP application as well as its USECP stating that the list of income documentation that PECO will accept for CAP income verification is not comprehensive. *See* Joint Comments, p. 34.

**Reply 9:** PECO can adopt this change if the Commission determines the additional language is necessary.

**Comment 10:** TURN and CAUSE-PA provide numerous recommendations regarding PECO's Outreach and Education Program. Specifically, they recommend PECO conduct an updated needs assessment; utilize zip code and neighborhood data to target outreach to neighborhoods with low levels of CAP enrollment, but high levels of arrears and terminations; track, geographically and by reason, approvals and denials for CAP, the Low-Income Usage Reduction Program ("LIURP"), the Matching Energy Assistance Fund ("MEAF"), and CAP removal; and perform targeted outreach to (non-English/Spanish) limited English proficiency ("LEP") neighborhoods. *See* Joint Comments, pp. 35-39. TURN and CAUSE-PA also recommend that PECO conduct a specific needs assessment regarding the 10 most used languages in its service territory. *Id.*

**Reply 10:** PECO is developing a more comprehensive targeted outreach campaign for the 0-50% FPL group, utilizing zip code information (*see* OCA Comment Reply 5, below).

Regarding LEP customers specifically, PECO is in compliance with all Commission requirements and has been proactive in meeting customer needs. PECO conducted an LEP assessment as recently as 2018 and confirmed that Spanish is the only non-English dominant language spoken by at least 5% of customers in PECO's service territory. The Company will continue to engage with stakeholders and community partners who serve dominant and non-dominant language customers to provide them with training and information to assist customers in accessing PECO's programs and resources. PECO will complete another LEP assessment this year using information from the 2020 decennial census survey. If additional dominant languages are identified as part of that assessment, the Company will make appropriate updates to continue to meet Commission requirements.

Finally, with respect to the request that PECO track, geographically and by reason, approvals and denials for CAP, LIURP, MEAF, and CAP removal, the Company submits that TURN and CAUSE-PA have access to the data points needed to properly assess the performance of PECO's universal service programs. The Company notes that publicly-available PUC reports provide significant amounts of data. If the Commission requests additional data tracking as part of its Final Order, however, the Company will accommodate those requests.

**Comment 11:** TURN and CAUSE-PA recommend that PECO incorporate further annual CAP maximum credit exemptions from the Revised CAP Policy Statement and request 1) two additional notices be sent when a household exceeds 25% and 50% of its maximum CAP credit and 2) that PECO provide information on said notices about CAP maximum credit exemption options. *See Joint Comments, pp. 39-41.* Relatedly, TURN and CAUSE-PA also seek further

clarification on how PECO will bill customers once they exhaust their CAP annual maximum credit amounts. *See* Joint Comments, p. 42.

**Reply 11:** PECO's annual maximum credit amounts are the highest of all Pennsylvania electric and gas utilities. The Company already provides an exemption when a customer/household member utilizes medical equipment causing significant usage in the premises and does not believe that formally adopting the additional proposed exemptions from the Revised CAP Policy Statement is necessary. On Page 4, Table 1 in the June Data Request Responses, PECO estimated that less than 7% of CAP customers would hit the CAP annual maximum credit amounts if the Commission approved the EBs proposed by the Company. These customers have extremely high usage and will automatically be referred to LIURP for energy efficiency audits and treatments, as described in OCA Comment Reply 1, below. As 93% of CAP customers are projected to receive annual discounts below the maximum value, PECO believes that the proposed annual maximum credit amounts are appropriate to manage the CAP costs borne by all residential customers.

With respect to notifying customers, PECO believes its plan to notice customers as they reach 75% and 90% of the annual maximum credit amount is sufficient. While the Company does not agree that notices should include specific messaging about the health usage exemption, the letters will encourage customers to contact the PECO care center to ask about options to reduce usage or address any other premises-specific concerns. As stated above, these customers will also receive outreach for LIURP, which would recognize medical usage. If the customer indicates that medical equipment is increasing their usage, the customer will be directed to the PECO CARES team where a CARES worker will facilitate the health usage exemption.

Lastly, the TURN and CAUSE-PA recommendation that PECO offer the choice between an average bill or actual charges once a CAP customer has exhausted her credits and begins to receive undiscounted bills is not compatible with the PIPP. In its Proposed USECP, PECO has proposed to remove budget billing as an option for CAP customers because the PIPP is already a budget bill in that it is fixed with an average monthly credit. It is not possible, therefore, to layer another budget bill on top of what is, in essence, a PIPP budget bill. Accordingly, PECO cannot offer an average bill, or budget bill, to those CAP customers who have exceeded the CAP annual maximum credits.

**Comment 12:** TURN and CAUSE-PA recommend that PECO be required to implement an InPA program for CAP arrearages associated with FCO. *See* Joint Comments, pp. 42-43.

**Reply 12:** PECO does not believe an InPa program associated with the transition to the PIPP is appropriate. While deficiencies with the FCO are the reason why PECO is moving to a PIPP structure,<sup>6</sup> it is disingenuous to blame current CAP arrearages solely on the FCO. Due to the Winter Moratorium and the subsequent pandemic, CAP customers did not receive termination notices for the period beginning in December 2019 through mid-May 2021. During that time, CAP customer arrearages increased significantly due, in many cases, to nonpayment. There are many government-funded programs, such as ERAP (i.e., renter's assistance) and LIHEAP, that provide eligible customers with financial assistance to offset impacts of the pandemic. Additionally, the PUC-mandated post-COVID payment agreements further help low-income customers reduce their arrears by allowing them to pay off past due balances in 1/60<sup>th</sup> increments.

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<sup>6</sup> PECO would note that the Commission-approved FCO structure was developed in conjunction with and supported in settlement by TURN, CAUSE-PA and the OCA.

**Comment 13:** TURN and CAUSE-PA recommend that PECO incorporate separate restoration policies for CAP customers, including restoration of service without requiring an initial restoration payment and removal of any limitations regarding which customers can receive additional restoration payment arrangements. *See Joint Comments, pp. 43-44.*

**Reply 13:** PECO's existing restoration policies and procedures, which include offering reduced restorations in some circumstances, are appropriate and consistent with Commission requirements (e.g., 52 Pa Code § 56.191). The Commission does not require the utility to establish a subsequent payment agreement if a customer has defaulted on a previous agreement unless there is a change in income. Finally, restoration of service without payment and unlimited payment agreements will cause outstanding balances to increase over time. Such a policy would increase the bad debt expense of the Company, which in turn would lead to greater costs borne by all residential customers.

**Comment 14:** TURN and CAUSE-PA requested clarification that no-income forms are only required where no adult household members have income, and that in such instances, only one form is required for the entire household. *See Joint Comments, pp. 44-45.* TURN and CAUSE-PA also stated PECO's request for information from certain households, based on the responses included in that household's no-income form, is burdensome and serves no purpose. *Id.*

**Reply 14:** PECO only requests completion of the no-income form if the entire household has zero income and only one form is required for the entire household. If the household lists any income on the no-income form that would be considered an acceptable form of income based upon income verification documents listed on the CAP application (e.g., a customer may list

another household member's income on the no-income form), PECO will follow up with the account holder to request appropriate income documentation. As stated previously, PECO's existing and proposed CAP structures rely upon receipt of accurate financial information to provide the appropriate level of credit to the customer.

**Comment 15:** TURN and CAUSE-PA expressed concern about the fraud language in PECO's USECP. *See* Joint Comments, p. 46.

**Reply 15:** PECO will remove the fraud language from its USECP and CAP application. Specifically, PECO will remove all references to fraud in the CAP section of its USECP (i.e., in subparts 10 & 11) and will also remove any reference to credit checks in subpart 11<sup>7</sup>. PECO also will remove language from the CAP application that states it will, "obtain a consumer credit report on me or any member of my household." The Company notes that a credit report is *not* used for CAP enrollment purposes. The only activities that would remove a customer from CAP for a year are theft or misappropriation of service (which are technician-confirmed during a visit to the premises).

**Comment 16:** TURN and CAUSE-PA recommend that PECO expand LIURP eligibility for tenants and improve the landlord approval process, as well as develop a list of measures/activities that can be completed for tenants without landlord approval. *See* Joint Comments, pp. 47-49. TURN and CAUSE-PA also request a shorter length of time under which a customer can be deemed a high user. *Id.*

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<sup>7</sup> The credit check language in previous USECPs related to a pilot program that is no longer in effect.

**Reply 16:** PECO believes its existing tenant eligibility rules for LIURP are appropriate to ensure that measures meet LIURP energy savings expectations. The annual LIURP evaluation requires the Company to show the overall energy savings of its expenditures. If the Company allows LIURP measures to occur in lower usage premises, then its overall energy savings opportunities are reduced. With respect to the request that a shorter length of time be used to determine if a customer is a high user, the Company submits that average usage for an entire twelve months is required to understand the usage patterns of the specific customer. Using one month of data, as suggested by TURN and CAUSE-PA, is insufficient because short-term energy consumption is impacted by the season, extreme weather patterns, and changes to or issues with heating and cooling systems.

Regarding what activities can be (and already are) completed without landlord consent, PECO completes a LIURP audit and installs measures – such as more efficient light bulbs, shower heads, and power strips – that can be implemented at the time of the audit. PECO cannot, however, complete more significant work such as HVAC, appliance replacements, insulation, or air sealing without landlord consent.

**Comment 17:** TURN and CAUSE-PA recommend that PECO utilize lower usage thresholds for smaller units, such as apartments, and create a usage-per-square-footage metric to determine LIURP eligibility. *See* Joint Comments, pp. 49-50.

**Reply 17:** PECO submits that the current usage thresholds are appropriate for LIURP eligibility and does not support adopting a square footage metric. The Company neither collects nor maintains the square footage information for LIURP participants and questions whether accurate information would be readily available. Further, square footage is just one of many factors that

can affect usage (e.g., age of home, heating system type, the number of occupants, and prior treatment through the program).

**Comment 18:** TURN and CAUSE-PA recommend that PECO double its LIURP Health and Safety budget to \$2,000,000 annually as well as 1) include a health and safety analysis as part of each audit; 2) expand allotted LIURP audit appointments to allow for such analysis; and 3) revise its USECP to explain all health and safety measures that can be remediated with these funds. *See Joint Comments, pp. 50-52.*

**Reply 18:** PECO does not believe that its Health and Safety budget should be increased. PECO has not experienced a waiting list of customers unable to receive Health and Safety measures due to budgetary constraints. The remaining recommendations are unnecessary in light of the Company's current practices. Every LIURP audit already contains a health and safety assessment and the LIURP vendor and subcontractors track and report all such issues found on the premises. Lastly, PECO does not believe that its Proposed USECP needs to be adjusted to include a comprehensive list of all health and safety measures as the program is relatively new and Health and Safety measures continue to evolve. PECO evaluates the needs of each individual premises and provides measures which ensure that a LIURP audit can occur safely in that home.

**Comment 19:** TURN and CAUSE-PA recommend that PECO perform a needs assessment for LIURP and increase the Company's LIURP electric and gas budget by significant amounts. *See Joint Comments, pp. 52-54.*

**Reply 19:** PECO does not agree with the asserted need to add more than \$7 million to its combined Electric and Gas LIURP budgets (which currently have a combined budget of

\$7,850,000). PECO is working on developing an improved marketing plan to attract more customers to the LIURP program, but the existing budget is sufficient to serve interested and eligible customers. There is currently no waiting list for customers interested in participating in LIURP.

**Comment 20:** TURN and CAUSE-PA recommend that PECO continue the De Facto Pilot with a \$1 million annual budget. *See Joint Comments, pp. 54-55.*

**Reply 20:** PECO has not completed its three-year De Facto Pilot, which has been delayed due to COVID-related restrictions. The Company does not believe the Pilot can be evaluated for continuation until it has analyzed data from the entire Pilot period. The Company needs to complete year-three work and then do a pre- and post-usage analysis from the installations in that year. PECO will reevaluate the effectiveness of the entire Pilot after that year-three assessment (which is scheduled to occur in 2022, using winter data from 2021) and will address the potential continuation of the Pilot in its next USECP filing.

**Comment 21:** TURN and CAUSE-PA recommend that PECO revise its MEAF eligibility as follows: raise the annual income limits for MEAF to 200% FPL as well as waive the requirements that 1) a customer must be in imminent danger of losing service or have already lost service (and consider any customer with a medical certificate to be in “imminent danger” of termination) and 2) a two-year period must elapse between receiving MEAF grants. *See Joint Comments, pp. 55-59.* TURN and CAUSE-PA also challenge the collections hold processing in relation to MEAF grants. Finally, TURN and CAUSE-PA claim that PECO underspends its MEAF budget and should incorporate online fundraising tools. *Id.*

**Reply 21:** On December 17, 2020, the Commission approved PECO's proposal to temporarily modify certain MEAF eligibility requirements to expand the number of customers who may qualify for assistance.<sup>8</sup> Specifically, the Company increased the FPL ceiling, waived the requirement for proof of pending terminations, and removed the once-every-two-years qualification requirement. PECO made the filing to ensure that customers could access MEAF funds even during the pandemic period when no terminations were occurring. However, the Company does not believe these modifications should become permanent. MEAF funding is limited and is intended to be the last backstop for keeping low-income customers out of terminations. With that said, PECO is willing to adopt the recommendation of TURN and CAUSE-PA that a collections hold of less than 60 days would not preclude MEAF eligibility.

In regard to processing a collections hold when a customer applies for MEAF or informs the Company they have applied for MEAF, the Company's process is clear. The MEAF agencies contact our third-party vendor to confirm the customer's arrears balance and also to notify the vendor when the customer's application for a MEAF grant will be approved. Once the vendor receives notification of the approval, the vendor will put a 60-day collections hold on that customer account.

PECO has not (either historically or currently) underspent its MEAF funds. The Company releases the donation money it receives to the agencies on a monthly basis. Once received by the agencies, the process of distributing the money to customers is the responsibility of the MEAF agencies. PECO is unaware of any time lag or a backlog of monies not being spent by the agencies.

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<sup>8</sup> See *Petition of PECO Energy Company (PECO) to temporarily amend its current 2016-2018 Universal Service and Energy Conservation Plan (2016 USECP)*, Docket Nos. P-2020-3022124 and M-2015-2507139 (Secretarial Letter issued Dec. 17, 2020).

Lastly, regarding online MEAF donations, PECO continues to evaluate options for autopay or e-bill customers to make MEAF donations. Due to system limitations and costs to implement, the Company cannot commit to incorporate this request into its USECP.

## II. RESPONSE TO OCA COMMENTS

**Comment 1:** The OCA does not support moving to the Revised CAP Policy Statement Energy Burdens at this time. *See* OCA Comments, pp. 4-6. If the Commission approves updated EBs, the OCA recommends additional cost control measures including: 1) holding annual costs flowed through the Universal Service Fund Charge (“USFC”) to the levels projected in the USECP until a full programmatic evaluation is made; 2) expanding arrearage forgiveness from 12-months to at least 36-months; 3) reviewing the administrative costs of the USECP; 4) evaluating CAP maximum credit levels, clarifying maximum credit data, and defining actions PECO can take to address customer high usage; 5) prioritizing high CAP credit users for LIURP; and 6) considering the extent of participation in CAP by HUD recipients. *See* OCA Comments, pp. 6-13.

**Reply 1:** In the June Data Request Responses, PECO explained the basis for its proposal (see the response to Question 8) and also provided information about the potential costs associated with the use of different EBs. PECO continues to believe that its proposal is appropriate and will improve bill affordability for all CAP income tiers.

PECO understands the OCA’s desire to contain costs and proposed a CAP enrollment limitation in the June Data Request Responses. PECO disagrees, however, with OCA’s proposal to suspend CAP cost collection through the USFC until a full impact analysis can be completed. PECO expects there will be increased CAP enrollment after the PIPP transition and if the

Commission's Revised CAP Policy Statement EBs are utilized. The Company must be able to recover the total costs of its CAP program through rates.

Regarding the OCA's recommendation to extend of the length of PPA from the current 12-months to 36-months, PECO does not believe that change will have the cost containment impact assumed by the OCA. Extending the length of the PPA forgiveness plan simply spreads the costs further over time and adds risk that the customer may leave CAP or have a finalized bill. If that occurs, the PPA is put back on a customer's bill as a past due balance, which could then move those dollars from PPA to normal charge-offs.

The OCA is also suggesting a limit on the recovery of administrative costs through PECO's USFC. The administrative costs for our universal service programs are generally recovered as normal O&M costs in distribution base rates<sup>9</sup> and the Company believes this remains the appropriate mechanism for recovery of these costs.

Next, the OCA states that the maximum CAP credits should be evaluated and requests a clarification concerning maximum CAP credit information provided in the June Data Request Responses and a separate interrogatory response (TURN I-14). The OCA further recommends that LIURP activities be targeted to high CAP credit customers. PECO believes that the maximums are set at an appropriate level to achieve affordability while not supporting excessive usage. Additionally, the same maximum CAP credit data was presented in both the June Data Request Responses and the response to TURN-I-14. The June Data Request Responses had a table which broke out the data into FPL group and commodity type. The response to TURN-I-14 is the summation of all those subset data points. Finally, PECO will use the 75% CAP maximum letter group as a source file for LIURP outreach. This letter is sent to CAP customers that have

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<sup>9</sup> The only administrative costs that run through the USFC surcharge mechanism are the costs of administering the LIURP Health and Safety Program.

used 75% of their annual maximum credit. Information about these customers will be provided to the LIURP vendor to determine whether these customers qualify for a LIURP audit.

Lastly, PECO does not have the data to perform an evaluation of HUD customers as a separate CAP group. If ordered by the Commission, PECO would have to work with HUD to create a listing of PECO HUD customers and then perform an analysis to determine whether a CAP discount limit would be appropriate.

**Comment 2:** The OCA expressed concerns that lowering the minimum bill amounts may lead to an increase in unused LIHEAP grant money returned to the Pennsylvania Department of Human Services (“DHS”). *See* OCA Comments, pp. 13-14.

**Reply 2:** The Company set the lower minimums to improve affordability for the lowest income CAP customers. The Company understands the OCA’s concern and will monitor the results of the lower CAP minimums against the LIHEAP grants applied to accounts. For reference, an unapplied LIHEAP grant must be returned to DHS if the grant dollars have not been applied against charges to the customer’s bill within two years. Even with the lowest proposed minimum bill of \$10 minimum for electric non-heating customers, a customer would have at least \$240 in electric bills at the end of a two-year period. This amount exceeds the typical LIHEAP cash grant value of \$200. If the reduction in minimum bill amounts does trigger a larger return of LIHEAP grants, the Company believes it would be more appropriate for DHS to reexamine its two-year return policy rather than to require utilities to increase their minimum bills.

**Comment 3:** The OCA recommends that PECO be directed to analyze the reasons that CAP customers are accumulating significant balances while in CAP. *See* OCA Comments, pp. 14-15

**Reply 3:** Please see the Joint Comment Reply 12 for a discussion of increased CAP arrearages.

**Comment 4:** The OCA suggests that a CAP customer who was off of CAP for a number of years and then returns to CAP with an arrearage should be offered a second opportunity for PPA. *See* OCA Comments, p. 16.

**Reply 4:** PECO is unaware of similar programs at other Pennsylvania utilities. It is the Company's belief that PPA was established for customers who were unaware of the CAP program and built-up arrears on the Residential rate prior to having knowledge of and enrolling into CAP. This rationale does not apply for a second PPA where a former CAP customer returns to the program after an extended absence from the program. If a customer had a change in income that would create eligibility for CAP again, she should recognize the opportunity to return to the program to receive a discount and a lower, affordable bill based upon her lower income.

**Comment 5:** The OCA recommends that PECO create a detailed outreach plan with a particular focus on 0-50% FPL customers and establish metrics associated with such outreach. *See* OCA Comments, pp. 17-21.

**Reply 5:** PECO is in the process of creating a more detailed 0-50% FPL outreach plan that will also establish metrics for evaluation of success and efficacy. Once finalized, the plan will be filed as an addendum to the Proposed USECP (if the Commission has not yet entered a final order) or the Commission-approved 2019-2024 USECP (if a Final Order has already been entered).

**Comment 6:** The OCA is concerned about the high number of CAP exits and submits that PECO should track CAP exits by reason and establish a process to address those reasons. *See* OCA Comments, p. 21.

**Reply 6:** PECO more broadly addressed concerns related to data tracking in Joint Comment Reply 10, above. Specifically, in regard to CAP exits, PECO believes that a significant portion of CAP customers who do not recertify into the Program are receiving a \$0 CAP credit within the FCO (at current EBs). PECO anticipates that with the adoption of the PIPP CAP structure and reduced EBs for the 0-100% FPL groups, more CAP customers will see a discount and, therefore, stay in the Program. When the Company begins the recertification process for all customers who remained on CAP during the pandemic, PECO will track and analyze the results to understand the reason that the CAP customers are exiting the program.

**Comment 7:** The OCA has concerns about the reference to fraud as a basis for removal from CAP. *See* OCA Comments, p. 21-22.

**Reply 7:** Please see Joint Comment Reply 15, above.

Respectfully submitted,



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