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AN EXELON COMPANY

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April 26, 2022

VIA eFILING

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

**Re: PECO Energy Company's 2016-2018 Universal Service And
Energy Conservation Plan
Docket No. M-2015-2507139**

Dear Secretary Chiavetta:

Enclosed please find the **Petition of PECO Energy Company for Expedited Approval to Establish an Emergency Grant Program for Low-Income Customers** (the "Petition") in the above-captioned proceeding. As indicated in the Certificate of Service, copies of the Petition have been served upon all parties of record in Docket Nos. M-2015-2507139 and R-2021-3024601.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

Jennedy S. Johnson

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Dated: April 26, 2022

Counsel for PECO Energy Company

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PECO ENERGY COMPANY’S 2016- :
2018 UNIVERSAL SERVICE AND : DOCKET NO. M-2015-2507139
ENERGY CONSERVATION PLAN :**

**PETITION OF PECO ENERGY COMPANY FOR EXPEDITED APPROVAL TO
ESTABLISH AN EMERGENCY GRANT PROGRAM FOR LOW-INCOME
CUSTOMERS**

I. INTRODUCTION

PECO Energy Company (“PECO” or the “Company”), pursuant to 52 Pa. Code § 5.41, hereby petitions the Pennsylvania Public Utility Commission (the “Commission”) for expedited approval of an amendment to its 2016-2018 Universal Service and Energy Conservation Plan (“2016-2018 USECP”) to establish an emergency low-income grant program (the “Grant Program”) to distribute approximately \$3.7 million of unspent 2020 Low Income Usage Reduction Program (“LIURP”) funds in accordance with the settlement approved by the Commission in the Company’s most recent electric base rate proceeding (the “Settlement”).¹

Consistent with the Settlement, the Company has already allocated the \$3.7 million proportionately to counties across its service territory based on the number of confirmed low-income customers in each county with income at or below 200% of the Federal Poverty Level (“FPL”). In this Petition, the Company is proposing a methodology to identify customers with income at or below 200% of the FPL who would automatically receive a grant equal to the amount of the customer’s past due balance.² First, PECO would identify income-eligible customers, by county, who have a past due balance of at least \$500. Starting with customers

¹ See Docket No. R-2021-3024601.

² For purposes of the Grant Program, a past due balance includes electric and/or gas arrearages as well as billed, but unpaid, installments under a payment arrangement.

with an arrears of \$500 and then moving to customers with an increasing past due balance (e.g., \$501, \$502), the Company would apply grants to address each customer's entire past due balance until the county's allocated portion of the \$3.7 million is expended.

While customers will receive notice from PECO regarding the grant, the Company believes that automatic application of these funds is appropriate and necessary to ensure funds are disbursed promptly and completely. In addition, the Company believes that use of a \$500 arrearage threshold and tailoring grants to a customer's full arrearage will provide meaningful relief to a substantial number of low-income customers. PECO would apply these automatic grants to customer bills within 60 days of receiving Commission approval of the Grant Program.

The Company respectfully requests that the Commission review and approve the Grant Program on an expedited basis to ensure that low-income customers can have the opportunity to benefit from this substantial grant funding in the coming months.

I. BACKGROUND

1. PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office in Philadelphia, Pennsylvania. PECO provides electric delivery service to approximately 1.6 million customers and natural gas delivery service to more than 511,000 customers in Pennsylvania.

2. Pennsylvania's Electricity Generation Customer Choice and Competition Act and Natural Gas Choice and Competition Act include several provisions relating to universal service to ensure that policies, practices and services are in place to help low-income customers maintain utility service.³ The statutory definition of "universal service and energy conservation" includes

³ The Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, became effective on January 1, 1997. The Natural Gas Choice and Competition Act, 66 Pa.C.S. §§ 2201-2212, became effective on July 1, 1999. *See* 66 Pa.C.S. §§ 2203(7) and 2802(10).

customer assistance programs, usage reduction programs, service termination protections and consumer education. 66 Pa. C.S. §§ 2202 and 2803.

3. The Commission has established universal service regulations that, among other things, require each electric distribution company serving more than 60,000 residential accounts and each natural gas distribution company serving more than 100,000 residential accounts to submit an updated universal service and energy conservation plan (“USECP”) every three years to the Commission for approval. 52 Pa. Code §§ 54.74 and 62.4.

4. PECO’s proposed 2016-2018 USECP was submitted on October 1, 2015 and was approved by the Commission on August 11, 2016.⁴

5. The 2016-2018 USECP remains in effect at this time as directed by the Commission while PECO’s proposed USECP for the 2019-2024 period is under Commission review.⁵

6. LIURP is a usage reduction program approved as part of PECO’s USECP for low income, residential customers with household gross income at or below 200% of the FPL with high usage under certain eligibility criteria. LIURP assistance to customers includes direct weatherization and conservation measures as well as in-home education that promotes energy usage reductions.

⁴ 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 August 11, 2016).

⁵ PECO filed its proposed USECP for the 2019-2024 period on November 1, 2018. See *PECO Energy Company’s 2019-2024 Universal Service and Energy Conservation Plan*, Docket No. M-2018-3005795. On October 3, 2019, the Commission entered an order extending the duration of existing or proposed USECPs from three years to five years. See *USECP Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601 (Order entered Oct. 3, 2019). PECO has proposed certain amendments to its 2019-2024 USECP which also remain pending before the Commission.

7. Currently, PECO's LIURP programs have an annual budget of \$5.6 million for electric programs and \$2.25 million for gas programs, for a combined total of \$7.85 million. The Company has separate LIURP annual budgets for health as safety programs (\$1.5 million) and a de facto heating pilot (\$0.5 million).

8. On March 6, 2020, Governor Tom Wolf issued a Proclamation of Disaster Emergency due to the emergence of COVID-19 in the United States and the Commonwealth of Pennsylvania.⁶

9. On March 19, 2020, the Governor ordered all non-life-sustaining businesses in Pennsylvania to close their physical locations to slow the spread of COVID-19.⁷

10. In response to these orders and other directives during the COVID-19 pandemic, PECO suspended all in-home weatherization program services between March 23, 2020 and October 5, 2020.

11. Because PECO was unable to implement LIURP programming due to the pandemic, PECO did not spend approximately \$3.7 million of funds allocated to LIURP in 2020 (excluding health and safety funds, which are separately administered).

12. Under the Settlement, PECO committed to reallocate these unspent LIURP funds to provide emergency grant assistance to customers at or below 200% of FPL through the Company's Matching Energy Assistance Fund ("MEAF").⁸

⁶ See <https://www.governor.pa.gov/wp-content/uploads/2020/03/20200306-COVID19-Digital-Proclamation.pdf>.

⁷ See <https://www.governor.pa.gov/wp-content/uploads/2020/03/20200319-TWW-COVID-19-business-closure-order.pdf>.

⁸ The Settlement does not require PECO to match funds for the emergency grant assistance with shareholder donations.

13. MEAF is PECO’s hardship fund program which is administered in coordination with a local community-based organizations (“CBOs”) in each of the counties within the Company’s service territory. To qualify for a traditional MEAF grant, a customer must apply for a grant through their county MEAF CBO and satisfy certain criteria detailed in PECO’s approved 2016-2018 USECP. From 2015-2019, PECO averaged 677 MEAF grants per year with a total annual grant amount of \$180,000.

II. GRANT PROGRAM

14. In accordance with the Settlement, PECO is proposing to implement the Grant Program to provide approximately \$3.7 million in emergency grant assistance to qualifying customers with income at or below 200% of the FPL. The Company would identify grant recipients according to the methodology described in the following paragraphs and in Exhibit 1 to this Petition, which is the proposed “Addendum G” to the Company’s 2016-2018 USECP.

15. The Company has already allocated the approximately \$3.7 million among the five major counties in PECO’s service territory based on the number customers in each county with a confirmed income of at or below 200% of FPL as of December 31, 2021.

Bucks	\$351,381
Chester	\$228,185
Delaware	\$384,506
Montgomery	\$403,478
Philadelphia	\$2,229,673

16. Under the proposed methodology, PECO would first identify income-eligible customers, by county, who have a past due balance of \$500. The Company would then continue to identify income-eligible customers, by county, with an increasing past due balance (e.g., \$501,

\$502) until the total grant funds required to address the identified customers' past due balance is equal to the county's allocated portion of the \$3.7 million.⁹

17. Once the customers have been identified, a grant equal to their past due balance would be automatically applied to their bill. PECO will send each customer a letter notifying the customer about the grant either before, or shortly after, the grant is applied to the customer's bill.

18. For illustrative purposes, if this methodology were applied as of December 31, 2021, the grants would have been distributed as follows:

County	Total Funding	Grant Recipients	Range of Grant Award (Based on Customer Arrears Amount)
Bucks	\$351,381	249	\$500-\$3,500
Chester	\$228,185	192	\$500-\$2,100
Delaware	\$384,506	443	\$500-\$1,400
Montgomery	\$403,478	359	\$500-\$2,080
Philadelphia	\$2,229,673	2,471	\$500-\$1,460

19. PECO also serves a small portion of York County. Before the allocation was made among the other counties, York County received a direct allocation of \$30,000 which represented the sum of all arrears for York County customers at 0-200% FPL as of December 31, 2021. If the Grant Program is approved, and the \$30,000 does not fully address all current arrears for York County customers at 0-200% of FPL, the Company will first apply grants to

⁹ The final customer identified for a grant in each county may receive a grant that is less than the customer's full arrears, depending upon the remaining funds for that county.

fully address the greatest customer arrears and then apply grants to fully address arrears of decreasing value until the \$30,000 is fully expended.¹⁰

20. PECO's methodology is designed to provide meaningful relief to a substantial number of low-income customers. The minimum arrearage of \$500 will focus grants on customers who likely had multiple months of payment challenges and who could not completely offset arrearages with a Low Income Home Energy Assistance Program ("LIHEAP") cash grant. In addition, grants that address a customer's total arrearage will provide them with a fresh start for future utility payments.

21. Finally, the automatic application of a grant will ensure prompt delivery of funds to customers in need. As noted previously, MEAF CBOs typically process and issue less than 700 grants per year with a total value across all counties of less than \$200,000. The Grant Program, in contrast, is seeking to efficiently apply grants to thousands of customers with a total value of approximately \$3.7 million. If grants can be applied automatically, the Company believes it could efficiently apply all Program funds within 60 days of Commission approval of this Program.

22. The Program will not result in any additional expense to customers, as the \$3.7 million was already collected from customers through electric and gas distribution rates.

23. Once the Grant Program is approved by the Commission, the Company would review the current customer arrears in each county and apply its methodology as described above to identify the customers who would receive grants. Because the number of customers in arrears

¹⁰ The final customer identified for a grant may receive a grant that is less than the customer's full arrears, depending upon the remaining funds.

and the amount of arrears is not static, PECO expects that the number of grants and range of grant assistance will be different than is shown in the illustrative example in paragraph 18.

24. PECO has shared the Grant Program proposal with representatives of the Office of Consumer Advocate (“OCA”), the Commission’s Bureau of Investigation and Enforcement (“I&E”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), the Tenant Union Representative Network (“TURN”) and Clean Energy Advocates (“CEA”). The parties were not able to develop a consensus position on the Grant Program.

III. REQUEST FOR EXPEDITED CONSIDERATION

25. PECO is seeking to deliver the emergency grants to eligible customers as quickly as possible. The Company believes that the Grant Program will provide meaningful bill relief assistance to low-income customers who could have benefited from these funds in the form of LIURP programming in the absence of the pandemic. For all these reasons, PECO requests that the Commission consider this Petition on an expedited basis.

IV. NOTICE

26. PECO is serving copies of this filing on the OCA, I&E, CAUSE-PA, TURN, CEA and all other parties to the Company’s electric base rate proceeding at No. R-2021-3024601.

V. CONCLUSION

Based upon the foregoing, including the accompanying proposed Addendum to the Company's 2016-2018 USECP, PECO respectfully requests that the Commission grant this Petition and approve the emergency grant program.

Respectfully submitted,



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Dated: April 26, 2022

Counsel for PECO Energy Company

VERIFICATION

I, Richard G. Webster, Jr., hereby declare that I am the Vice President of Regulatory Policy and Strategy for PECO Energy Company; that, as such, I am authorized to make this verification on its behalf; that the facts set forth in the foregoing Petition are true and correct to the best of my knowledge, information and belief; and that I make this verification subject to the penalties of 18 Pa.C.S. § 4904 pertaining to false statements to authorities.

A handwritten signature in blue ink, appearing to read "R.G.W.", with a horizontal line extending to the right.

Dated: April 26, 2022

Richard G. Webster, Jr.

EXHIBIT 1

Addendum G to PECO's 2016-2018 Universal Service Energy
and Conservation Plan

Addendum G

Temporary Emergency Grant Program Using Unspent 2020 LIURP Funds

The Company allocated the approximately \$3.7 million in unspent 2020 LIURP funds among the five major counties in PECO's service territory based on the number customers in each county with a confirmed income of at or below 200% of FPL as of December 31, 2021, as follows:

Bucks	\$351,381
Chester	\$228,185
Delaware	\$384,506
Montgomery	\$403,478
Philadelphia	\$2,229,673

York County received a direct allocation of \$30,000 which represented the sum of all arrears for York County customers at 0-200% FPL as of December 31, 2021.

The funds will be distributed according to the following methodology:

1. PECO will identify income-eligible customers, by county, who have a past due balance of \$500. The Company would then continue to identify income-eligible customers, by county, with an increasing past due balance (e.g., \$501, \$502) until the total grant funds required to address the identified customers' past due balance is equal to the county's allocated portion of the \$3.7 million.¹
2. Once the customers have been identified, a grant equal to their past due balance would be automatically applied to their bill. PECO will send each customer a letter notifying the customer about the grant either before, or shortly after, the grant is applied to the customer's bill.
 - a. For illustrative purposes, if this methodology were applied as of December 31, 2021, the grants would have been distributed as follows:

County	Total Funding	Grant Recipients	Range of Grant Award (Based on Customer Arrears Amount)
Bucks	\$351,381	249	\$500-\$3,500
Chester	\$228,185	192	\$500-\$2,100
Delaware	\$384,506	443	\$500-\$1,400
Montgomery	\$403,478	359	\$500-\$2,080
Philadelphia	\$2,229,673	2,471	\$500-\$1,460

¹ The final customer identified for a grant in each county may receive a grant that is less than the customer's full arrears, depending upon the remaining funds for that county.

3. York County received a direct allocation of \$30,000 which represented the sum of all arrears for York County customers at 0-200% FPL as of December 31, 2021. If the Grant Program is approved, and the \$30,000 does not fully address all current arrears for York County customers at 0-200% of FPL, the Company will first apply grants to fully address the greatest customer arrears and then apply grants to fully address arrears of decreasing value until the \$30,000 is fully expended.²

4. Once the Grant Program is approved by the Commission, the Company would review the current customer arrears in each county and apply its methodology as described above to identify the customers who would receive grants. Because the number of customers in arrears and the amount of arrears is not static, PECO expects that the number of grants and range of grant assistance will be different than is shown in the illustrative example in paragraph 2.a., above.

² The final customer identified for a grant may receive a grant that is less than the customer's full arrears, depending upon the remaining funds.