

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held June 16, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman  
John F. Coleman, Jr., Vice Chairman  
Ralph V. Yanora

PECO Energy Company Universal Service and Energy Conservation Plan for 2019-2024 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4.

Docket No. M-2018-3005795

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

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

**ORDER**

**BY THE COMMISSION**

On May 6, 2021, the Pennsylvania Public Utility Commission (Commission) entered a Tentative Order,<sup>1</sup> withholding approval of an Amended Proposed 2019-2024

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<sup>1</sup> Such orders are no longer titled “Tentative Order.” Tentative decisions of the Commission are subject to exceptions and become final without further Commission action if no exceptions are filed under 52 Pa. Code § 5.533(a). *See* 52 Pa. Code § 5.536(b) (relating to effect of failure to file exceptions). A request for further information prior to Commission action on a proposal from a public utility is not a Commission decision that could become final if no exceptions are filed; it is not a tentative approval of the public utility’s proposal. We now refer to such orders requesting further information and clarification as “orders directing supplemental information.”

Universal Service and Energy Conservation Plan (Amended Proposed 2019 USECP)<sup>2</sup> for the PECO Energy Company (PECO), a large electric and natural gas distribution company (EDC and NGDC), until review of requested additional information and stakeholder comments. The Tentative Order identified issues that required further attention on the record and solicited comments on the Amended Proposed 2019 USECP. On June 10, 2021, PECO filed its Supplemental Information. The Tenant Union Representative Network (TURN) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) (collectively, Low Income Advocates), the Office of Consumer Advocate (OCA), and PECO individually filed comments and/or reply comments. We have considered the information, analysis, and opinions filed by the parties and direct that PECO submit a revised 2019 USECP, consistent with this Order, for the reasons described herein. PECO's existing 2016-2018 USECP (2016 USECP)<sup>3</sup> will continue in operation in whole or in part until its 2019 USECP is approved and fully implemented.

## **I. BACKGROUND**

As a large EDC with more than 60,000 customers and a large NGDC with more than 100,000 residential customers, PECO must submit proposed USECPs periodically to the Commission for approval. 52 Pa. Code §§ 54.74 and 62.4. In 2020, PECO reported serving an average of 1,502,478 electric customers and 490,074 natural gas customers.<sup>4</sup>

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<sup>2</sup> Unless indicated otherwise, citations herein to pages within the "Amended Proposed 2019 USECP" are to the clean version of PECO's Amended Proposed 2019 USECP as submitted on September 25, 2020, available at <https://www.puc.pa.gov/pcdocs/1678652.pdf>.

<sup>3</sup> Docket No. M-2015-2507139 (filed on February 17, 2017).

<sup>4</sup> *2020 Report on Universal Service Programs & Collections Performance* at 5.

*Policy Statement on Customer Assistance Programs, 52 Pa. Code §§ 69.261-69.267 (CAP Policy Statement (2020)), Docket No. M-2019-3012599*

The Commission's CAP Policy Statement (1999) was amended effective March 21, 2020, pursuant to an order and annex entered on November 5, 2019, and published in the *Pennsylvania Bulletin* on March 21, 2020. *See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code §§ 69.261-69.267, Final Policy Statement and Order, Docket No. M-2019-3012599 (November 2019 Order and November 2019 Annex). See also 50 Pa.B. 1652.*<sup>5</sup>

The November 2019 Order, *inter alia*, strongly urged EDCs and NGDCs to incorporate the CAP policy amendments into its USECPs to allow stakeholders to have a basis for meaningful input in a *Universal Service Rulemaking*.<sup>6</sup> November 2019 Order at 2.

*2019 Adjustment to USECP Filing Schedules, Docket No. M-2019-3012601*

On October 3, 2019, the Commission entered its order (October 2019 Order) in *Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601, to extend the effective duration of USECPs from the then-prescribed three years to at least five years. The filing schedule for third-party independent evaluations was adjusted to coincide with the revised USECP duration and filing schedule. The October 2019 Order directed EDCs and NGDCs to provide updated enrollment and budget projections for the extended terms

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<sup>5</sup> Available at <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol50/50-12/409.html>.

<sup>6</sup> On January 2, 2020, the Commission entered an order at Docket No. L-2019-3012600 directing its Bureau of Consumer Services (BCS) and Law Bureau to initiate a comprehensive universal service rulemaking.

of their existing USECPs based on the new filing schedule. PECO's pending 2019 USECP has been extended through at least 2024.

## II. HISTORY

### A. 2013 USECP (Docket No. M-2012-2290911)

PECO and various parties to its 2013-2015 USECP (2013 USECP) entered into a settlement (2015 Settlement) regarding, *inter alia*, energy burdens for PECO's CAP. PECO, OCA, and TURN and the Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance) (collectively, TURN *et al.*) were signatories to the 2015 Settlement, as filed and served on March 20, 2015. The 2015 Settlement was recommended for adoption by the presiding Administrative Law Judge (ALJ) by Recommended Decision issued June 11, 2015, and approved by Commission Order entered on July 8, 2015. The 2015 Settlement provided that if the Commission were to change the energy burden ranges set forth in its CAP Policy Statement, PECO would use "the new maximum allowable" [*sic*] energy burden for customers at each Federal Poverty Income Guideline (FPIG) tier (*i.e.*, the 0%-50%, 51%-100%, and 101%-150% tiers of the FPIG).<sup>7</sup> R.D. at 8, FN 4.

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<sup>7</sup> See, *i.e.*, <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines>.

**B. 2016 USECP (Docket No. M-2015-2507139)**

PECO's 2016 USECP was approved, subject to modification and clarification, by the Commission by Order entered on August 11, 2016, at Docket No. M-2015-2507139 (August 2016 Order).<sup>8, 9, 10</sup>

On August 26, 2016, CAUSE-PA and TURN *et al.* jointly filed a Petition for Reconsideration (August 2016 Petition) seeking reconsideration of the Commission's resolutions for medical certificates and post-bankruptcy security deposit provisions in the August 2016 Order.<sup>11</sup> On December 8, 2016, the Commission entered an Order on Reconsideration addressing the CAUSE-PA and TURN *et al.* Petition (December 2016 Order).<sup>12</sup> On January 18, 2017, PECO filed a further revised 2016 USECP in compliance with the December 2016 Order.

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<sup>8</sup> The August 2016 Order, *inter alia*, directed that (1) customers who meet the medical criteria and who pay their CAP bills in-full and on-time after enrollment into In-Program Arrearage Forgiveness (InPA Forgiveness) to use the medical certificate process to suspend a future service termination and (2) PECO may require adequate assurance of payment (*i.e.*, a security deposit) for CAP eligible customers with post-bankruptcy accounts, consistent with the federal Bankruptcy Code at U.S.C. § 366(b). August 2016 Order 20-21, 40.

<sup>9</sup> CAP customers that were transitioned into PECO's CAP Fixed Credit Option (FCO) in October 2016 received a one-time enrollment into InPA Forgiveness. Through InPA Forgiveness, these CAP customers had two-thirds of their CAP arrears frozen for forgiveness and are responsible for paying the remaining one-third incrementally over a 5-year period, regardless of whether they remain in CAP. 2016 USECP at 9-10.

<sup>10</sup> The August 2016 Order also directed PECO to file revised electric and gas tariffs consistent with the 2016 USECP. On September 12, 2016, PECO filed revised tariffs to reflect changes to universal service charges due to the CAP FCO. On October 7, 2016, the Commission issued a Secretarial Letter approving the revised tariffs.

<sup>11</sup> The Commission granted reconsideration of these aspects of the August 2016 Order in a short-form Order entered on September 1, 2016. On September 6, 2016, PECO filed an Answer to the August 2016 Petition.

<sup>12</sup> After consideration of the issues raised by the parties, the Commission directed PECO to file a further revised 2016-2018 USECP to clarify that (1) customers are allowed to renew medical certificates indefinitely if they pay their current bills or budget bills in full by the due date; (2) medical certificate non-renewal (MCNR)-coded CAP customers can use valid medical certificates if they pay their current bills in full after enrollment into the InPA Forgiveness program; and (3) PECO will educate customers who file bankruptcy about the availability of temporary service post-petition without a security deposit. December 2016 Order at 13.

On February 10, 2017, the Commission issued a Secretarial Letter directing PECO to provide further clarification in its 2016 USECP.<sup>13</sup> On February 17, 2017, PECO filed a further revised 2016 USECP in compliance with the February 2017 Secretarial Letter.<sup>14</sup>

### **C. *De Facto Heating Pilot***

The August 2016 Order also approved, in concept, a *De facto* heating pilot program (*De facto* Pilot) proposed by PECO. The August 2016 Order directed PECO to file an addendum to its 2016-2018 USECP with implementation details. August 2016 Order at 45-48. On June 23, 2017, PECO filed the proposed details as Addendum F to its 2016-2018 USECP. The *De facto* Pilot was proposed to start in October 2017. Addendum F at 1. On July 31, 2017, CAUSE-PA and TURN *et al.* separately filed comments regarding Addendum F. On August 14, 2017, PECO filed reply comments. On August 21, 2017, PECO filed supplemental information to address questions raised about *De facto* Pilot costs.

On September 5, 2017, the Commission issued a Secretarial letter ordering a meeting with PECO and stakeholders within ten days to discuss and clarify the projected high administrative costs of the *De facto* Pilot program. On November 2, 2017, PECO filed a revised Addendum F (Revised Addendum F) which clarified that its administrative costs would be at or below 15% of the projected budget and that it would not seek to recoup any excess via a rate case if the administrative costs exceeded this threshold. Revised Addendum F at 2.

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<sup>13</sup> The February 2017 Secretarial Letter directed PECO to further clarify that MCNR-coded CAP customers enrolled in InPA Forgiveness can use valid medical certificates again once the current balance is paid in full, subject to Chapter 56 provisions. February 2017 Secretarial Letter at 1-2.

<sup>14</sup> All citations to the 2016 USECP in this Order refer to the version filed at Docket No. M-2015-2507139 on February 17, 2017. <https://www.puc.pa.gov/pcdocs/1510970.pdf>

**D. 2018 Base Rate Case, Docket Nos. R-2018-3000164, et al.**

On March 29, 2018, PECO filed for a general rate increase at *Pa. PUC, et al., v. PECO*, Docket Nos. R-2018-3000164, *et al.* (2018 Base Rate Case). On August 28, 2018, a Joint Petition<sup>15</sup> for settlement was filed (2018 Base Rate Case Joint Petition) that, *inter alia*, proposed changes to PECO's universal service programs. The ALJ's October 18, 2018 Recommended Decision recommended approval of the universal service provisions in the 2018 Base Rate Case Joint Petition. The Commission adopted the Recommended Decision by order entered on December 20, 2018.

As articulated in the 2018 Base Rate Case Joint Petition, PECO, *inter alia*, agreed that it would:

- Allow community-based organizations (CBOs) to certify income and household information for CAP eligibility. The CBO must (1) be a member of PECO's Universal Service Advisory Committee (USAC) and (2) reach a scope of work and cost reimbursement agreement with PECO. PECO is permitted to recover the funds paid to the CBOs for this function. 2018 Base Rate Case Joint Petition, Appendix C at i.
- Solicit CAP enrollments, at least twice per year through mailings and outbound calls, from all confirmed low-income customers with existing debt to PECO who are not currently enrolled in CAP. 2018 Base Rate Case Joint Petition, Appendix C at i.

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<sup>15</sup> The Joint Petitioners in PECO's 2018 Base Rate Case were: PECO; the Commission's Bureau of Investigation and Enforcement (BIE); OCA; the Office of Small Business Advocate (OSBA); the Philadelphia Area Industrial Energy Users Group (PAIEUG); CAUSE-PA; TURN *et al.*; the Community Action Association of Pennsylvania (CAAP); Tesla, Inc.; ChargePoint, Inc.; and Wal-Mart Stores East, LP, and Sam's East, Inc.

- Revise termination notices to advise customers to seek payment arrangements. 2018 Base Rate Case Joint Petition, Appendix C at i.
- Increase the CAP credit maximums for all rates and tiers by \$200. 2018 Base Rate Case Joint Petition, Appendix C at ii.
- Increase the annual Low Income Usage Reduction Program (LIURP) budget by \$1 million annually. PECO could use these funds to address health and safety or structural issues that prohibit weatherization services. PECO would initially target CAP customers who have exceeded their maximum CAP credit limits. 2018 Base Rate Case Joint Petition, Appendix C at ii.
- Include in its planned tariff filing at Docket No. M-2018-2531404 language that would, *inter alia*, adopt the following provisions:
  - Adopt language used by Columbia Gas and/or FirstEnergy that provides greater flexibility in the documentation that will be accepted to establish CAP income eligibility
  - Allow verification of income by CBOs;

Joint Petition, Appendix C at iii.

- Advise low-income customers of budget billing when they enter into a Deferred Payment Arrangement. Joint Petition, Appendix C at iv.
- Return security deposits to low-income customers. Joint Petition, Appendix C at iii.

- Assess the needs of its Limited English Proficiency (LEP) customers to ensure access to the notices required by statute, regulation, and tariff. Joint Petition, Appendix C at iii.

**E. Independent Third-Party Evaluation of PECO's USECP (Docket No. M-2019-3011281)**

Pursuant to 52 Pa. Code §§ 54.76 and 62.2, PECO filed the independent evaluation of its universal service programs conducted by the Applied Public Policy Research Institute for Study and Evaluation (APPRISE) on June 28, 2019, at Docket No. M-2019-3011281 (2019 APPRISE Evaluation)<sup>16</sup>. On June 30, 2020, PECO filed and served a letter (June 2020 Letter) at Docket Nos. M-2015-2507139, M-2018- 3005795, and M-2019-2011281 noting the 2019 APPRISE Evaluation found unaffordability issues in PECO's CAP. PECO indicated it would file a further amended 2019 USECP during the week of July 6, 2019, to address these issues. June 2020 Letter at 1-2.

**F. 2019 USECP (Docket No. M-2018-3005795)**

PECO filed its Proposed 2019 USECP on November 1, 2018, at Docket No. M-2019-3008227. On November 26, 2019, PECO filed an amended Proposed 2019 USECP to address an error in its original filing. On January 16, 2020, PECO filed a further amended Proposed 2019 USECP with enrollment/budgetary projections for its universal service programs through 2024 and a cover letter (January 16 Cover Letter) addressing its current level of compliance with the amendments to the CAP Policy Statement (2020), consistent with the Commission's October 2019 and November 2019 Orders.

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<sup>16</sup> <https://www.puc.pa.gov/pcdocs/1626073.pdf>

On July 8, 2020, PECO filed and served a Letter Petition (July 2020 Petition) at Docket No. M-2018-3005795 to further amend its Proposed 2019 USECP. The July 8 Petition was also docketed at P-2020-3020727 and proposed to adopt additional changes to PECO's CAP based on the amendments to the Commission's CAP Policy Statement (2020), including new energy burdens, and the findings from the 2019 APPRISE Evaluation, including transitioning its CAP from a Fixed Credit Option (FCO) to a Percent of Income Payment Plan (PIPP). Separate Answers to the July 8 Petition were filed and served on July 20, 2020, by OCA and on July 28, 2020, by CAUSE-PA, TURN *et al.*, and OSBA.

On September 25, 2020, PECO filed and served a Petition (September 25, 2020 Petition) at Docket M-2018-3005795 to further modify its CAP as part of its Amended Proposed 2019 USECP. The September 25, 2020 Petition was also docketed at No. P-2020-3022154. PECO's September 25, 2020 Petition, resulting in the Amended Proposed 2019 USECP, was not filed at PECO's 2016 USECP docket. The September 25, 2020 Petition requested, *inter alia*, that:

- (1) The Commission grant authority by November 19, 2020, for PECO to implement new energy burdens based on the recommended maximum energy burdens in the CAP Policy Statement (2020), and
- (2) The Commission approve PECO's use of the recommended maximum energy burdens in the CAP Policy Statement (2020) in its CAP FCO prior to PECO's transition from its CAP FCO to its proposed CAP PIPP ("the EB Proposal").

September 25, 2020 Petition at 1. Separate Answers to the September 25, 2020 Petition were filed on October 15, 2020, by CAUSE-PA and TURN *et al.*

On October 26, 2020, PECO responded to OSBA's Set I, Question Nos. 1-12, at Docket No. M-2020-3020727. Those questions and the responses have not been made part of the record at these dockets.

On February 26, 2021, Commission staff convened a telephonic meeting to allow stakeholders to provide informal comments and questions about the Amended Proposed 2019 USECP. Representatives from PECO, Community Legal Services (CLS, legal counsel for TURN *et al.*), the Pennsylvania Utility Law Project (PULP, legal counsel for CAUSE-PA), OCA, OSBA, and BIE were invited to participate.

On May 5, 2021, the Commission entered a Tentative Order identifying issues in the Amended Proposed 2019 USECP requiring further clarification and withholding approval of the USECP until a review of requested information and stakeholder comments is complete. On May 7, 2021, OCA filed a Notice of Intervention and Public Statement at this docket. On June 10, 2021, PECO filed its Supplemental Information in response to the Tentative Order. On May 28 and June 4, 2021, PECO provided responses to OCA's interrogatories, which were not filed as part of the record. OCA and the Low Income Advocates individually filed comments on July 20, 2021. OCA, the Low Income Advocates, and PECO individually filed reply comments on August 25, 2021.<sup>17</sup>

### **G. Universal Service Petitions related to the COVID-19 Pandemic**

On June 26, 2020, PECO filed a petition (June 2020 Petition) at its 2016 USECP docket seeking expedited approval of proposed temporary universal service measures to address economic hardship related to the COVID-19 pandemic, as well as additional opportunities for electric usage reduction. Specifically, the June 2020 Petition requested permission to: (1) provide a \$50 bill credit for all of PECO's CAP customers,

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<sup>17</sup> On October 13, 2021, PECO filed an Errata notice amending its reply comments.

(2) implement a temporary expedited CAP enrollment and recertification process that would waive certain income verification requirements, and (3) implement a temporary Summer Cooling Initiative which would use unused funds from PECO's 2020 LIURP budget to install energy efficient cooling units in low-income households. June 2020 Petition at 1-2. On November 12, 2021, the Commission entered an Order at Docket Nos. M-2015-2507139, M-2018-3005795, and P-2020-3020555 denying the June 2020 Petition.

On September 24, 2020, PECO filed a petition (September 24, 2020 Petition) at its 2016 USECP docket requesting temporary changes to the eligibility requirements of its hardship fund program, the Matching Energy Assistance Fund (MEAF, PECO's Hardship Fund), through March 31, 2021. Specifically, the September 24 Petition proposed to amend MEAF eligibility by:

- Raising annual income limits from 175% to 200% of the FPIG;
- Waiving the provision requiring a customer to be in imminent danger of termination or be terminated and replace this with a provision to require a customer to have a past-due balance; and
- Waiving the provision limiting grant eligibility only to those customers who have not received a MEAF grant in the past two years.

September 24, 2020 Petition at 1.<sup>18</sup>

On December 17, 2020, the Commission issued a Secretarial Letter at Docket Nos. M-2015-2507139 and P-2020-3022124 approving the September 24, 2020 Petition.

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<sup>18</sup> On October 22, 2020, PECO filed an erratum (Erratum) at the P-2020-3022124 docket regarding the September 24 Petition.

On October 13, 2020, PECO filed a petition (October 2020 Petition) at Docket Nos. M-2015-2507139 and R-2018-3000164 requesting permission to: (1) extend its *De facto* Pilot until all remaining funds are exhausted or until September 30, 2021, whichever comes first; and (2) use 2020 *De facto* Pilot and LIURP Health and Safety funds in calendar year 2021. October 2020 Petition at 1. On January 11, 2021, the Commission issued a Secretarial Letter at Docket Nos. M-2015-2507139, R-2018-3000164, and P-2020-3022785, approving the October 2020 Petition.

Finally, on March 23, 2021, PECO filed a petition (March 2021 Petition) at Docket No. M-2015-2507139 as a further response to COVID-19. The March 2021 petition proposed to use \$3.7 million in unspent 2020 LIURP funds for a COVID-19 grant program that would serve households with incomes at or below 200% of the FPIG in 2021 and 2022. CAUSE-PA filed an Answer on March 31, 2021, and TURN filed an answer on April 12, 2021. On June 10, 2021, the Commission issued a Secretarial Letter (June 10 Secretarial Letter) requesting additional data related to the March 2021 Petition. On July 12, 2021, PECO filed supplemental information in response to the June 10 Secretarial Letter. On September 17, 2021, PECO filed a petition to withdraw the March 2021 Petition. The Commission granted PECO's petition to withdraw the March 2021 Petition by Order entered on February 3, 2022, at Docket M-2015-2507139 and P-2021-3024799.

**H. 2021 Base Rate Case, Docket Nos. R-2021-3024601, et al.**

On March 30, 2021, PECO filed for a general rate increase at *Pa. PUC, et al., v. PECO*, Docket Nos. R-2021-3024601, *et al.* (2021 Base Rate Case). On September 15,

2021, a Joint Petition<sup>19</sup> for settlement was filed (2021 Base Rate Case Joint Petition), that, *inter alia*, proposed changes to PECO's universal service programs. In an October 12, 2021 Recommended Decision, the ALJ recommended approval of the universal service provisions in the 2021 Base Rate Case Joint Petition. The Commission adopted the Recommended Decision by order entered on November 18, 2021.

As articulated in the 2021 Base Rate Case Joint Petition, PECO, *inter alia*, agreed that it would:

- Increase maximum CAP credit thresholds by the percentage equal to the rate increase. 2021 Base Rate Case Joint Petition at 9, ¶28.
- Provide a detailed plan addressing how it intends to expand its CAP outreach efforts to increase participation for customers with annual income less than 50% of the FPIG within 90 days of a Commission Order approving this Settlement. 2021 Base Rate Case Joint Petition at 9-10, ¶30.
- Carryover any unspent LIURP funds at the end of each program year and add those funds to the budget for the following year. 2021 Base Rate Case Joint Petition at 10, ¶31.
- Increase its annual electric LIURP budget by \$1 million (from \$5.6 million to \$6.6 million) beginning in January 2023, provided that any increase will first be funded by unspent 2021 LIURP budget funds until those amounts are exhausted. 2021 Base Rate Case Joint Petition at 10, ¶32.

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<sup>19</sup> The Joint Petitioners in PECO's 2021 Base Rate Case were: PECO; BIE; OCA; OSBA; PAIEUG; CAUSE-PA; TURN; the National Railroad Passenger Corporation (Amtrack); the e Retail Energy Supply Association and NRG Energy, Inc.; Clean Energy Advocates; ChargePoint, Inc.; and Wal-Mart, Inc.

- Reallocate all unspent LIURP funds from the 2020 program year (approximately \$3.7 million) to provide emergency grant assistance through MEAF. The funds will be allocated over a two-year period, with a \$1.85 million allocation in 2021 and a \$1.85 million allocation in 2022. PECO is not required to match these funds with shareholder donations. These MEAF funds will be allocated proportionately to counties across PECO's service territory based on the number of confirmed low-income customers in each county and will be available to households with income at or below 200% of the FPIG until the funds are expended. 2021 Base Rate Case Joint Petition at 10-11, ¶34.
- Convene collaborative(s) to discuss possible adjustments to the LIURP usage threshold with members of its USAC and any other interested parties within one year of approval of the 2021 Base Rate Case Joint Petition. Following the collaborative(s), PECO shall make a proposal about LIURP usage thresholds no later than its next USECP filing. 2021 Base Rate Case Joint Petition at 11, ¶35.
- Continue the *De Facto* pilot with a \$500,000 annual budget through December 31, 2023 and perform pre- and post-usage analyses for all *De facto* pilot participants and provide those analyses to the Commission, rate case parties, and members of its USAC within 18 months after the pilot concludes. 2021 Base Rate Case Joint Petition at 11-12, ¶36.
- Increase its annual LIURP Health and Safety budget from \$1 million to a \$1.5 million. 2021 Base Rate Case Joint Petition at 12, ¶37.

- Permit customers to remain eligible for MEAF assistance even if they use a medical certificate<sup>20</sup> or enter into a payment arrangement after applying for MEAF. 2021 Base Rate Case Joint Petition at 12, ¶37.
- Permit customers to receive MEAF assistance even if they entered into extended payment arrangements pursuant to the Commission’s March 13, 2021 Order at Docket No. M-2020-3019244 and are no longer at risk of termination.<sup>21</sup> For such customers, PECO will apply the MEAF grant to the remaining balance subject to the payment agreement and offer a new payment arrangement on any remaining balance of the same or greater duration than originally agreed. 2021 Base Rate Case Joint Petition at 12, ¶39.

**I. Petition for Expedited Approval to Establish an Emergency Grant Program for Low-Income Customers, Docket No. P-2022-3032265**

We note in passing that on April 26, 2022, PECO filed a Petition (April 2022 Petition) seeking expedited approval to amend its 2016 USECP. The April 2022 Petition proposes to establish an emergency low-income grant program (Grant Program) for qualifying customers at or below 200% of the FPIG to distribute approximately \$3.7 million unspent 2020 LIURP funds in accordance with PECO’s 2021 Base Rate Case. Answers to that Petition were due May 16, 2022.

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<sup>20</sup> See definition of “medical certificate” in 52 Pa. Code § 56.2.

<sup>21</sup> See *Public Utility Service Termination Moratorium*, Docket No. M-2020-3019244 (order entered on March 13, 2021). The March 13 Order, *inter alia*, required utilities to offer a payment arrangement for a minimum length of 5 years for customers with incomes at or below 250% of the FPIG. The March 13 Order allowed these customers to agree to or request a shorter payment arrangement and allowed the utility to agree to a longer payment arrangement. March 13 Order at 4. The requirement that public utilities offer extended payment arrangement terms expired on September 30, 2021. See Statement issued July 15, 2021, at Docket Nos. M-2020-3019244 and M-2020-3019262.

### III. PETITIONS

Section 5.41(a) of the Commission's regulations sets forth the requirements for any petition seeking relief.

Petitions for relief under the act or other statute that the Commission administers, [*sic*] must be in writing, state clearly and concisely the interest of the petitioner in the subject matter, the facts and law relied upon, and the relief sought. Petitions for relief must comply with § 1.51 (relating to instructions for service, notice, and protest).

52 Pa. Code § 5.41.

Section 332(a) of the Public Utility Code, 66 Pa.C.S. § 332(a), provides that the party seeking relief from the Commission has the burden of proof. PECO is the party seeking relief from the Commission and, therefore, has the burden of proof relative to Docket No. P-2020-3020727 and P-2020-3022154 in this proceeding.

Section 5.61 of the Commission's regulations, *inter alia*, sets forth the requirements for answers to petitions:

(a) *Time for filing.* Unless a different time is prescribed by statute, the Commission, or the presiding officer, answers to complaints and petitions shall be filed with the Commission within 20 days after the date of service.

Any decision of the Commission must be supported by substantial evidence. *See, e.g.,* Section 704 of the Administrative Agency Law, 2 Pa.C.S. § 704. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. Pub. Util. Comm'n.*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp.*

*Bd. of Review*, 166 A.2d 96 (Pa. Sup. 1961); and *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

#### **IV. OFFICE OF THE ADMINISTRATIVE LAW JUDGE (OALJ)**

Several parties have requested that this matter be assigned to the OALJ.

We noted in the Tentative Order that USECP proceedings are usually resolved by collaborative processes and exchanges of information. We did not refer this matter to the OALJ at that time. We stated that the process of the stakeholder meeting, the Tentative Order, PECO's response and supplemental information, coupled with stakeholder comments and reply comments would afford the parties significant opportunities to gather the information that CAUSE-PA and TURN *et al.* (either independently or as the Low Income Advocates) seek through discovery in an OALJ proceeding. Indeed, PECO had already responded to OSBA's written questions regarding PECO's July 8 Petition at Docket No. P-2020-3020727 to amend the proposed 2019 USECP. Neither CAUSE-PA nor TURN *et al.* had articulated any reason why they could not seek the information they claimed they need through voluntary exchanges with PECO. As protracted as this proceeding had been up to that point, we concluded that there was then no basis for further delay. We noted that if the comments and reply comments raised relevant material factual issues, we did have the recourse of referring this matter, in whole or in part, to the OALJ for hearing and recommended decision. Tentative Order at 60.

After reviewing the supplemental information, the comments, and the reply comments, we remain unpersuaded that there is a need to refer this matter in whole or in part to the OALJ.

## **V. PECO'S AMENDED PROPOSED 2019 USECP**

### **A. Program Descriptions**

#### **1. CAP**

PECO's CAP helps residential low-income customers maintain electric or gas service through lower monthly payments and/or the elimination of past-due balances. To qualify for PECO's CAP, a customer must have a household income at or below 150% of the FPIG, based on the total income of all adult household members (age 18 or over). Customers can submit CAP applications via mail, fax, email, or online. Amended Proposed 2019 USECP at 5. PECO's current CAP FCO determines the amount of CAP credits needed, if any, to keep customer payments below the maximum energy burden thresholds approved in PECO's CAP. A customer's annual CAP credit amount is the difference between the annual energy costs for the residence and the household's target energy burden.<sup>22</sup>

PECO proposes to transition its CAP from a FCO to a PIPP within four months<sup>23</sup> after final Commission approval of the 2019 USECP. Amended Proposed 2019 USECP at 3. To determine the customer's monthly CAP PIPP bill, PECO will first calculate a target energy burden based on the household's FPIG tier. Amended Proposed 2019 USECP at 55; PECO Reply Comments at 4.

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<sup>22</sup> A full description of PECO's CAP FCO payment calculation and policies can be found in Addendum C of the Amended Proposed 2019 USECP.

<sup>23</sup> PECO originally estimated this change would take eight months, but in its Reply Comments PECO reported that this change could be completed within 4 months. See PECO Reply Comments at 4.

PECO’s proposed changes to its CAP energy burdens for electric non-heating (ENH), electric heating (EH), and natural gas heating (NGH) customers are as follows:<sup>24</sup>

**Table 1**  
**Maximum Energy Burdens in CAP FCO and Proposed CAP PIPP**

<b>FPIG</b>	<b>ENH</b>		<b>EH</b>		<b>NGH</b>	
	<i>CAP FCO</i>	<i>Proposed PIPP</i>	<i>CAP FCO</i>	<i>Proposed PIPP</i>	<i>CAP FCO</i>	<i>Proposed PIPP</i>
0-50%	5%	2%	13%	6%	7%	4%
51-100%	6%	4%	16%	10%	10%	6%
101-150%	7%	7%	17%	17%	10%	10%

*Source:* Amended Proposed 2019 USECP at 3, 55.

The customer’s annual CAP PIPP bill would then be calculated by multiplying the household’s income by their target energy burden level. The monthly CAP bill for the household will be 1/12<sup>th</sup> the annual CAP PIPP bill. PECO will apply CAP credits to the CAP household’s bill each month, if necessary, to ensure the monthly bill does not exceed 1/12<sup>th</sup> of the annual CAP PIPP bill amount. Amended Proposed 2019 USECP at 55-56.

As part of the implementation of its CAP PIPP, PECO is proposing to increase the maximum amount of CAP credits for each income tier as follows:

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<sup>24</sup> As more fully explained below, PECO is proposing to adopt the energy burdens recommended in the CAP Policy Statement (2020) at 52 Pa. Code § 69.265(2)(i) as part of its existing CAP FCO until its CAP PIPP is implemented. September 25 Petition at 7-8, Amended Proposed 2019 USECP at 3, FN 2.

**Table 2**  
**Maximum CAP Credits in 2016 USECP and**  
**Amended Proposed 2019 USECP<sup>25</sup>**

<b>FPIG</b>	<b>ENH</b>		<b>EH</b>	
	<i>2016 USECP</i>	<i>Amended Proposed 2019 USECP</i>	<i>2016 USECP</i>	<i>Amended Proposed 2019 USECP</i>
0%-50%	\$2,048	\$2,435	\$2,922	\$3,490
51%-100%	\$1,389	\$1,716	\$1,881	\$2,318
101%-150%	\$1,241	\$1,554	\$1,661	\$2,070

*Source:* 2016 USECP at 22 and Amended Proposed 2019 USECP at 4, 56.

PECO will issue letters to notify electric CAP customers when they reach 75% and 90% of their annual maximum CAP credit limit.<sup>26</sup> PECO does not apply CAP credit limits to its natural gas accounts. Amended Proposed 2019 USECP at 4.

If the calculated monthly CAP PIPP bill is less than PECO’s minimum payment requirements, the CAP household will be charged the minimum payment amount. PECO bases its minimum payment requirements on the CAP customer’s heating type. As part of its CAP PIPP, PECO is proposing to reduce its minimum payment requirements as follows:

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<sup>25</sup> Under the terms of the 2021 Base Rate Case, PECO has agreed to increase the maximum CAP credit thresholds by the percentage equal to the rate increase. 2021 Base Rate Case Joint Petition at 9, ¶28.

<sup>26</sup> PECO reports that customers can request more frequent notifications of their maximum CAP credit balance via their online accounts. Amended Proposed 2019 USECP at 4.

**Table 3**  
**Minimum Payment Requirements in 2016 USECP and**  
**Proposed in 2019 USECP**

<b>Heating Type</b>	<b>Minimum Payment</b>	
	<i>2016 USECP</i>	<i>Amended Proposed 2019 USECP</i>
ENH	\$12	\$10
EH	\$30	\$20
NGH	\$25	\$20

*Source: 2016 USECP at 35 and Amended Proposed 2019 USECP at 4.*

First-time CAP customers also receive the opportunity to have their pre-program arrearages (PPA) completely forgiven within one year of entering the program. For each month the customer pays his or her CAP bill in full and on time, PECO will forgive one-twelfth of the customer’s PPA. PECO also allows customers to receive retroactive forgiveness for any months missed once the CAP balance is paid in full. Amended Proposed 2019 USECP at 7.

CAP customers are required to recertify every two years unless they have received a LIHEAP grant or they report no income. PECO proposes to require LIHEAP recipients to recertify once every four years and customers reporting no income to recertify every six months. Amended Proposed 2019 USECP at 6.

Customers can remain in the CAP program without reapplying if they transfer service to another property within 60 days of the previous service address disconnection date. PECO will also transfer any PPA to the new address, and customers will continue to receive forgiveness while they remain on CAP. Amended Proposed 2019 USECP at 7-8.

Customers who leave CAP may re-enroll later without a payment requirement if they remain income eligible. However, re-enrolled CAP customers are not eligible for additional PPA forgiveness. Amended Proposed 2019 USECP at 6.

CAP customers who experience termination of service can have their service restored if they pay their past-due balance or provide a valid medical certificate or Protection from Abuse (PFA) order. Restoration payment amounts will be consistent with 52 Pa. Code § 56.191(c)(2). Income eligible customers who have never been enrolled in CAP may have their service restored and be enrolled in the program without a payment requirement. Any balance owed by these customers will be deferred for PPA forgiveness. Amended Proposed 2019 USECP at 8.

Based on our analysis in the Tentative Order of PECO's Amended Proposed 2019 USECP, we requested clarification and comments regarding identified issues and proposed changes. With the finding that PECO has now filed and served all the information that it would have been required to provide for us to consider its proposal to change its maximum energy burdens under either the 1999 or the 2020 CAP Policy Statement, we shall address the specific questions of whether the proposed changes are reasonable, just, and in the public interest. The following discussion reflects resolution of those matters:

*a. Proposed PIPP Energy Burdens*

PECO has indicated that its proposal to change its CAP to a PIPP is in response to the CAP FCO affordability issues identified in the 2019 APPRISE Evaluation. June 2020 Letter at 1-2. The 2019 APPRISE Evaluation found, *inter alia*, that the energy burdens for full-year 2018 CAP participants exceeded the CAP Policy Statement (1999) recommended maximum energy burdens for approximately 40% of ENH customers and 28% of EH customers.<sup>27</sup> 2019 APPRISE Evaluation at 129, 149. Based on income, over

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<sup>27</sup> In 2018, the CAP Policy Statement (1999) recommended maximum energy burdens were as follows: FPIG tier 0%-50%: 2%-5% for ENH, 7%-13% for EH, and 5%-8% for NGH. FPIG tier 51%-100%: 4%-6% for ENH, 11%-16% for EH, and 5%-8% for NGH. FPIG tier 101%-150%: 6%-7% for ENH, 15%-17% for EH, and 9%-10% for NGH.

80% of the 2018 CAP participants with incomes at or below 50% of the FPIG incurred annual billings that exceeded the recommended maximum energy burdens in the CAP Policy Statement (1999). 2019 APPRISE Evaluation at 131.

The proposed CAP PIPP may increase anticipated program costs by approximately \$20 million to \$23 million per year compared to its current CAP FCO. January 16, 2020 2019 USECP filing at 26 and Amended Proposed 2019 USECP at 23.

Both CAUSE-PA and TURN *et al.* separately support PECO's proposed transition from the CAP FCO to a CAP PIPP but are opposed to the higher energy burdens for CAP customers with incomes between 101%-150% of the FPIG. Both CAUSE-PA and TURN *et al.* separately recommend that the Commission refer PECO's Proposed 2019 USECP to the OALJ for the development of a record. CAUSE-PA July 28 Answer at 7, 9, and 14; TURN *et al.* July 28 Answer at 8, 10, and 12. OCA and OSBA separately contend that a full and complete investigation and analysis of PECO's proposed changes is needed to determine whether the proposed changes are just and reasonable. OCA July 20 Answer at 4-5; OSBA July 28 Answer at 2.

In the Tentative Order, we noted the proposed maximum energy burdens for CAP customers with incomes between 101%-150% of the FPIG (7% ENH, 17% EH, and 10% NGH) are substantially higher than recommendations in the CAP Policy Statement (2020) (4% ENH, 10% EH, and 6% NGH). PECO was asked to provide additional information for further analysis of this issue. Tentative Order at 22-26.

### *Comments*

The comments regarding PECO's proposed CAP PIPP energy burdens addressed several distinct elements. We shall recap the comments and supplemental information as they related to each distinct element.

*Projected annual number of CAP customers that may exceed PECO’s maximum CAP credit limits based on current CAP FCO energy burdens and on the proposed CAP PIPP energy burdens from 2022-2024.*

PECO provided information based on 2018 CAP participants who may exceed maximum CAP credit limits by FPIG level, energy type, and existing and proposed energy burdens at the previously approved CAP FCO levels, the proposed PIPP levels, and the CAP Policy Statement (2020) levels.<sup>28</sup> PECO Supplemental Information at 2.

The largest percentage of CAP participants projected to exceed the maximum CAP credit limits are in the 0%-50% FPIG level for both energy types and existing and proposed energy burdens. PECO Supplemental Information at 4.

**Table 4**  
**CAP Participants which may exceed Maximum Credit Limit**  
**Based on 2018 CAP data**

<b>FPIG Level</b>	<b>ENH</b>			<b>EH</b>		
	<i>Current CAP FCO</i>	<i>Proposed PIPP</i>	<i>CAP Policy Statement (2020)</i>	<i>Current CAP FCO</i>	<i>Proposed PIPP</i>	<i>CAP Policy Statement (2020)</i>
0%-50%	7%	8%	8%	5%	7%	7%
51%-100%	6%	8%	8%	3%	6%	6%
101%-150%	2%	2%	6%	<1%	<1%	2%

Source: PECO Supplemental Information at 4.

PECO notes that it offers an exemption to the maximum CAP credit limit when a customer utilizes medical equipment that causes significant household usage and does not think that adopting the Revised CAP Policy Statement’s proposed exemptions is needed. PECO further notes that CAP customers who exceed the maximum CAP credit amounts

<sup>28</sup> PECO notes in its response that it has only provided its most recent 2018 data set. PECO states that it cannot provide its actual 2020 data set without seeking Commission approval to take several additional months to provide data due to the additional monetary, employee, and COVID-related complexities. PECO Supplemental Information at 2.

limits will automatically be referred to LIURP for energy efficiency audits and treatments. PECO Reply Comments at 10.

The Low Income Advocates recommend that PECO notify customers of allowable exemptions to this limit and how they can apply for an exemption. Low Income Advocates Comments at 41.

PECO does not agree that notices should include health usage exemption messaging as the notices encourage customers to contact the PECO care center to address their usage and other specific concerns. PECO notes that these customers also receive LIURP outreach which recognizes medical usage and, should a customer indicate increasing usage from medical equipment, they will be directed to PECO's Customer Assistance Referral Evaluation Services (CARES) program to obtain a health usage exemption. PECO Reply Comments at 10.

*Projected annual number of CAP customers with incomes in the 101% to 150% tier of the FPIG who may have energy burdens exceeding 4% for ENH, 10% for EH, and 6% for NGH, based on the proposed CAP PIPP from 2022-2024.*

Based on 2018 CAP participant data, PECO projects that among CAP participants with income between 101%-150% of the FPIG:

- Approximately 62% of ENH households (19,322 of 31,166 households) may receive bills above the CAP Policy Statement's (2020) recommended maximum energy burden of 4%. Only 2% (623 households) may receive annual bills exceeding the Proposed 2019 USECP energy burden of 7%.
- Approximately 29% of EH households (1,051 of 3,624 households) may receive annual bills above the CAP Policy Statement's (2020) recommended maximum energy burden of 10%. Less than 1% (36

households) may receive annual bills exceeding the Proposed 2019 USECP energy burdens 17%.

- Approximately 9% of NGH households (647 of 7,195 households) may receive annual bills at or below the CAP Policy Statement's (2020) recommended maximum energy burden of 6%. No natural gas CAP customers at this income level are expected to receive annual bills exceeding the Proposed 2019 USECP energy burdens of 10%.

PECO Supplemental Information at 5.

*Projected average monthly CAP PIPP bills from 2022-2024, broken down by income tier (i.e., 0-50%, 51-100%, and 101%-150%) and energy type (i.e., ENH, EH, and NGH) using both PECO's existing and proposed energy burdens and the CAP Policy Statement (2020) energy burdens.*

PECO provided 2018 data reflecting the projected average monthly CAP PIPP bills by income tier, energy type, and energy burden levels as displayed in Table 5 below. The data reflects that PECO's EH CAP customers have the highest bills across its current CAP FCO model and are also projected to continue that trend across its proposed CAP PIPP model as well. Overall, average bills would be lower using the CAP Policy Statement (2020) proposed energy burden levels. Additionally, using the proposed CAP Policy Statement (2020) energy burden levels at the 101%-150% FPIG tier is more affordable than PECO's proposed CAP PIPP energy burden levels across all three heating types. PECO Supplemental Information at 7.

**Table 5  
Projected Average Monthly CAP Bills for 2022-2024**

	<b>Current CAP FCO</b>	<b>Proposed CAP PIPP</b>	<b>CAP Policy Statement (2020)</b>
<b>0%-50%</b>			
<b>ENH</b>	\$29	\$18	\$18
<b>EH</b>	\$57	\$34	\$34
<b>NGH</b>	\$38	\$25	\$25
<b>51%-100%</b>			
<b>ENH</b>	\$61	\$46	\$46
<b>EH</b>	\$121	\$94	\$94
<b>NGH</b>	\$63	\$54	\$54
<b>101%-150%</b>			
<b>ENH</b>	\$90	\$90	\$69
<b>EH</b>	\$145	\$145	\$130
<b>NGH</b>	\$67	\$67	\$64

Source: PECO Supplemental Information at 7.

The Low Income Advocates note that the difference in average monthly bills at the 101%-150% of FPIG tier is particularly significant for ENH customers and point out that these average bills do not reflect the wide rate billing variations within each FPIG tier. Low Income Advocates at 10-11.

*Projected annual collection cost savings based on implementation of the Proposed CAP PIPP from 2022-2024, broken down by income tier (i.e., 0%-50%, 51%-100%, and 101%-150%).*

PECO reports it does not anticipate any collection cost savings or forecast any payment improvements based on the implementation of the proposed CAP PIPP. However, PECO estimates that the proposed CAP PIPP changes may result in bad debt savings of approximately \$460,000 annually due to CAP customers being responsible for a lower portion of their undiscounted bill which is then recovered from residential customers. PECO Supplemental Information at 7-8.

*Projected annual CAP enrollments and CAP costs from 2022 through 2024 based on a CAP PIPP with maximum energy burdens using both PECO's proposed energy burdens and the CAP Policy Statement (2020) energy burdens for all income tiers.*

PECO expects some CAP enrollment growth due to the CAP PIPP implementation because the methodology is easier for customers to understand. It further states that some CAP customers may already be familiar with the CAP PIPP format if currently or formerly enrolled in Philadelphia Gas Works' (PGW's) CAP.<sup>29</sup> PECO Supplemental Information at 8.

PECO states that if ordered to adopt the CAP Policy Statement (2020) energy burdens, it proposes a CAP participation limit of 142,000 as a cost containment mechanism to prevent an excessive burden on residential customers.<sup>30</sup> PECO Supplemental Information at 9.

As seen in Table 6, PECO estimates implementing the CAP Policy Statement (2020) energy burdens for customers with incomes between 101%-150% would increase annual CAP Credit expenditures by \$8.9 million. PECO Supplemental Information at 9.

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<sup>29</sup> PGW's CAP is known as the Customer Responsibility Program (CRP).

<sup>30</sup> PECO reports this proposed CAP participation limit is based on the highest historical levels of CAP participation in December 2015 and a 23.5% increase over current enrollment levels. PECO Supplemental Information at 9.

**Table 6**  
**Additional CAP Credit Expenditures for Households with**  
**Incomes Between 101%-150% of the FPIG Based on the**  
**CAP Policy Statement (2020) Recommended Maximum Energy Burdens**

<b>101%-150% FPIG</b>	<b>Number of CAP participants</b>	<b>Average Monthly CAP Credit Increase</b>	<b>Total Annual CAP Credit Increase</b>
<b>ENH</b>	31,166	\$21	\$7,853,832
<b>EH</b>	3,624	\$15	\$652,320
<b>Gas</b>	7,195	\$4	\$345,360
<b>Total</b>			<b>\$8,851,512</b>

*Source: PECO Supplemental Information at 8-9.*

While the Low Income Advocates state that they support PECO’s proposed shift from a CAP FCO to a CAP PIPP, it recommends that the Commission order PECO to use the CAP Policy Statement (2020) energy burden levels for customers at 101%-150% of the FPIG to guarantee they receive an affordable bill. It does not support PECO’s proposal to limit CAP participation to 142,000 customers. The Low Income Advocates state that such a limit opposes universal service obligations and would exclude customers in need. They point out that limiting the CAP participation rate to 142,000 customers is a lower number than PECO’s actual reported confirmed low-income customer base. They view a CAP participation limit as punitive and predict it would lead to a long waiting list to enter CAP. Low Income Advocates Comment at 15-17.

PECO notes the current number of 119,000 CAP participant level is high due to CAP customers not being removed for failure to recertify during the COVID-19 pandemic. This number would have to increase by 19% to reach the proposed enrollment limit of 142,000. PECO asserts establishing such a limit would be a reasonable cost containment strategy if it is required to apply the CAP Policy Statement’s (2020) recommended energy burdens for customers at 101%-150% of the FPIG. PECO Reply Comments at 3.

*Potential impact of the proposed CAP PIPP energy burdens on unused LIHEAP grants returned to DHS.*

PECO reports it does not anticipate the energy burden changes will impact the amount of LIHEAP grants returned to DHS. PECO states that it returns LIHEAP funds to DHS either because (1) a final bill has an excess credit due to a LIHEAP grant or (2) DHS requested the grant be returned. PECO states it has not returned grants to DHS as a result of unused grant dollars and that 80% of returned LIHEAP grants in 2020 were requested by DHS. PECO Supplemental Information at 10.

OCA contends that it does not seem reasonable to project no changes in the amount of LIHEAP grants returned to DHS, particularly with the proposed decrease to the minimum CAP payments. It further asserts that LIHEAP grants should be used to the fullest extent possible and this is unlikely to occur as CAP customers paying only the minimum CAP amount would not deplete their LIHEAP benefits within two years. OCA Comments at 14.

PECO maintains that the reduced CAP minimum payments should not increase LIHEAP refunds to DHS based on average LIHEAP grant amounts:

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 [ENH] 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.

PECO Reply Comments at 20.

The Low Income Advocates concur that it is imperative to fully utilize all available assistance to maximize program effectiveness. However, they do not share similar concerns with OCA over LIHEAP grant funding being returned to DHS, as it states that very little funding gets returned. The Low Income Advocates further aver that LIHEAP grants should not factor into the calculation of affordability for CAP bills. Low Income Advocates Reply Comments at 9-10.

*Other PIPP Energy Burden Items Addressed in Comments*

OCA is concerned that PECO's projected CAP cost increases are unconstrained and will impact residential customer bills unfavorably as its universal service costs have already increased over the past several years. It states that the economic and financial circumstances from COVID-19 are likely to linger and CAP enrollment and costs could substantially increase in the future resulting in higher bills for non-CAP customers. OCA Comments at 5-6.

OCA proposes that the Commission delay energy burden level changes until the pandemic has concluded and projections are firm. It avers that if the Commission approves PECO's energy burden changes that cost control measures be applied, such as limiting the annual increases in the universal service charge, maintaining the current CAP minimum payments, lengthening the arrearage forgiveness period from 12 months to at least 36 months, examining CAP administration costs, addressing high CAP credit usage with LIURP, and examining whether it is appropriate to limit HUD recipient participation in PECO's CAP. OCA Comments at 6-13.

The Low Income Advocates oppose OCA's proposal to extend the CAP arrearage forgiveness period from 12 months to 36 months. The Low Income Advocates do not anticipate that extending the arrearage forgiveness timeframe will meaningfully affect overall CAP costs. They suggest that if the Commission orders PECO to extend its

arrearage forgiveness period that it applies the revised timeframe to new CAP participants only. The Low Income Advocates hypothesize that extending the arrearage forgiveness window could impair the program's success. Low Income Advocates Reply Comments at 10-11.

*Resolution:* While we considered the supplemental information and comments in terms of their distinct elements, we shall resolve the question of the proposed PIPP energy burdens at a less granular level. As explained in greater detail below, this Order (1) approves PECO's proposal to amend the CAP FCO energy burdens consistent with the CAP Policy Statement (2020); and (2) directs PECO to implement its CAP PIPP, within four months from the entry date of this Order, with energy burden levels consistent with the discussion below. PECO shall file and serve a letter at Docket Nos. M-2018-3005795, P-2020-3020727, and P-2020-3022154 confirming that the CAP PIPP is implemented.

There are two components to address when it comes to the CAP PIPP energy burdens proposed in the Amended Proposed 2019 USECP. The first is whether converting to a PIPP with the reduced target energy burdens for CAP PIPP customers with incomes from 0% through 100% of the FPIG is appropriate. The second is determining whether the energy burdens for CAP FCO customers with incomes from 101% through 150% of the FPIG should remain unchanged in the CAP PIPP. Additionally, we shall address the issue of CAP enrollment limits and cost containment proposals and the issue of the impact the proposed energy burdens on LIHEAP grant refunds.

*Proposed Conversion to a CAP PIPP with Proposed Energy Burdens for Customers with Incomes from 0% through 100% of the FPIG*

PECO has affirmed these proposed energy burden levels will address the CAP unaffordability issues identified in the 2019 APPRISE Evaluation, which found, *inter*

*alia*, that over 80% of electric CAP customers (heating and non-heating) with incomes between 0%-50% of the FPIG and over 40% of non-heating electric customers with incomes between 51%-100% had energy burdens that exceeded the CAP Policy Statement (1999) recommendations. Based on a comparison of proposed budgets for the CAP FCO and the proposed CAP PIPP, this change may increase annual CAP costs by approximately \$20-23 million per year. Additionally, PECO's proposed CAP PIPP energy burdens for customers with incomes from 0% through 100% of the FPIG are consistent with the maximum recommended energy burdens in the CAP Policy Statement (2020) at 52 Pa. Code § 69.265(2)(i)(A-C). Given its anticipated impact on energy affordability for PECO's lowest income customers, however, we find it reasonable and in the public interest to approve this change.

Accordingly, we approve the proposed transition from a CAP FCO to a CAP PIPP, and we approve the proposed target energy burdens for customers with incomes from 0% through 100% of the FPIG.

*Proposed CAP PIPP Energy Burdens for Customers with Incomes in the 101% to 150% tier of the FPIG*

On February 6, 2020, in response to OCA's Petition for Reconsideration to the November 2019 Order, the Commission entered an Order at Docket Nos. M-2019-3012599 and P-2020-301688 which, *inter alia*, clarified the nature of the new energy burden recommendations in the CAP Policy Statement and how proposals to implement them would be reviewed by the Commission in utility-specific USECP proceedings.

[T]he maximum energy burden percentages in the Annex to the November [2019] Order are recommendations, not iron-clad limits on what a utility can charge a CAP household. Issues related to a specific utility's energy burdens are still subject to scrutiny in that utility's USECP proceedings.

February 2020 Order re OCA's Petition for Reconsideration at 10-11.

Therefore, the resolution of CAP PIPP energy burdens for customers with incomes between 101%-150% does not turn upon whether they exceed the recommended maximum energy burdens in the CAP Policy Statement (2020). The question is whether these alternative energy burdens will still address energy affordability disparities impacting for these low-income customers.

The data provided by PECO suggest that adopting the recommended energy burdens in the CAP Policy Statement (2020) for customers with incomes from 101% through 150% of the FPIG may have a significant impact on CAP bills compared to PECO's proposed CAP PIPP energy burdens for this FPIG tier. PECO projects average monthly CAP bills through 2024 for CAP customers at this income level could be \$3 lower for NGH, \$15 dollars lower for EH, and \$21 lower for ENH.

To qualify for CAP credits based on PECO's proposed CAP PIPP energy burdens, a family of four with monthly income of \$2,500 (113% of the FPIG) would have to pay over \$175 per month (7%) for ENH, over \$250 per month (10%) for NGH, and over \$425 per month (17%) for EH.<sup>31</sup> These monthly billing amounts are arguably in the realm of unaffordability and illustrate that PECO's proposed CAP PIPP energy burdens would fail to protect customers with incomes from 101% through 150% of the FPIG from receiving exceedingly high monthly energy bills.

Given these facts, and the fact that no alternative proposals have been made for customers at this FPIG tier, we find that it is reasonable and in the public interest that

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<sup>31</sup> Based on the recommended maximum energy burdens in the CAP Policy Statement (2020), this family would qualify for CAP credits if monthly bills exceeded \$100 for ENH (4%), and \$150 for EH or NGH (6%).

PECO adopt the CAP Policy Statement's (2020) recommended maximum energy burdens for CAP PIPP customers in the 101%-150% FPIG tier; which are 4% for ENH, 10% for EH, and 6% for NGH. 52 Pa. Code § 69.265(2)(i)(A-C).

*Proposed CAP Enrollment Limits and Other Proposed Cost Control Measures*

We are not persuaded to adopt PECO's proposal to establish a CAP enrollment limit of 142,000 as a cost control mechanism. Based on PECO's updated needs assessment identifying 274,966 households with incomes at or below 150% of the FPIG,<sup>32</sup> a CAP enrollment limit of 142,000 does not seem appropriate. Further, the Commission has previously supported efforts to increase CAP enrollments<sup>33</sup> and approved elimination of previous limits on CAP participation.<sup>34</sup> At this time, we are not aware of any other EDC or NGDC that maintains CAP enrollment limits. Low-income households struggling with energy affordability within PECO's service territory should not be denied CAP benefits simply because the maximum number of customers has been reached.

Further, PECO has not persuaded us that the recommendations in the CAP Policy Statement (2020) regarding enrollment and participation in CAP are inappropriate for its service territory. The CAP Policy Statement (2020) recommends that any proposed limits for CAP participation should ensure the needs of a utility's low-income population will still be met.

The participation limit for CAP should reflect a needs assessment, consideration of the estimated number of low-income households in the utility's service territory, the number of participants currently enrolled in

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<sup>32</sup> PECO Supplemental Information at 26.

<sup>33</sup> See, e.g., *PGW 2014-2016 USECP Final Order*, Docket number M-2013-2366301 (order entered on August 22, 2014) at 64-69; and *PPL 2017-2019 USECP Order*, Docket No. M-2016-2554787, (order entered on October 5, 2017) at 53-55.

<sup>34</sup> See, e.g., *UGI 2014-2017 USECP Final Order*, Docket No. M-2013-2371824, (order entered on January 15, 2015) at 12-14.

the CAP, participation rates for assistance programs and the resources available to meet the needs of the targeted population.

52 Pa. Code § 69.264

Additionally, at this time, we do not find it appropriate to adopt the cost control measures proposed by OCA. However, we may consider adopting one or more of these changes by or before PECO's next USECP review if warranted based on our annual review of utility CAP costs and its impact on ratepayer bills (*i.e.*, Report on Universal Service and Collections Performance).

Accordingly, we shall not approve these proposed enrollment limits and proposed cost containment provisions.

*Potential for LIHEAP Grants to Be Returned to DHS*

We have no clear data or projections on how the new CAP PIPP and new energy burdens will impact the use of LIHEAP grants. Accordingly, PECO is also directed to track the number and amount of LIHEAP grants issued to CAP customers which were refunded to DHS because the two-year timeframe expired. PECO shall share the results of this tracking with its USAC at least annually, beginning in January 2023, and include this information in its next USECP proposal.

*b. Calculation of Monthly PIPP Payment*

As described above, PECO proposes to transition its CAP FCO to a CAP PIPP within four months of Commission approval of the Proposed 2019 Plan. PECO states that the PIPP will “[provide] eligible customers with a fixed bill equal to what the CAP customer can afford to pay for utility service.” Amended Proposed 2019 USECP at 3.

In the Tentative Order, we questioned whether all CAP customers on the proposed PIPP may be charged the maximum energy burden each month – except for customers charged the minimum CAP bill – even when their actual usage or budget bill is less. We also questioned whether PECO will include regular CAP bill recalculations as part of its proposed PIPP. Tentative Order at 27-29.

### *Comments*

PECO states that it will charge CAP customers either the PIPP fixed bill or their actual charges, whichever is lower, but adds that neither method can be below the CAP minimum bill requirement. PECO asserts it will conduct monthly evaluations to ensure CAP customers are receiving the most affordable bill. PECO Supplemental Information at 11.

The Low Income Advocates support PECO’s PIPP payment calculation and monthly evaluations. The Low Income Advocates recommend that the Commission order PECO to clearly summarize this policy in its USECP. Low Income Advocates at 18-19.

*Resolution:* In this regard, PECO is actually comparing monthly billing options and billing the customer the best option, subject to a minimum bill limitation. Section 1303 of the Public Utility Code, 66 Pa. C.S. § 1303, requires public utilities to compute bills under the “rate” most beneficial to the customer if more than one billing option is applicable. We find that PECO’s proposed monthly PIPP bill calculation – which compares a household’s PIPP price to the household’s actual usage charge based on tariff rates and then compares the better of the two options with its minimum bill parameters – complies with 66 Pa.C.S. § 1303. The Low Income Advocates support the process, and no one contests it.

We also note that PECO's proposal to evaluate PIPP bills monthly to ensure the CAP customer is receiving the most affordable bill is consistent with consistent with the CAP Policy Statement (2020) at 52 Pa. Code § 69.265(8)(vii), which recommends at least quarterly evaluation of CAP bills.

Accordingly, this aspect of PECO's proposed CAP PIPP is approved. PECO is directed to include this CAP bill review provision and process in its Revised 2019 USECP.

*c. Transitioning CAP from a FCO to a PIPP*

As described above, PECO proposes to transition its CAP from a FCO to a PIPP within four months after final Commission approval of the 2019 USECP. Amended Proposed 2019 USECP at 3. In the September 25, 2020 Petition, PECO requests Commission approval to amend the energy burden targets in its CAP FCO in the interim to reflect the maximum recommended maximum energy burdens in the CAP Policy Statement (2020). These energy burdens would remain in effect until the CAP transitions to a PIPP with the proposed energy burdens identified in Table 1, at which time PECO's energy burdens would increase for EH and NGH customers in the 101%-150% FPIG tier. PECO projects this temporary modification in the CAP FCO energy burdens will increase program costs by approximately \$13 million over a six-month period.<sup>35, 36</sup> September 25, 2020 Petition at 7-8.

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<sup>35</sup> PECO proposes this temporary energy burden level modification to comply with the provision of a 2015 Joint Settlement, which stated that PECO would use new maximum allowable energy burdens for its CAP FCO if the Commission amended the recommended energy burdens in the CAP Policy Statement. *See* Joint Petition for Settlement, Docket No. M-2012-2290911 (filed March 20, 2015), at 2, FN 3, and PECO 2016 USECP at 30, FN 3.

<sup>36</sup> The September 25, 2020 Petition sought approval to amend the CAP FCO energy burdens in November 2020. PECO's cost estimates for the temporary energy burdens are based on adoption in November 2020 and continuing through April 2021. September 25, 2020 Petition at 8.

CAUSE-PA and TURN *et al.* separately expressed support amending the CAP FCO energy burdens to be consistent with the CAP Policy Statement (2020).

CAUSE-PA October 15 Answer at 1, 11; TURN *et al.* October 15 Answer at 10.

In the Tentative Order, we noted that this proposed temporary transition period could cause significant variance in the CAP bills for customers with incomes in the 101%-150% FPIG tier. We asked PECO to explain, *inter alia*, how it intends to notify CAP customers about the temporary energy burden changes in the CAP FCO and proactively address customer confusion about potential significant variances in bills after the transition to a CAP PIPP. Tentative Order at 31-33.

#### *Comments*

PECO explains that the “proposed transition from the existing CAP FCO to the CAP PIPP is intended to improve bill affordability levels for *all* CAP income tiers.” PECO Supplemental Information at 11. PECO avers that utilizing the CAP Policy Statement (2020) energy burdens for the highest CAP income tier (*i.e.*, 101%-150%) is not likely to deliver any additional benefit but would increase CAP Credit expenditures by over \$8.8 million annually. PECO states that if the Commission deems the increased CAP costs appropriate, it will integrate the recommended CAP Policy Statement (2020) energy burden for 101%-150% FPIG. PECO Supplemental Information at 11-12.

PECO states that a dedicated section exists in the proposed Customer Education and Outreach Plan (CEOP) to notify customers of temporary energy burden changes due to the CAP PIPP. PECO disagrees that customer outreach and education needs will change based on whether CAP PIPP energy burdens match those in the CAP FCO. PECO asserts its proposed multi-pronged education and outreach approach will adequately inform customers of how their bills will change under a CAP PIPP. PECO Supplemental Information at 12.

The Low Income Advocates support PECO's CAP transition from a FCO to a PIPP and recommend maintaining the energy burden levels in the CAP Policy Statement (2020) for all income levels upon full implementation of the PIPP. They also agree with the Commission that the transition to the CAP PIPP will likely cause confusion and therefore additional outreach and education will be important. Low Income Advocates at 19-20.

PECO notes that it filed a petition on September 25, 2020 seeking Commission approval to apply the recommended Revised CAP Policy Statement energy burden levels to its FCO until it transitions to its PIPP. PECO states that it will implement the energy burden levels as directed by the Commission. PECO states that it could implement the CAP PIPP within four months of Commission approval. PECO Reply Comments at 3-4.

*Resolution:* As we have already addressed the maximum energy burdens that we are directing PECO to implement. Therefore, the issues related to a temporary reduction in energy burdens for customers in the 101%-150% FPIG tier during the transition period from a CAP FCO to a CAP PIPP are moot.

*d. Accepting 30 Days or 12 Months of Income*

The CAP Policy Statement (2020) recommends utilities accept income documentation of at least the last 30 days or 12 months, whichever is more beneficial to the household, when determining eligibility for CAP enrollment or recertification. It also recommends that CAP applications and recertification letters should identify acceptable income timeframes and explain how each may benefit the customer.

52 Pa. Code § 69.265(8)(B)(I).

In its January 16 filing, PECO indicated that it is already in compliance with this provision of the CAP Policy Statement (2020). January 16 Cover Letter at 1. However, the Amended Proposed 2019 USECP does not indicate what income timeframes are accepted to determine CAP eligibility at enrollment and recertification. Further, PECO's online<sup>37</sup> and paper<sup>38</sup> CAP applications only request income for the past 30 days for each household member. The applications do not inform customers that they may provide proof of income for the past 12 months, nor do they explain how these different timeframes could impact CAP eligibility or benefits.<sup>39</sup>

In the Tentative Order, we asked PECO to confirm whether it allows customers to provide 30 days or 12 months of income. If so, PECO was asked to explain how it notifies customers of this practice and what steps it will take to update its online and paper applications to reflect the different income timeframes accepted. We also asked PECO to include copies of its current CAP recertification letters/forms. Tentative Order at 34.

### *Comments*

PECO states that it evaluates household income on a case-by-case basis and that if a customer indicates that the past 30 days of income does not accurately represent the household's annual income, PECO will accept income documentation from the last 12 months. PECO asserts that it does not need to change its CAP application to reflect

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<sup>37</sup> <https://secure.peco.com/MyAccount/CustomerSupport/Pages/CAPRateApplication.aspx>. Accessed February 17, 2021.

<sup>38</sup> Available at [https://www.peco.com/SiteCollectionDocuments/CAPApplicationEnglish.pdf?\\_ga=2.59681901.1102271025.1589766557-2018251669.1562707783](https://www.peco.com/SiteCollectionDocuments/CAPApplicationEnglish.pdf?_ga=2.59681901.1102271025.1589766557-2018251669.1562707783). Accessed March 29, 2021.

<sup>39</sup> We also note that the online CAP application does not specify that the customer should only provide income information for each adult (age 18 or over) household member. This should also be clarified to specify and ensure that PECO is only collecting income information for adults in the household.

this process. Copies of its current CAP recertification letters and application form were provided. PECO Supplemental Information at 13, Appendix A.

The Low Income Advocates state that PECO's response is not adequate and may indicate inconsistent determinations of CAP eligibility:

PECO's assertion that it will accommodate individual situations on a case-by-case basis leaves open the distinct possibility that it will exclude eligible households from CAP - accepting income documentation from the past 12 months for some customers but not others, based only on the assertiveness of the applicant to challenge their default denial.

Low Income Advocates Comments at 21-22. The Low Income Advocates also note that PECO fails to disclose what conditions it will employ when deciding on when to accept 12 months of income or how customers are informed that they can provide 12 months of income. The Low Income Advocates argue that all PECO CAP customers should be given the opportunity to select either income documentation timeframe and should not have to provide further information on why the last 30 days of income documentation is not representative. The Low Income Advocates recommend that both income documentation timeframe options be listed on PECO's CAP application and that PECO train its call center and universal service staff and third-party administrators to ensure that they relay this information in the CAP screening process. Low Income Advocates Comments at 22-23.

PECO avers that the most recent 30 days of income is typically the best indication of household income but accepting annual tax forms may be more appropriate in certain circumstances (*e.g.*, when a customer engages in seasonal work). To provide additional clarity, PECO agrees to amend its CAP application to state that it will accept the last 30 days or the last 12 months of income. PECO further agrees to include training for call

center representatives, third-party program administrators, and Universal Services personnel “to ensure awareness of this point.” PECO Reply Comments at 4.

*Resolution:* The time period used to calculate annual income can impact whether a household is eligible for CAP and, if eligible, the amount of discount (*i.e.*, CAP credits) the household will receive on monthly bills. In the November 2019 Order, the Commission recommended that public utilities use annualized monthly income or annual income, whichever is more representative of their actual annual income, when determining CAP eligibility and benefits:

Utilities should give CAP applicants and participants the option of selecting a timeframe which is most representative of their true annual household income. Utilities should use whichever income timeframe is more beneficial to the household to determine annual income for CAP eligibility and credits. Further, utilities should identify acceptable income documentation timeframes in their CAP applications and recertification letters. These documents should explain how providing income based on different time periods could benefit the customer. We recommend utilities work with their USACs on these CAP document revisions.

November 2019 Order at 41.

We find PECO’s proposal to amend its CAP applications to reflect that it will accept income documentation from the last 30 days or the last 12 months is appropriate. This option will need to be included in the CAP recertification letters/forms as well. These documents will need to inform customers on how the income timeframe may impact their eligibility and benefits. Accordingly, PECO is directed to work with its USAC to amend the language in its CAP applications (online and paper), CAP recertification letters, and forms to ensure that customers are informed that they can provide the last 30 days or 12 months of income, whichever is more representative of the household’s annual income, and how the income timeframe may impact the household’s eligibility and benefits. PECO is directed to file and serve updated CAP application and

recertification letters/forms at Docket No. M-2018-3005795 within six months after the entry date of this Order.

*e. CAP Recertification Timeframes*

Currently, PECO recertifies CAP customers every two years. However, households that receive LIHEAP grants annually are required to recertify every three years. 2016 USECP at 7-8. In its Amended Proposed 2019 USECP, PECO proposes to recertify CAP customers reporting no income every six months, CAP customers receiving LIHEAP annually every four years, and all other CAP customers every two years. Amended Proposed 2019 USECP at 6.

The CAP Policy Statement (2020) does not recommend a recertification interval exceeding three years for CAP participants who receive LIHEAP annually. 52 Pa. Code § 69.265 (8)(viii)(A)(II). In the Tentative Order, we asked PECO to explain its proposal to extend its CAP recertification timeframe for LIHEAP recipients from three to four years. Tentative Order at 35-36.

*Comments*

PECO reports that the proposal to extend the CAP recertification timeframe to four years for LIHEAP recipients is to allow these customers to remain on the two-year recertification cycle with a one-time waiver based on receipt of a LIHEAP grant. PECO Supplemental Information at 13.

The Low Income Advocates support the four-year recertification timeframe for LIHEAP recipients and also recommend a three-year recertification timeframe for fixed income customers. The Low Income Advocates assert that gathering and transmitting documentation can be a barrier to low-income customers and extending the recertification

timeframe can help ensure they are not unnecessarily removed from CAP. The Low Income Advocates are concerned that changing the recertification requirements for zero-income customers from two years to six months will lead to eligible customers being removed from CAP. It suggests that PECO permit zero-income customers to recertify through a verbal attestation which would be inclusive of the Commission's standardized no-income form. Low Income Advocates Comments at 24-25.

PECO asserts moving to a three-year recertification period for fixed-income customers would require changes to its Customer Information and Management System (CIMS) and that those changes would produce administrative complications. PECO avers that CAP customers often shift between fixed and variable incomes. PECO Reply Comments at 5.

PECO contends that its two-year recertification cycle for CAP customers with income is appropriate and that documenting a household's financial situation protects the integrity of the program, asserting 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.

PECO Reply Comments at 5.

*Resolution:* As discussed in the Tentative Order, the Commission has concerns about extending the recertification period for CAP customers who receive LIHEAP annually beyond three years. The November 2019 Order found that waiving income verification based on receipt of LIHEAP for too long could result in customers not receiving appropriate benefits from CAP. November 2019 Order at 65-70. Households whose income has decreased since their CAP enrollment or last recertification could continue to receive less CAP credits than they qualify for. Conversely, a household whose income has increased could continue to receive more CAP credits than the household qualifies for. We note that Section 69.265 (8)(viii)(II) of the CAP Policy Statement (2020) recommends that public utilities recertify a CAP customer's eligibility at least every three years if the household receives LIHEAP annually. 52 Pa. Code § 69.265 (8)(viii)(II).

Nevertheless, based on the information provided by PECO and the comments of the Low Income Advocates, we are persuaded to allow PECO to adopt a four-year recertification cycle for CAP customers who receive LIHEAP annually. We find it makes sense for PECO to maintain a two-year recertification cycle for all CAP customers, with a one-time waiver for customers who receive LIHEAP. We are also satisfied with PECO's process of questioning a household's income whenever the customer contacts PECO utility and allowing the customer to submit new income documentation. This gives CAP customers an opportunity to correct their income and CAP benefit amounts in-between mandatory recertification cycles.

We recognize that failure to recertify is often the most common reason customers are removed from CAPs.<sup>40</sup> All LIHEAP recipients are income-eligible for CAPs, and it makes sense to extend the CAP recertification timeframe for customers who receive annual LIHEAP grants. We agree with the Low Income Advocates that extending the

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<sup>40</sup> For example, see FirstEnergy 2017 APPRISE Universal Service Impact Evaluation at 22. [http://www.puc.pa.gov/general/pdf/USP\\_Evaluation-FirstEnergy.pdf](http://www.puc.pa.gov/general/pdf/USP_Evaluation-FirstEnergy.pdf). Of customers removed from FirstEnergy CAPs in 2013-2015, 63% were removed for failing to recertify, and 8% were removed because their income was too high, on average.

recertification period to every four years for LIHEAP recipients will help ensure that income-eligible customers are not unnecessarily removed from CAP.

Regarding CAP households reporting zero income, we find PECO's six-month recertification timetable reasonable. As noted in the November 2019 Order, it does not seem reasonable to presume that a household can maintain housing/living expenses for an extended period of time with no source of income. November 2019 Order at 69. We do not find it burdensome for customers to document this situation by completing a zero-income form and will not require PECO to accept verbal attestation of income.

Section 69.265 (8)(viii)(III) of the CAP Policy Statement (2020) recommends that public utilities recertify a CAP customer's eligibility at least every three years if their primary source of income is Social Security, Supplemental Security Income, or a pension. 52 Pa. Code § 69.265 (8)(viii)(III). PECO's asserts that fixed-income situations can change over time and prefers maintaining a two-year recertification timeframe for these customers. We find this explanation and recertification timeframe reasonable and will not require PECO to extend it.

Accordingly, PECO's proposed CAP recertification timeframes are approved.

*f. Payment Arrangements for CAP customers*

PECO's 2016 USECP states that CAP customers are not eligible to receive payment arrangements.<sup>41</sup> 2016 USECP at 9. The Amended Proposed 2019 USECP proposes to allow CAP customers to qualify for in-program arrears (IPA) payment arrangements under any of the following circumstances:

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<sup>41</sup> An exception to this PECO provision covers CAP customers enrolled in In-Program Arrearage InPA Forgiveness. 2016 USECP at 9-10.

- Upon CAP reenrollment if off of CAP for more than 12 months;
- Upon receipt of a LIHEAP Crisis Grant;
- For accounts identified as PFA;
- As part of a budget billing settlement; or
- As part of a reduced restoration agreement (but only if one or fewer broken payment arrangements).

Amended Proposed 2019 USECP at 8.

It is our understanding that PECO is currently offering payment arrangements to CAP customers in these circumstances as part of its CAP FCO. PECO's CAP history suggests, however, that payment arrangements are not an effective means of addressing IPAs and may instead allow participants to accrue higher in-CAP balances that they cannot afford to repay. In the Fall of 2011, PECO forgave \$25 million of accumulated IPAs for CAP customers. In the PECO 2013-2015 USECP Final Order, the Commission expressed concern that PECO's use of in-CAP payment arrangements suggested program unaffordability and that, without changes to its CAP, those arrears were likely to build again. *PECO 2013-2015 USECP Final Order*, Docket No. M-2012-2290911 (order entered on April 4, 2013), at 19.

In the Tentative Order, we expressed concerns that this practice will again result in PECO CAP customers cycling endlessly from payment arrangement to payment arrangement without ever eliminating their IPAs. We asked PECO to provide the following information related to in-CAP payment arrangements for calendar years 2018, 2019, and 2020, broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%).

- Number of payment arrangements issued for each of the specified circumstances (*i.e.*, CAP reenrollment, LIHEAP Crisis grant, PFA, budget bill settlement, and reduced restoration).
- Total amount of in-program arrears in payment arrangements.
- Average amount of in-program arrears in payment arrangements, per customer.
- Number of CAP payment arrangements successfully satisfied, both initial and repeat.
- Number of CAP customers who have received two payment arrangements over the three-year period and their average arrearage amount and success rate.
- Number of CAP customers who have received three payment arrangements over the three-year period and their average arrearage amount and success and repeat rates.
- Number of CAP customers who have received more than three payment arrangements over the three-year period and their average arrearage amount and success and repeat rates.

Tentative Order at 37-39.

### *Comments*

PECO states that it is unable to provide the number of payment arrangements issued based on specified circumstances. PECO responds that its customer information

system does not track payment arrangement reason codes. PECO Supplemental Information at 14.

Table 7 reflects the number of in-program payment arrangements that PECO issued from 2018 through 2020 along with the total amount of the payment arrangements, and the average amount per customer of the issued payment arrangements. The data show that payment arrangements in 2020 have decreased in both the total and average amounts of in-program arrears in payment arrangements per customer but that the number of payment arrangements issued overall has increased. PECO Supplemental Information at 14.

**Table 7**  
**In-Program Payment Arrangements from 2018-2020**

FPIG Level	2018			2019			2020		
	<i>PAR</i>	<i>Amount (Million)</i>	<i>Average</i>	<i>PAR</i>	<i>Amount (Million)</i>	<i>Average</i>	<i>PAR</i>	<i>Amount (Million)</i>	<i>Average</i>
<b>0%-50%</b>	6,983	\$6.7	\$957	6,768	\$6.9	\$1,019	6,557	\$6.5	\$994
<b>51%-100%</b>	8,260	\$7.1	\$859	8,434	\$7.7	\$917	8,905	\$7.6	\$848
<b>101%-150%</b>	4,567	\$4.1	\$901	4,555	\$4.4	\$967	4,982	\$4.5	\$909
<b>Totals</b>	19,810	\$17.9	\$903	19,757	\$19.0	\$963	20,444	\$18.6	\$910

*Source:* PECO Supplemental Information at 14.

PECO also provided the number of CAP payment arrangements successfully satisfied from 2018 through 2020, which includes both initial and repeat arrangements. PECO notes that these payment arrangements could have been granted in previous years. The year 2020 shows a considerable decrease of completed payment arrangements across all FPIG levels. PECO Supplemental Information at 15.

**Table 8**  
**Successful CAP Payment Arrangements from 2018-2020**

<b>FPIG Level</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>0%-50%</b>	6,218	4,926	2,430
<b>51%-100%</b>	7,357	6,446	3,351
<b>101%-150%</b>	4,018	3,422	1,796
<b>Totals</b>	<b>17,593</b>	<b>14,794</b>	<b>7,577</b>

Source: PECO Supplemental Information at 15.

The next three tables display the number of CAP customers who have received two, three, or more than three payment arrangements from 2018 through 2020, as well as the customer's average arrearage amount and payment arrangement completion success rates. The tables reflect CAP customers at the 0%-50% FPIG levels having higher average arrearage amounts and lower success rates than those CAP customers in either the 51%-100% or 101%-150% FPIG levels. Generally speaking, success rates decreased dramatically across all FPIG levels in 2020. PECO Supplemental Information at 15-16. The three tables are not cumulative from table to table.

**Table 9**  
**CAP Customers with Two Payment Arrangements from 2018-2020**

<b>FPIG Level</b>	<b>2018</b>			<b>2019</b>			<b>2020</b>		
	<i><b>CAP Customers</b></i>	<i><b>Average Arrearage Amount</b></i>	<i><b>Success Rate</b></i>	<i><b>CAP Customers</b></i>	<i><b>Average Arrearage Amount</b></i>	<i><b>Success Rate</b></i>	<i><b>CAP Customers</b></i>	<i><b>Average Arrearage Amount</b></i>	<i><b>Success Rate</b></i>
<b>0%-50%</b>	2,093	\$1,017	89%	2,326	\$1,075	70%	1,995	\$1,084	37%
<b>51%-100%</b>	2,534	\$929	90%	2,821	\$983	75%	2,590	\$952	37%
<b>101%-150%</b>	1,313	\$934	87%	1,522	\$1,009	72%	1,480	\$1,063	37%

Source: PECO Supplemental Information at 15.

**Table 10**  
**CAP Customers with Three Payment Arrangements from 2018-2020**

FPIG Level	2018			2019			2020		
	<i>CAP Customers</i>	<i>Average Arrearage Amount</i>	<i>Success Rate</i>	<i>CAP Customers</i>	<i>Average Arrearage Amount</i>	<i>Success Rate</i>	<i>CAP Customers</i>	<i>Average Arrearage Amount</i>	<i>Success Rate</i>
<b>0%-50%</b>	805	\$1,162	88%	1,002	\$1,223	77%	934	\$1,295	36%
<b>51%-100%</b>	1,138	\$991	89%	1,272	\$1,124	83%	1,162	\$1,167	37%
<b>101%-150%</b>	609	\$1,060	89%	683	\$1,261	83%	567	\$1,236	34%

Source: PECO Supplemental Information at 15.

**Table 11**  
**CAP Customers with Three or More Payment Arrangements from 2018-2020**

FPIG Level	2018			2019			2020		
	<i>CAP Customers</i>	<i>Average Arrearage Amount</i>	<i>Success Rate</i>	<i>CAP Customers</i>	<i>Average Arrearage Amount</i>	<i>Success Rate</i>	<i>CAP Customers</i>	<i>Average Arrearage Amount</i>	<i>Success Rate</i>
<b>0%-50%</b>	465	\$1,242	86%	458	\$1,459	81%	396	\$1,576	36%
<b>51%-100%</b>	553	\$985	87%	565	\$1,204	85%	534	\$1,400	36%
<b>101%-150%</b>	218	\$1,063	92%	274	\$1,280	87%	285	\$1,383	35%

Source: PECO Supplemental Information at 16.

OCA is concerned about the amount of CAP IPA balances which continue to accrue. OCA acknowledges that the In-Program Arrearage (InPA) Forgiveness Program<sup>42</sup> appears to have aided some CAP customers with their pre-FCO IPA balances. OCA avers that the reasons for CAP customer's accruing significant balances and

<sup>42</sup> In October 2016, as part of its conversion to a CAP FCO, PECO enrolled all CAP customers with in-CAP arrears into a one-time InPA Forgiveness program. Through InPA Forgiveness, CAP customers had two-thirds of their in-program arrears frozen for forgiveness and were responsible for paying the remaining one-third incrementally over a 5-year period regardless of CAP status. 2016 USECP at 9-10.

establishing payment arrangements need to be investigated and PECO should be directed to provide the information. OCA Comments at 15, OCA Reply Comments at 11-12.

The Low Income Advocates assert that payment agreements must be continued as they are essential even if CAP affordability is improved. They contend that low-income customers could be faced with unavoidable expenses at any time, thus preventing them from paying otherwise affordable bills. The Low Income Advocates recommend that PECO implement a PIPP consistent with the recommended maximum energy burdens in the Commission's CAP Policy Statement (2020) and believe that this action would cause a decline in CAP payment arrangements. The Low Income Advocates note that the need will always exist for certain CAP customers to be able to access CAP payment arrangements. They aver that the continuance of payment arrangements in CAP should not excuse PECO from attempting to resolve its CAP unaffordability issues. Low Income Advocates Comments at 26.

*Resolution:* Neither Title 66 nor Commission regulations place limits on a public utility's ability to establish a payment arrangement on in-program arrears for CAP participants. Similarly, the CAP Policy Statement does not recommend limits on a public utility's ability to establish a payment arrangement on in-program arrears for CAP participants. However, through reduced monthly bills and/or arrearage forgiveness, a CAP should make it less likely a customer would need a payment arrangement to address utility debt.

The data provided by PECO suggests that over 80% of CAP customers whose payment arrangements ended in 2018 and 2019 were successful in paying them off. The success rate dropped to less than 40% in 2020, with the advent of COVID-19 and the relief measures implemented.

Although we are concerned about the amount of in-program arrears in payment arrangements – approximately \$18 million annually between 2018-2020 – we agree with

the Low Income Advocates that the implementation of the CAP PIPP with energy burdens consistent with the CAP Policy Statement (2020) should help to address the affordability issues which may have forced customers to seek payment arrangements on in-program arrears in the past. Nevertheless, without understanding the reasons why PECO's CAP customers originally enrolled in the payment arrangements, this analysis is speculative.

We agree with OCA that PECO needs to track and analyze the reasons for CAP customers accruing significant balances and enrolling in payment arrangements to determine potential deficiencies in the program.

Accordingly, PECO is directed to track and analyze the reasons for establishing payment arrangements on IPAs and file and serve this information by July 1 annually at Docket No. M-2019-3005795, beginning in 2023, and discuss this analysis with its USAC.

*g. In-Program Arrearage (InPA) Forgiveness*

In the Tentative Order, we asked PECO to provide an update on its InPA Forgiveness, which began in October 2016 and should have concluded in October/November 2021. Specifically, PECO was asked to identify, *inter alia*:

- The amount of the InPA Forgiveness balance originally deferred and placed into a 5-year payment arrangement.
- The number of CAP customers enrolled in October 2016.
- The balance of InPA balance Forgiveness currently remaining, broken down by deferred and payment arrangement balances.

- The total and average amounts of InPA Forgiveness balance currently carried by customers, broken down by FPIG tier (0%-50%, 51%-100%, 101%-150%, or unknown).
- The specific date when InPA Forgiveness will end and how PECO will address any remaining balances.

Tentative Order at 39-41.

### *Comments*

PECO reports that 67,730 CAP customers were enrolled in InPA Forgiveness in October 2016 with a total deferred balance of \$30,814,533 and placed into 5-year payment arrangements. PECO states that it has \$528,198 in payment arrangement balances and \$3,563,919 in deferred balances remaining as of March 2021, for a total of \$4,092,117.<sup>43</sup> PECO Supplemental Information at 16.

The following table reflects the total number of InPA Forgiveness accounts along with the sum total of their account balances with an average amount broken down by FPIG level, as of March 2021. Customers with incomes between 51%-100% of the FPIG have the highest number of accounts with the largest account balance totals. However, customers with incomes at 0%-50% of FPIG have the highest average total balance among its customers. PECO Supplemental Information at 17.

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<sup>43</sup> The PECO Supplemental Information stated that the “current” InPA Forgiveness balances were based on data pulled from “March 2020.” PECO Supplemental Information at 16. Staff confirmed with PECO that the date should have been “March 2021.”

**Table 12**  
**Current InPA Forgiveness Accounts**

<b>FPIG Level</b>	<b>Total Accounts</b>	<b>Sum of Total</b>	<b>Average</b>
<b>0%-50%</b>	7,658	\$1,404,199	\$183
<b>51%-100%</b>	9,510	\$1,432,959	\$150
<b>101%-150%</b>	7,901	\$1,254,959	\$158
<b>Totals</b>	25,069	\$4,092,117	\$162

*Source:* PECO Supplemental Information at 17.

PECO reports that the InPA Forgiveness program was scheduled to conclude with the final billing cycle in November 2021. Any outstanding InPA Forgiveness balance were listed as a current charge on their following bill. Customers received a message on their last InPA Forgiveness installment bill informing them of their remaining InPA Forgiveness balance. PECO Supplemental Information at 17.

The Low Income Advocates agree with the Commission that the outstanding InPA Forgiveness balances could affect CAP bill affordability. They argue that the CAP FCO and its energy burden standards are demonstrably unaffordable and increased in-program arrears. Low Income Advocates Comments at 27.

The Low Income Advocates assert that PECO’s transition from a CAP FCO to a CAP PIPP could significantly improve CAP affordability as well as increase bill coverage and payment frequency rates while concurrently decreasing the quantity of arrears, terminations, and collections costs. They caution that CAP customers must enter the CAP PIPP with very little to no CAP FCO in-program arrears in order to be successful. The Low Income Advocates recommend that PECO should implement a new in-program arrears forgiveness program to address the unaffordability of the CAP FCO and allow customers to reenroll in CAP by paying the CAP price for the months spent out of the program. Low Income Advocates Comments at 26-28.

OCA does not support the implementation of another in-program arrears forgiveness program. OCA notes that CAP participants with income at or below 50% of FPIG tend to have energy burdens that surpass Commission targets due to mandatory minimum payment requirements and the change from the CAP FCO to a CAP PIPP does not eliminate these requirements. OCA Reply Comments at 9-11. OCA also argues that another in-program arrears forgiveness program would not be appropriate for all CAP customers:

Particularly if the in-program arrears of CAP participants are not exclusively (or primarily) related to the operation of the [CAP] FCO, but are instead related to other aspects of the operation of CAP (e.g., maximum CAP credits, minimum payments), it would be particularly inappropriate to adopt an [in-program arrearage forgiveness program] within this rate case without also considering what other changes should be made, if any, to address any issues with those other CAP design features. Moreover, if the unaffordability of the [CAP] FCO lies, as the PECO evaluation found, primarily with customers with income at or below 50% of [the FPIG], it would seem to be inappropriate to adopt an [in-program arrears forgiveness program] for customers at all income ranges.

OCA Reply Comments at 11.

PECO states that it implemented InPA Forgiveness consistent with its 2015 Electric Rate Case settlement approved by the Commission.<sup>44</sup> PECO avers that the settlement established a term limit for InPA Forgiveness and how to determine customer balances at the program's conclusion. It states that any remaining customer balances are the result of failure to complete on-time and in-full account payments, which is a condition for forgiveness. PECO Reply Comments at 6. PECO asserts that an InPa

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<sup>44</sup> In its Reply Comments, PECO reports InPA Forgiveness was implemented consistent with the Petition for Partial Settlement (filed August 28, 2018) in 2018 Rate Case at Docket No. R-2018-3000164. PECO Reply Comments at 6. This cite is not correct. The provisions of InPA Forgiveness were previously submitted and approved as part of PECO's 2015 Rate Case at Docket No. R-2015-2468981 through Commission Order entered on December 17, 2015. *See* 2015 Rate Case Joint Petition for Settlement, filed on September 10, 2015, at Appendix C.

Forgiveness program accompanying the CAP PIPP transition is not appropriate and disagrees that in-program arrears are exclusively the result of CAP FCO unaffordability. PECO Reply Comments at 11.

*Resolution:* Based on PECO's March 2021 data, possibly over 20,000 PECO CAP customers may have had hundreds of dollars or more in arrears added to their CAP balance when PECO's InPA Forgiveness ended in November 2021. This undoubtedly adds to the CAP FCO's unaffordability issues

Nevertheless, we agree with OCA and PECO that a new InPA Forgiveness program is not warranted. First, as noted by OCA, unaffordability resulting from minimum payment requirements or maximum CAP credit thresholds will not be cured through another round of in-program arrears forgiveness. Second, low-income customers currently have access to additional funding to help them address remaining InPA forgiveness arrears. For example, DHS has increased the minimum LIHEAP Cash grant to \$500 (with a \$1500 maximum) and increased the maximum LIHEAP Crisis grant to \$1200.<sup>45</sup> The Emergency Rental Assistance Program (ERAP)<sup>46</sup> and the Homeowners Assistance Fund<sup>47</sup> also provide grants to address utility arrears for eligible households.

Accordingly, PECO is directed to reach out to CAP customers with InPA Forgiveness balances to ensure they are aware of these resources and to offer help in applying for such programs, when needed. PECO shall also consult and work with its USAC on this initiative. PECO is also directed to provide a final accounting of InPA Forgiveness balances, including the number of accounts and total and average amount of balances carried by CAP customers, broken down by FPIG tier (0%-50%, 51%-100%,

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<sup>45</sup> <https://www.dhs.pa.gov/Services/Assistance/Pages/LIHEAP.aspx> Last accessed January 3, 2022.

<sup>46</sup> <https://www.dhs.pa.gov/ERAP/Pages/ERAP.aspx> Last accessed on January 3, 2022. Funds may no longer be available in all counties.

<sup>47</sup> <https://pahaf.org/> Last accessed on January 3, 2022.

101%-150%, or unknown). This information should be filed and served at Docket No. M-2019-3005795 within 30 days of entry of this Order.

#### *h. CAP Final Billing*

The Commission issued the *Staff Review of Customer Assistance Program (CAP) Final Billing Methods* order on March 12, 2020 (CAP Final Billing Order), at Docket No. M-2019-3010190. The CAP Final Billings Order detailed how electric and natural gas public utilities calculate final CAP bills, summarizes stakeholder input on the issues, and calls attention to existing statutory and regulatory provisions relating to billing.

PECO reported that a CAP customer's final bill is based on residential tariff rate charges minus CAP credits that are prorated based on the number of days in the billing period. If the billing period is less than the normal billing cycle, CAP minimum bill requirements would not be applied. CAP Final Billing Order at 7. PECO does not describe or list its final CAP billing practice in its Amended Proposed 2019 USECP.

In the Tentative Order, we invited stakeholders to comment on PECO's CAP final billing practices. Tentative Order at 41.

#### *Comments*

The Low Income Advocates state that PECO's final billing methodology is unclear and that the Commission should grant stakeholders additional time to file further supplemental reply comments on PECO's final billing methodology. The Low Income Advocates support the CAP FCO final bill calculation method as monthly CAP credits are applied to reduce the full tariff rate. They state that this method is reasonable as it prorates the CAP credit and reduces the bill proportionally for the month. It avers that the CAP PIPP final bill calculation should be based on the prorated PIPP bill or the full

tariff rate, whichever is less. The Low Income Advocates propose that PECO apply forgiveness to final CAP bills and include this provision in its USECP. They state that if forgiveness is not being applied to the final CAP bill, PECO should explain how forgiveness is earned when a CAP customer makes a final bill payment and how the CAP customer is final billed the amount, less the earned forgiveness. Low Income Advocates Comments at 29, 32.

PECO states that it will charge the non-prorated CAP PIPP monthly amount or the actual usage charges, whichever is less, and does not believe a proration of the CAP PIPP monthly amount is required for a final bill calculation. It avers that a CAP PIPP bill is a monthly income-based charge that reflects what a customer presumably can afford to pay annually and is not based on the customer's usage. PECO Reply Comments at 6-7. PECO asserts that it likewise does not find PPA forgiveness appropriate for final bills. It states that these bills may reflect usage for a time period less than one month which "does not satisfy the PPA forgiveness requirement of an on-time, in-full monthly payment." PECO Reply Comments at 7. PECO notes that a system update would be required if the Commission ordered these changes to its billing methodology, which would increase costs and likely delay CAP PIPP implementation. In regard to listing the restoration amount on a final bill and providing notice of arrearage forgiveness reinstatement, PECO notes that final bills occur for a myriad of reasons. It argues that a restoration balance is not appropriate on a final bill, as final bills are received for more than just customers that have a service disconnection due to a failure to pay. PECO Reply Comments at 7.

*Resolution:* The CAP Policy Statement does not specifically address how EDCs and NGDCs should calculate a CAP customer's final billing period bill. However, 66 Pa.C.S. § 1303 provides that public utilities are to compute bills under the "rate" most beneficial to the customer. As described in the CAP Final Billing Order:

Section 1303, 66 Pa. C.S. § 1303, provides that public utilities must bill their customers for service rendered. Section 56.11(a) of Commission regulations, 52 Pa. Code § 56.11(a), require that a public utility render bills every billing period. Utilities are henceforth on notice that these statutory and regulatory provisions will be applied to the facts in all matters wherein we are called upon to review specific final CAP bills or recovery of universal service costs. Further, Section 1303 provides that public utilities are to compute bills under the rate most beneficial to the customer. *Generally speaking, it would appear that the starting point for any specific inquiry regarding the bill for usage in a partial final billing period as a CAP participant should be a comparison between a residential tariff rate calculation for energy consumed and the CAP price prorated for the number of days of service in the billing period. The other items on a bill such as true-ups, arrears, arrearage forgiveness, third-party assistance such as LIHEAP, and CAP credits and limits are separate considerations dependent on the customer's payment history and the utility's CAP provisions.*

CAP Final Billing Order at 22 (emphasis added).

Low-income households enrolled in CAPs should receive the most affordable payment over the course of a program year, through reduced payment amounts, deferred arrears, and other benefits. As noted in the CAP Final Bill Order, the Commission considers a CAP customer to be enrolled in the program until either the effective date of the customer's requested removal from CAP or until service is terminated or discontinued. CAP Final Billing Order at 20.

We have not challenged a public utility's discretion to include additional charges on a CAP final bill, including unforgiven pre-program arrearages (PPA) and budget billing true-ups if part of their CAP provisions. Therefore, consistent with the CAP Final Billing Order, we are not requiring PECO to apply PPA forgiveness for the final billing period. However, we find that PECO's proposal to base the CAP final bill on the non-prorated PIPP monthly amount or the actual usage charges, whichever is less, is not consistent with Section 1303. This practice would deny the CAP customer's right to

receive a CAP price for a partial month spent in the program. We are not persuaded by PECO's assertion that the PIPP bill should not be prorated because it is not based on usage.

Accordingly, consistent with the CAP Final Billing Order, we direct PECO to ensure a CAP customer's final bill does not exceed their prorated CAP price based on days of service. Based on the PECO's CAP PIPP calculation described above, this means the final bill should not exceed the prorated CAP PIPP bill price or the actual usage charges, whichever is less. PECO is directed to include this CAP final billing provision in its Revised 2019 USECP.

*i. CAP Reenrollment*

The Amended Proposed 2019 USECP states that customers previously removed from CAP could reenroll in the program if they remain eligible and submit a completed CAP application. There are no payment requirements to reenroll in CAP (*i.e.*, payment of an overdue balance is not required), but the customer would not be eligible for additional PPA forgiveness. Amended Proposed 2019 USECP at 6.

In the Tentative Order, we asked PECO to explain whether customers who reenroll in CAP are charged the residential tariff rate or the CAP price for usage during months spent out of CAP. Tentative Order at 41-42.

*Comments*

PECO states that customers are charged residential tariff rates for months they are out of CAP. This would not change as a result of converting to the CAP PIPP or making changes to the CAP energy burdens. PECO Supplemental Information at 18.

The Low Income Advocates recommend that PECO offer reenrolling CAP customers the CAP price for months spent out of the program to provide greater affordability, prevent customers from entering expensive payment arrangements, and avert shutoffs. They note that customers removed from CAP for failure to recertify may incur new arrearages at the residential tariff rates as their bill will no longer be an affordable rate. Offering the CAP price and PPA forgiveness for months spent out of the program would give those customers a second chance to retain their CAP benefits. Low Income Advocates Comments at 33-34. OCA supports this proposal. OCA Reply Comments at 12.

PECO opines that it is the customer's responsibility to preserve the household's CAP status through submission of income documentation or a no-income form. PECO indicates that CAP customers receive two recertification letters with CAP applications asking them to recertify before program removal occurs. PECO does not find it appropriate to ask the residential customer class to fund retroactive credits for CAP customers that failed to recertify. It also asserts that funding retroactive CAP credits would require a manual process for PECO's billing department which would increase staffing and administrative costs. PECO Reply Comments at 7-8.

*Resolution:* Neither Title 66 nor Commission regulations address how much a customer should pay for months spent out of the program when re-enrolling in a CAP. Commission regulations and policies are also silent on the question, but the Commission has approved CAP enrollment policies that allow customers to pay the CAP price and receive PPA forgiveness for months spent out of the program as a pre-condition for reenrollment.<sup>48</sup> We have also approved CAP reenrollment provisions without such prepayment requirements. These enrollment provisions, for example, allow customers to

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<sup>48</sup> For example, see Columbia Gas 2015-2018 USECP, Docket No. M-2014-2424462 (filed on August 12, 2015), at 23; PGW 2017-2020 USECP, Docket No. M-2016-2542415 (filed on August 31, 2017), at 7; and PPL Electric's 2017-2019 USECP, Docket No. M-2016-2554787 (filed on November 3, 2017), at 9.

pay the CAP price for months that they were out of the program and receive PPA forgiveness for those months if they reenroll within 12 months after CAP removal.<sup>49</sup>

We have concerns that charging the full tariff rate for months spent out of CAP impacts the opportunity for affordability and success of customers who re-enroll in PECO's CAP. For customers removed for failing to re-verify their income at recertification, one or more months spent off the program could result in arrearages that they are unable to repay, even if granted a payment arrangement within CAP. We note that of customers removed from PECO's CAP from 2016 to 2018, approximately 60% or more were removed for failing to recertify income. 2019 APPRISE Evaluation at 90. If these customers verify that they remained income-eligible for CAP after program removal, it is reasonable to allow them to pay the CAP price for the months spent out of the program and receive PPA forgiveness when those months are paid.

Accordingly, within 90 days after entry of this Order, PECO shall commence charging income-qualified customers the CAP price for months spent out of the program and allowing them to receive PPA forgiveness for payment of these months if they reenroll in CAP within 12 months after removal. PECO shall include this provision in its Revised 2019 USECP.

*j. Documentation of Income*

The Amended Proposed 2019 USECP states that a customer could apply for CAP by submitting a completed application and providing documentation of household income. The Amended Proposed 2019 USECP does not specify what types of documentation PECO accepts when verifying a household's income eligibility for CAP

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<sup>49</sup> See Metropolitan Edison Company (Met Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (PennPower), and West Penn Power Company (WPP) 2019-2021 USECP, Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978 (filed on June 24, 2019) at 15-16.

but notes that “[a]cceptable forms of income are listed on the back of the CAP application.” Amended Proposed 2019 USECP at 5. PECO’s CAP application identifies the specific documentation as acceptable proof of income, as seen in Table 13.

**Table 13**  
**PECO CAP Application – Acceptable Income Documentation**

<b>Type of Income</b>	<b>Acceptable Proof of Income</b>
<b>Employment</b>	<ul style="list-style-type: none"> <li>• Pay Stubs - Last 30 days of Gross Income</li> <li>• Employer Verification Letter on Company Letterhead</li> </ul>
<b>Unemployment</b>	<ul style="list-style-type: none"> <li>• Unemployment Award Letter</li> </ul>
<b>Pension</b>	<ul style="list-style-type: none"> <li>• Monthly Check</li> <li>• Monthly Bank Statement showing direct deposit</li> <li>• Pension Award Letter</li> </ul>
<b>Workmen’s Compensation</b>	<ul style="list-style-type: none"> <li>• Workmen’s Compensation Checks – Last 30 Days</li> <li>• Workmen’s Compensation Award Letter</li> <li>• Monthly Bank Statement showing Workmen’s Compensation deposits</li> </ul>
<b>Veteran’s Benefit</b>	<ul style="list-style-type: none"> <li>• Veteran’s Benefit Award Letter</li> <li>• Veteran’s Benefit Check – Last 30 Days</li> <li>• Monthly Bank Statement showing Veteran’s Benefit Showing Direct Deposit</li> </ul>
<b>Department of Public Welfare (DPW) [sic]</b>	<ul style="list-style-type: none"> <li>• DPW[sic] Award Letter for Cash Benefits Only</li> <li>• COMPASS Account Detail Print Out</li> </ul>
<b>Child Support</b>	<ul style="list-style-type: none"> <li>• Child Support Court Order</li> <li>• Domestic Relations “Financial Obligation” Form from Court</li> <li>• Letter from person providing voluntary Child Support that is not Court Ordered (include amount paid and frequency)</li> </ul>
<b>Spousal Support</b>	<ul style="list-style-type: none"> <li>• Alimony Monthly Check</li> <li>• Monthly Bank Statement</li> <li>• Alimony Court Order</li> </ul>
<b>Social Security (SSI, SSD, Survivor Benefits, etc.)</b>	<ul style="list-style-type: none"> <li>• Social Security Award Letter for Current Year</li> <li>• SSI Award Letter</li> <li>• SS Disability Award Letter</li> <li>• Survivor Benefit Award Letter</li> </ul>
<b>Rental Income</b>	<ul style="list-style-type: none"> <li>• Rental Lease</li> <li>• Cancelled Rental Checks</li> <li>• Rental Receipt</li> </ul>
<b>Self Employed</b>	<ul style="list-style-type: none"> <li>• 1040 Form</li> </ul>

<b>No Income</b>	<ul style="list-style-type: none"> <li>• Unemployment Denial Letter</li> <li>• Workmen’s Compensation Exhaustion of Benefit or Denial Letter</li> <li>• Veteran’s Benefit Denial Letter</li> <li>• DPW[sic] Benefit STOP Notice</li> <li>• Social Security Benefits Denial Letter</li> <li>• Form letter proclaiming no income –</li> <li>• Letter From Person (<i>i.e.</i> Family Member) who helps you pay your bills</li> </ul>
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Source: PECO CAP Application<sup>50</sup> at 2.

In the Tentative Order, we asked PECO to explain why it does not include its list of acceptable income documentation as part of its proposed USECP and whether income verification is restricted to only documentation included on its CAP application. Tentative Order at 43.

*Comments*

PECO proposes to include the list of acceptable income documentation as an addendum to the final 2019 USECP filing. PECO further states that the “CAP application list is inclusive of all acceptable income documentation types.” PECO Supplemental Information at 18. However, PECO also states earlier in its Supplemental Information that the list is not meant to be comprehensive and affords flexibility in income documentation. PECO Supplemental Information at 13.

The Low Income Advocates recommend PECO clearly explain on its CAP application and USECP addendum that the acceptable income documentation list is not comprehensive. They propose that PECO include a statement that it may accept alternative forms of documentation. Low Income Advocates Comments at 34. PECO

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<sup>50</sup> Available at: [https://www.peco.com/SiteCollectionDocuments/CAPApplicationEnglish.pdf?\\_ga=2.59681901.1102271025.1589766557-2018251669.1562707783](https://www.peco.com/SiteCollectionDocuments/CAPApplicationEnglish.pdf?_ga=2.59681901.1102271025.1589766557-2018251669.1562707783) Accessed March 16, 2021.

reports that it can adopt this change if the Commission finds it necessary. PECO Reply Comments at 8.

PECO clarifies that it will only direct a customer to complete a no-income form if the entire household has zero income. Only one form is required for the entire household. If the customer lists income on the no-income form, PECO will follow up to request appropriate income documentation. PECO comments that both its existing and proposed CAP policies rely on accurate financial information to deliver the appropriate CAP credit levels to its customers. PECO Reply Comments at 12-13.

*Resolution:* PECO has addressed our initial concern by proposing to attach the list of acceptable income documentation for CAP as an addendum to its USECP. We agree with the Low Income Advocates that PECO should clarify that additional forms of income documentation may be considered.

Accordingly, PECO is directed to attach a copy of CAP income documentation list as an addendum to its revised 2019 USECP and clarify that the list is not comprehensive. PECO is also directed, within six months of entry of this Order, to update its CAP applications (paper and online) to clarify that the income documentation list is not comprehensive.

*k. Customer Education and Outreach Program (CEOP)*

The Amended Proposed 2019 USECP includes an “Outreach and Education Program” that describes, *inter alia*, PECO’s direct customer outreach initiatives, including community events, in-home assistance, and solicitations through telephone, mail, email, or social media postings.<sup>51</sup> PECO also describes how it trains local agencies

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<sup>51</sup> The Commission uses the term “Customer Education and Outreach Plan (CEOP)” to encompass outreach and education efforts regarding universal service programs.

and organizations about its low-income programs, conducts targeted outreach for customers with incomes at or below 50% of the FPIG, and provides material and assistance in both English and Spanish. Amended Proposed 2019 USECP at 17-19.

Finally, PECO proposes to conduct additional outreach to educate customers and stakeholders about its CAP PIPP after Commission approval. Specifically, PECO proposes to:

- Create new educational materials about CAP and train customer service representatives and community partners;
- Update legislative staff and low-income advocates;
- Create printed materials for distribution to low-income customers and service providers;
- Develop talking points for public presentations; and
- Implement a marketing campaign to advertise the new CAP.

Amended Proposed 2019 USECP at 19.

In the Tentative Order, we asked PECO to provide the following clarifications and information related to its outreach and education initiatives:

- Indicate which education and outreach initiatives are new (*i.e.*, implemented in 2019 or later) and which initiatives represent existing, ongoing practices to help

the most vulnerable customers (*e.g.*, at or below 50% of the FPIG, limited English proficiency, customers impacted by COVID-19).

- Identify what outreach or educational events are currently offered online/virtually to PECO customers and stakeholders.
- Provide examples of consumer education letters, postcards, bill inserts, educational brochures, fact sheets, advertisements (*e.g.*, physical and digital media), and outbound call messaging scripts.

Tentative Order at 45-46.

### *Comments*<sup>52</sup>

#### *Existing or New Education and Outreach Initiatives*

PECO did not indicate whether any of its proposed education and outreach initiatives were new but reports that it delivers program information and education at a wide range of events, which includes radio call-ins/remotes, townhalls, and webinars. PECO also states that it “is also constantly striving for increased participation in its low-income programs and leverages its relationship with external partners to help determine where/how to target low-income customers” and that some examples of external partners include the offices of elected officials, religious leaders, hospital systems, and CBOs. PECO Supplemental Information at 19.

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<sup>52</sup> Following our summary of PECO’s supplemental information regarding its CEOP, our discussion of the comments and reply comments are segmented below according to issues raised.

For existing outreach to vulnerable populations, PECO states that it uses current zip code data to target low-income customers at or below 250% of FPIG. PECO claims that zip code data is particularly beneficial for targeting customers with incomes at or below 50% of FPIG. PECO Supplemental Information at 19.

For expanded outreach to vulnerable populations, PECO reports it has extended its engagement with community partners in various ways, including trainings, emails, and through social media. PECO Supplemental Information at 19-20.

PECO issues significant press releases in English, Spanish, Mandarin, and Cantonese, which are the languages most frequently spoken in its service territory. It provides translation services through Language Line and offers applications, flyers, and posters in English and Spanish. PECO Supplemental Information at 21.

#### *Online and virtual outreach and educational events*

With the onset of COVID-19, PECO reports its outreach efforts transformed from in-person efforts to virtual efforts with a focus on low-income payment assistance, including a targeted outreach and marketing plan about its bill assistance programs. This initiative includes town hall meetings with elected officials and community partners, targeted email campaigns to low-income zip codes and delinquent accounts, social media outreach, posters placed at over 200 locations, radio interviews, and mailings to customers with past-due bills. PECO Supplemental Information at 22.

PECO reports it also executed a targeted outreach and direct marketing plan to educate its customers about its deferred payment arrangements through emails, letters, hold messages, newsletter, website, and through social media. PECO Supplemental Information at 22.

PECO's reports its LIHEAP outreach was also extended to non-traditional, low-income areas to reach a wider group of customers who may have been impacted by COVID-19. Measures include posters in over 150 locations, outbound calling campaigns, specialized mailings, emails, and 10,000 flyers for the City of Philadelphia Office of Sustainability. PECO Supplemental Information at 23.

*Examples of consumer education materials*

PECO provided copies of its Customer Education Letters, CAP postcards, bill inserts, educational brochures/publications, and advertisements as part of its Supplemental Information. PECO Supplemental Information at Appendix C, D, E, and F.

*Outreach to low-income communities*

OCA supports PECO's initiatives to reach its most vulnerable low-income customers but avers that PECO should expand its efforts for its CAP customers with incomes at 0%-50% of the FPIG. OCA states that members of this group require the most assistance and frequently have low participation in PECO's CAP. OCA suggests that PECO develop a comprehensive plan addressing expanded CAP outreach to these customers, as well as methodology to measure the success of this outreach. OCA Comments at 17-21.

The Low Income Advocates recommend PECO update its needs assessment to determine the impact of COVID-19 on its service territory analyze its zip code, arrearage, and service termination information for increased outreach to customers in poverty and need. Low Income Advocates Comments at 36.

The Low Income Advocates agree with OCA that customers who are in the 0%-50% FPIG tier should receive targeted outreach but add that the outreach should be more wide-ranging. They suggest that PECO use geographical information system (GIS) mapping to determine which neighborhoods would best respond to targeted outreach and education. They state that overlapping poverty data with current program enrollment will show where critical service gaps impact harder-to-reach populations. Low Income Advocates Reply Comments at 20-21.

PECO reports that it is currently developing more targeted outreach plan for its customers in the 0%-50% FPIG tier. Once finalized, PECO states it will file this plan as an addendum to the 2019 USECP. PECO Reply Comments at 21.

*Outreach to Limited English Proficiency (LEP) households*

The Low Income Advocates recommend that PECO target outreach to its LEP households through neighborhood-based outreach and CBOs. The Low Income Advocates note that Census data reflects that 15% of the residents in PECO's service territory speak a language other than English. Low Income Advocates Comments at 37-38.

PECO states that it is compliant with LEP requirements<sup>53</sup> and reports that its 2018 LEP assessment confirmed that Spanish is the only non-English dominant language spoken by at least 5% of customers in its service territory. PECO planned to conduct another LEP assessment in 2021 using 2020 decennial census survey results and said it will implement changes if the assessment identifies further dominant languages. PECO Reply Comments at 8-9.

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<sup>53</sup> Commission regulations require public utilities to make general notice provisions and termination notices available in Spanish and in other languages, when census data indicates that 5% or more of the residents of the public utility's service territory are using that language. 52 Pa. Code § 56.91(b)(17).

### *Tracking program rejections and removals*

The Low Income Advocates further propose that PECO track its application approvals and denials for its CAP, LIURP, and MEAF programs and reasons for removal from CAP. They state that these data would provide PECO with the capability to assess application requirement barriers facing low-income customers interested in its programs. If these data prove significant, the Low income Advocates recommend that PECO outreach to community groups, CBOs, and other interested stakeholders to determine how PECO can make its applications more accessible. Low Income Advocates Comments at 36-37.

PECO states that the Low Income Advocates' request that it track additional information for CAP, LIURP, MEAF rejections, and CAP removals is unnecessary as publicly-available PUC reports already provide significant amounts of data on universal service performance. However, PECO reports that it will comply with the requests if the Commission orders it. PECO Reply Comments at 9.

*Resolution:* While noting some concerns and areas for follow-up, we accept this CEOP as a starting point. Accordingly, PECO shall include this CEOP as part of their Revised 2019 USECP with the notation that the CEOP is an evolving process and should be modified and enhanced within the duration of the 2019 USECP. Also, beginning in 2023 and for the duration of its 2019 USECP, PECO shall file and serve, by March 1st at Docket No. M-2018-3005795, annual updates and enhancements to its CEOP and include outreach and education actions taken.

We recognize and appreciate PECO's efforts to offer educational events through virtual platforms targeted to low-income customers, community advocates and leaders, and community-based organizations – and encourage continuance of these efforts.

However, we agree with the Low Income Advocates and OCA that PECO's outreach initiatives should be more wide ranging and expansive. PECO's initiatives currently lack specificity, particularly in the targeting of customers with incomes at or below 50% of the FPIG. PECO reports it is developing a more comprehensive targeted outreach campaign for this income group, utilizing zip code information and will establish metrics to judge success and effectiveness. We support this initiative and encourage use of GIS mapping.

As part of its 2021 Base Rate Case at Docket Nos. R-2021-3024601, *et al.*, PECO agreed to provide a detailed plan addressing how it intends to expand its CAP outreach efforts to increase participation for customers with annual income less than 50% of the FPIG within 90 days of Commission approval of the Rate Case Settlement. 2021 Base Rate Case Joint Petition at 9-10, ¶30. The Commission approved the Settlement in an order entered on November 18, 2021. PECO is directed to file and serve this plan at Docket No. Docket No. M-2018-3005795 within 10 days from the entry date of this Order.

We agree with the Low Income Advocates that PECO should track the number of application approvals and denials – and reasons for those denials – for its universal service programs and the reasons for customers leaving or being removed from CAP. PECO is directed to track this information. PECO shall share the results of this tracking and analysis with its USAC at least annually, beginning in 2023.

As part of the process of enhancing its CEOP, we also direct the PECO to work with its USAC including the Commission's Office of Communications to develop ways to incentivize customers to embrace household conservation efforts and ways to increase enrollment in universal service programs. Specifically, as part of its 2023 CEOP filing, we direct PECO to:

- Include more educational training webinars and workshops using a virtual or hybrid approach to keep community partners and interested stakeholders informed and updated about the Peoples Companies’ universal service programs.
- Enhance its outreach efforts for households with incomes at or below 50% of the FPIG.
- Add an additional education component to inform customers about the importance of understanding their energy burden to foster customer awareness of how much their household is spending on energy.
- Identify initiatives introduced in 2019 or after.
- Adding more specificity and timelines to activities; including identifying where and to which organizations PECO plans to give public presentations.
- Modify education and outreach initiatives, as necessary, based on the impact of COVID-19 on PECO’s service territory and customers.
- Detailing quantitative measures of outcomes by which the success of the outreach and education initiatives can be measured.

### *l. Budget billing*

We did not address CAP budget billing in the Tentative Order.

The Amended Proposed 2019 UESCP states that CAP customers will no longer be eligible to enroll in budget billing under its PIPP because the PIPP bill “will remain

constant until the customer's verified income changes." Amended Proposed 2019 USECP at 8, FN #6. The Amended Proposed 2019 USECP does not describe how PECO intends to settle existing CAP budget billing accounts when the CAP PIPP is implemented.

### *Comments*

In its Supplemental Information filing, PECO explains that it will settle all CAP budget billing accounts prior to the transition to a CAP PIPP. PECO is proposing to forgive any budget billing charges remaining as part of this settlement:

After the final settlement of budget bills occurs, PECO proposes to apply any credit due directly to the account of the CAP customer. The Company further proposes to forgive any CAP customer final settlement charges and instead recover those costs through the Universal Service Fund Charge ("USFC"). Forgiving these charges will permit CAP customers to transition to PIPP billing without a potentially large or confusing budget billing charge.

PECO Supplemental Information at 29. PECO explains that the potential cost of this proposal will depend on the date of budget billing settlement. If the budget billing settlement had occurred on December 1, 2020, PECO reports the cost would have been \$2.8 million.

No parties filed comments in response to this proposal.

*Resolution:* We find merit in PECO's proposal to ensure that customers currently enrolled in CAP FCO budget billing are not negatively impacted by surprise true-up bills as a result of the transition to a CAP PIPP. Accordingly, PECO's proposal to settle budget billing accounts upon implementation of its CAP PIPP, as described above, is

approved. We direct PECO to include the description of its budget billing settlement in its Revised 2019 USECP.

*m. Fraud and Misrepresentation*

We did not address fraud and misrepresentation in the Tentative Order.

PECO will remove customers from CAP for fraud. PECO explains that fraud includes “misrepresentation of the customer’s identity for the purpose of obtaining utility service or CAP benefits [and] misrepresentation of income or occupant information . . . .” Amended Proposed 2019 USECP at 9. PECO reports it may analyze customer information through a credit check and probe how the household meet basic living expenses. Once a customer is removed from CAP for fraud, the customer is not eligible to enroll in CAP for one full year from the date of removal. Amended Proposed 2019 USECP at 9.

*Comments*

OCA observes that PECO’s fraud definition does not clarify the differences between a mistake and fraud and that fraud is a serious allegation with financial consequences. OCA contends that PECO’s USECP must be more specific and classify how it determines fraud. OCA Comments at 22. The Low Income Advocates support OCA’s recommendation and add that the 2019 USECP should “specifically identify the information that the customer is provided to dispute the conclusion of fraud.” Low Income Advocates Reply Comments at 22.

PECO proposes to remove the references to fraud in the CAP section of its 2019 USECP and CAP application. It also proposes to remove the reference to a credit check from the 2019 USECP, as this practice is no longer in effect. PECO confirms that

the only activities that would remove a customer from CAP for a full year are theft or misappropriation of service. PECO Reply Comments at 13.

*Resolution:* We agree with the parties that the description of fraud in the Amended Proposed 2019 USECP is vague and does not address non-intentional misrepresentation of identity or income. Therefore, we support PECO's proposal to remove language about fraud from its 2019 USECP and CAP application. We also support the proposal to remove language about the now defunct credit check program from the 2019 USECP. Accordingly, PECO is directed to make those changes to its Revised 2019 USECP and CAP applications.

## **2. LIURP**

LIURP helps low-income customers reduce energy usage by providing direct weatherization/conservation measures and in-home education. PECO's LIURP is currently available to high-usage residential customers with household incomes at or below 200% of the FPIG. To qualify for PECO's LIURP, income-eligible customers must have monthly average usage that exceeds 600 kWh for ENH service, 1,400 kWh for EH service, or 50 Ccf for NGH service. CAP customers with monthly average electric base load usage at or above 500 kWh also qualify for PECO's LIURP. Health and safety measures, such as smoke detectors and carbon monoxide alarms, are also provided during the initial LIURP audit if appropriate. Amended Proposed 2019 USECP at 11-13.

If a CAP household with high usage refuses LIURP services, PECO removes the household from CAP. These customers will remain ineligible for CAP until a LIURP audit is conducted and any follow-up measures are installed. If the installation takes more than 30 days and the customer is not responsible for the delay, PECO allows the customer to re-enroll in CAP. Amended Proposed 2019 USECP at 5, 13.

PECO contracts with vendors to manage LIURP subcontractors. All vendors and subcontractors must be certified in their fields and maintain professional certifications, licenses, and Building Performance Institute (BPI) certifications. PECO's LIURP vendor is required to inspect all heating audits and 5% of baseload audits once measures have been installed. Amended Proposed 2019 USECP at 12.

*a. Landlord Refusal of LIURP: Impact on CAP*

The Amended Proposed 2019 USECP does not specify how PECO handles situations when a CAP high-usage customer is a renter but the landlord fails to give permission for the installation of remediation measures identified during the LIURP audit. In the Tentative Order, we asked PECO to clarify:

- Its procedure for CAP high-usage customers who are renters if they fail to receive landlord permission to install remediation measures identified during the LIURP audit;
- The method by which it receives written landlord permission and to provide a copy of the method used to verify landlord approval to install remediation measures identified during the LIURP audit; and
- Any other situations that would exempt a CAP customer from participating in a LIURP audit or the installation of LIURP measures.

Tentative Order at 47-48.

## *Comments*

PECO clarifies that it does not remove CAP customers for failure to receive a LIURP audit if it is due to lack of landlord permission. PECO Supplemental Information at 23-24.

PECO explains that LIURP consent forms are supplied to the landlord by direct mail and that PDF attachments are emailed directly to qualifying tenants. PECO will also accept verbal consent from the landlord on a recorded line. PECO provided a copy of its landlord approval form. PECO Supplemental Information at 24, Appendix G.

PECO states that there are no further circumstances that would allow a CAP customer to refuse a LIURP audit and remain in CAP. However, PECO permits a case-by-case review of unique situations. PECO Supplemental Information at 24.

The Low Income Advocates suggest that PECO determine what LIURP services it can deliver to tenants without obtaining landlord permission. They also advocate that PECO expand its efforts to contact landlords to obtain approval, including providing education and resources to housing providers and associations about program availability and the need for landlord approval. The Low Income Advocates propose that the Commission order PECO to include the LIURP landlord refusal exception to the CAP removal policy in its USECP. They state that inclusion of this policy may prevent tenant CAP customers from being mistakenly removed from CAP. Low Income Advocates Comments at 48-49.

PECO clarifies that it completes the following LIURP activities without landlord consent: an audit and installation measures such as light bulbs, shower heads, and power strips. PECO states that it cannot implement measures such as HVAC, appliance

replacements, insulation, or air sealing without landlord approval. PECO Reply Comments at 14.

*Resolution:* The Commission is satisfied with the clarification provided and supports PECO's efforts in providing modified LIURP services to tenants when landlord approval cannot be obtained. Under Section 58.8, a tenant can secure program services if "the landlord has granted written permission to the tenant for the installation of program measures . . . ." 52 Pa. Code § 58.8(a). Although, the regulation requires a landlord to grant written permission, we recognize that landlord consent can act as a significant barrier to an otherwise eligible tenant's ability to obtain even the most basic usage reduction services. Bearing that in mind, we have no objection to PECO accepting verbal consent from a landlord on a recorded line as long as that consent is documented. We shall direct PECO to provide written confirmation of this verbal consent to both the landlord and tenant.

Accordingly, we direct PECO to specify the following in its Revised 2019 USECP:

- The landlord refusal and CAP removal policy as it relates to LIURP;
- The procedure by which PECO documents receipt of landlord approval;
- The LIURP measures it can and will provide tenant households without landlord consent;
- The LIURP measures it cannot provide tenant households without landlord consent; and
- That PECO will provide a copy of written landlord approval to the tenant or documentation of verbal landlord approval to both the landlord and tenant.

*b. Health and Safety and Incidental Repair*

The Amended Proposed 2019 USECP explains that PECO's LIURP provides a comprehensive health and safety approach, including repairing or replacing smoke detectors, carbon monoxide alarms, and other combustion appliance hazards. Amended Proposed 2019 USECP at 12. However, the Amended Proposed 2019 USECP does not identify PECO's allowance for the installation of routine health and safety measures or guidelines for incidental repairs.

In the Tentative Order we asked PECO to identify whether it has established an allowance threshold for the installation of health and safety measures. PECO was also asked to provide a description of its recommended parameters and minor repair allowance limits for performing incidental repairs as part of its LIURP. Tentative Order at 49.

*Comments*

PECO explains that while it does not have an allowance threshold for health and safety measures per household, it assesses each situation to determine the health and safety measures needed to allow the installation of standard LIURP measures. It states that the average health and safety measure spending amount per participant receiving such services in 2019 was \$1,897, not including the cost of LIURP measures. PECO Supplemental Information at 24.

PECO states that while needed LIURP incidental repairs are performed without set spending limits, most repairs are low-cost and do not significantly impact the average job cost. These incidental repairs include replacing glass for missing/cracked windows, molding on windows and doors, interior and exterior door replacement, and dryer ducting. PECO Supplemental Information at 25.

The Low Income Advocates recommend increasing PECO's annual LIURP health and safety budget from \$1,000,000 to \$2,000,000 to provide advanced health and safety measures for EH customers. They also recommend PECO: (1) specify that audits should include an assessment of needed health and safety measures, and (2) require subcontractors to track and report critical health and safety issues that prevent the installation of certain measures and/or prevent the household from receiving LIURP services. Low Income Advocates Comments at 50-52.

PECO does not agree its health and safety budget should be increased, noting that eligible customers have not been denied health and safety measures due to budgetary constraints. PECO also states that its LIURP audit already contains a health and safety assessment and that the LIURP vendor and subcontractors track and report all such issues found on the premises. PECO Reply Comments at 15.

*Resolution:* The Commission has encouraged public utilities to develop an allowance for the installation of health and safety measures and incidental repairs and has requested that they identify their recommended parameter for performing these measures.<sup>54</sup> While we find PECO's policy for performing incidental repairs and health and safety measures is satisfactory, it is unclear how PECO communicates this policy to their contractors, customers, and stakeholders.

Accordingly, PECO is directed to work with its USAC to review how it communicates its policy for identifying and performing incidental repairs and health and safety measures with its contractors. This communication should identify the parameters

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<sup>54</sup> See, e.g., Duquesne 2017-2019 USECP Order, Docket No. M-2016-2534323 (order entered March 23, 2017), at 36-38. See also PECO 2016-2018 USECP Order, Docket No. M-2015-2507139 (order entered August 11, 2016), at 48-50.

for approving higher repair/measures costs if a contractor determines further enhancements are needed prior to the installation of LIURP measures.

*c. LIURP Quality Controls*

The Amended Proposed 2019 USECP states that PECO's LIURP vendor is required to inspect all heating audits and 5% of all base load audits once all identified measures have been installed and completed. Amended Proposed 2019 USECP at 12. It is not clear what additional actions are taken if the LIURP measures are determined to be faulty or unsuccessful at providing anticipated energy savings.

In the Tentative Order, we asked PECO to explain what steps, if any, are taken if an installed measure is not operating efficiently and/or an increase of energy usage is found during a LIURP quality control inspection. Tentative Order at 49.

*Comments*

PECO explains that its LIURP quality control technicians ensure that all measures and remediations are operating as intended. PECO states that the LIURP quality control technicians are authorized to replace faulty or non-working direct install conservation measures while on site during the inspection. PECO further explains that measures or remediations deemed to be increasing usage or which cause customer service issues may be removed. Measures and remediations completed by professional installation teams that are faulty or non-working will be highlighted in inspection reports for the responsible entity. Additionally, repair, replacement, or removal of these measures, as needed, is completed at no cost to the program. PECO Supplemental Information at 25.

*Resolution:* The Commission is satisfied with PECO's explanation on the steps taken if LIURP measures are determined to be faulty or unsuccessful at providing energy savings. Accordingly, we direct PECO to include these clarifications in its Revised 2019 USECP.

### **3. Customer Assistance Referral Evaluation Services (CARES)**

The goal of the PECO CARES program is to assist customers with incomes at or below 200% of the FPIG with special needs and/or extenuating circumstances by educating and informing them about energy assistance programs and other community resources. It provides referrals to available programs to help them pay household bills and can provide temporary protection from service termination. Amended Proposed 2019 USECP at 16.

PECO's CARES offers two components of service. The first component consists of a referral network of agencies and organizations that help low-income customers. The second component consists of a case management approach by CARES administrators, who provide grant assistance, direct referrals, and follow-up with the customer and agency accepting the CARES referral. Amended Proposed 2019 USECP at 16.

The Amended Proposed 2019 USECP does not propose any changes to CARES.

*Resolution:* Consistent with the Tentative Order, no changes are required regarding this aspect of the Amended Proposed 2019 USECP.

### **4. Hardship Fund – PECO's MEAF**

Through MEAF, PECO provides hardship fund grants to eligible residential customers who are experiencing an imminent service termination or whose service has been terminated. Customers may receive a MEAF grant of up to \$500. MEAF is

administered by 29 CBOs within its service territory. Amended Proposed 2019 USECP at 14-15, 25.

PECO customers are currently eligible to apply for MEAF assistance if they have:

- (1) Household incomes at or below 175% of the FPIG;
- (2) A current hardship. Hardships may include an imminent danger of service termination or where service has been terminated;
- (3) A residence in the county where they are applying for a MEAF grant;
- (4) Not received a MEAF grant in the past 24 months; and
- (5) The ability to bring their account balance to zero with the MEAF grant (excluding CAP PPA). If necessary, a customer co-payment and/or other grants can be combined with the MEAF grant to bring the account balance to zero.

Amended Proposed 2019 USECP at 15.

PECO is not proposing any changes to MEAF in its Amended Proposed 2019 USECP. Per the terms of its 2021 Base Rate Case, PECO has agreed to allow customers to remain eligible for MEAF assistance even if they use a medical certificate or enter into a payment arrangement after applying for MEAF. 2021 Base Rate Case Joint Petition at 12, ¶37.

*a. MEAF eligibility and program spending*

We did not address this issue in the Tentative Order.

As previously described, on December 17, 2020, the Commission issued a Secretarial Letter approving PECO's September 25, 2020 Petition, at Docket Nos. M-2015-2507139 and P-2020-3022124, seeking authority to make temporary changes to

the MEAF eligibility requirements through March 31, 2021. PECO has not proposed to include these MEAF changes in its Amended Proposed 2019 USECP.

### *Comments*

The Low Income Advocates state that MEAF is being under-utilized as evidenced by only 13 MEAF grants being issued during 2020, 653 in 2019, and 525 in 2018 when 1,000 grants were predicted for each year. Low Income Advocates at 56. The Low Income Advocates contend that the low number of MEAF grants issued indicates that the eligibility requirements are too restrictive and urge the Commission to order PECO to permanently adopt the temporary changes to MEAF implemented in response to the COVID-19 pandemic. Low Income Advocates Comments at 55-56.

The Low Income Advocates also note that customers with a medical certification hold are not considered eligible for a MEAF grant because a medical certification provides a temporary hold on service termination. The Low Income Advocates recommend that PECO amend its 2019 USECP “to indicate that any customer who has a hold on termination with a duration less than 60 days should still be considered at risk of termination for purposes of applying for MEAF.” Low Income Advocate Comments at 57-58.

OCA supports the recommendation to continue the temporary changes to MEAF eligibility established in response to COVID-19. OCA agrees with the Low Income Advocates that the impact of the pandemic and economic recovery will persist indefinitely for low-income customers. OCA further agrees that PECO’s Hardship Fund has consistently been underspent which equates to the necessary funding available to support expanded program eligibility. OCA Reply Comments at 15-16.

PECO notes that the Commission approved its proposal, “to temporarily modify certain MEAF eligibility requirements to expand the number of customers who may qualify for assistance. Specifically, [PECO] increased the [FPIG] ceiling, waived the requirement for proof of pending terminations, and removed the once-every-two-years qualification requirement.” PECO Reply Comments at 17. PECO states that it submitted the proposal to safeguard its customers’ ability to access MEAF funds during the pandemic when no terminations were occurring. It does not agree that the changes should become permanent, noting that MEAF funding is limited and intended to be a low-income customer’s last resort to avoid a service termination. PECO states its willingness to adopt the Low Income Advocates recommendation that a collections hold of less than 60 days would not prevent MEAF eligibility. PECO Reply Comments at 17.

PECO asserts that it has not underspent its MEAF funds and that it releases the donation money to the agencies on a monthly basis. The MEAF agencies are then responsible for distributing the money to customers. PECO states it is unaware of any funding not being spent by the agencies. PECO Reply Comments at 17.

*Resolution:* In its 2016 USECP, PECO reported that the number of MEAF grants issued “over the past 3 years” has averaged 1,000 per customer, but it did not estimate enrollment levels for 2016-2018. 2016 USECP at 17. PECO has projected in both its Proposed Amended 2019 USECP and Supplemental Comments that it will issue approximately 1,000 MEAF grants to customers annually through 2024. Amended Proposed 2019 USECP at 15; Supplemental Information at 27.

A review of PECO’s MEAF grant issuances, contributions, and benefit disbursements over the past 10 years shows that PECO grant issuances are often well below 1,000 per year and that average annual underspending (contributions minus disbursements) for program years 2010-2011 through 2018-2019 was over \$280,000. The underspending in 2019-2020 was over \$450,000, although this higher amount is

primarily due to PECO customers not qualifying for MEAF during the moratorium on utility terminations in 2020.<sup>55</sup> Table 14 below reflects MEAF grant issuances, contributions, disbursements, and underspending from 2010-2011 through 2019-2020.

**Table 14**  
**MEAF Grant Issuances, Contributions, Disbursements, and Underspend**  
**(PECO Electric and Natural Gas Combined)**

<b>Program Year</b>	<b>MEAF Grant Recipients</b>	<b>Voluntary &amp; Shareholder Contributions</b>	<b>Benefits Disbursed</b>	<b>Underspend</b>
2010-2011	1,300	\$681,751	\$416,273	\$265,478
2011-2012	998	\$669,927	\$382,545	\$287,382
2012-2013	845	\$680,063	\$421,286	\$258,777
2013-2014	938	\$657,630	\$376,395	\$281,235
2014-2015	747	\$655,271	\$344,450	\$310,821
2015-2016	608	\$656,692	\$341,314	\$315,378
2016-2017	897	\$709,067	\$465,355	\$243,712
2017-2018	529	\$595,140	\$299,781	\$295,359
2018-2019	649	\$640,195	\$371,969	\$268,226
2019-2020	30	\$464,832	\$14,676	\$450,156

*Source: 2011 Report on Universal Service and Collections Performance at 48-49; 2012 Report on Universal Service and Collections Performance at 42-44; 2013 Report on Universal Service and Collections Performance at 44-45; 2014 Report on Universal Service and Collections Performance at 50-52; 2014 Report on Universal Service and Collections Performance at 50-51; 2016 Report on Universal Service and Collections Performance at 63-65; 2017 Report on Universal Service and Collections Performance at 64-65; 2018 Report on Universal Service and Collections Performance at 70-71; 2019 Report on Universal Service and Collections Performance at 68; 2020 Report on Universal Service and Collections Performance at 79-80.*

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<sup>55</sup> On March 13, 2020, Commission Chairman Gladys Brown Dutrieuille issued an *Emergency Order* which, *inter alia*, prohibited jurisdictional public utilities from terminating service during the pendency of the Governor’s COVID-19 *Emergency Proclamation* unless termination of service is necessary to ameliorate a safety emergency or unless otherwise authorized by the Commission. The Emergency Order was ratified on March 26, 2020. On October 13, 2020, the Commission entered an Order which, *inter alia*, lifted the termination moratorium for certain customers effective November 9, 2020, but continued the termination moratorium for “protected customers” at or below 300% of the FPIG. The termination moratorium expired on March 31, 2021.

Given the fact that PECO has not served its projected target of 1000 customers in several years and the large amount of annual underspend in MEAF, we agree with the Low Income Advocates and OCA that PECO should expand its eligibility criteria to help more customers in need. We direct PECO to establish the following changes to MEAF eligibility for the duration of its 2019 USECP:

- Raise the annual income limit from 175% to 200% of the FPIG; and
- Allow eligible customers to receive one MEAF grant per year.

Accordingly, PECO shall reflect these MEAF eligibility changes in its Revised 2019 USECP. PECO shall also reflect in its Revised 2019 USECP its agreement to allow customers to remain eligible for MEAF assistance even if they use a medical certificate or enter into a payment arrangement after applying for MEAF.

If applications for MEAF grants are projected to exceed available annual funding, PECO may petition the Commission for a temporary or permanent suspension of these modifications with supporting documentation and data.

**B. Eligibility Criteria**

The four components of PECO's Amended Proposed 2019 USECP have slightly different eligibility criteria as demonstrated in Table 15 below.

**Table 15  
Eligibility Criteria**

<b>Program</b>	<b>Income Criteria</b>	<b>Other Criteria</b>
CAP	150% FPIG or less	Qualify at only one address per customer. May not contract with an alternate supplier.
LIURP	200% FPIG or less	Minimum monthly average consumption exceeding 500 kWh for CAP electric base load, 600 kWh for non-CAP ENH, 1,400 kWh for EH, or 50 Ccf for NGH. Required for high use CAP customers.
CARES	200% FPIG or less	Special needs and/or extenuating circumstances.
Hardship Fund (MEAF)*	200% FPIG or less	Service must be off or in termination status. MEAF grant (plus any other grants or payments) must eliminate customer's balance (not including PPA).

\* Reflects changes to MEAF eligibility directed through this Order.

*Resolution:* As discussed above, we have directed changes to PECO's Hardship Fund eligibility criteria for the duration of PECO's 2019 USECP. Consistent with the Tentative Order, no changes are required regarding the eligibility criteria for PECO's CAP, LIURP, or CARES.

### **C. Projected Needs Assessment**

PECO submitted a needs assessment for its universal service programs based on U.S. Census American Community Survey (ACS) data<sup>56</sup> from 2014-2016. Amended Proposed 2019 USECP at 2. The Tentative Order asked PECO to provide an updated universal service needs assessment based on current census data and customer records. Tentative Order at 53.

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<sup>56</sup> The American Community Survey is a demographics survey program conducted by the U.S. Census Bureau. Available at: <https://www.census.gov/programs-surveys/acs/> (Accessed on March 4, 2022).

*Comments*

PECO provided updated needs assessment information, as reflected in Table 16:

**Table 16**  
**Projected Needs Assessment**

Estimated Residential Customers at 150% FPIG	274,966
Estimated Residential Customers at 200% FPIG	371,616
Confirmed Low-Income Customers	161,795
Confirmed Low-Income, Payment-Troubled Customers*	3,192
Customers Eligible for LIURP	193,240
Cost to Serve all Customers Eligible for LIURP**	>\$192,000,000

*Source:* PECO Supplemental Information at 26.

\* Based on an annual estimate. PECO reports an average of 266 confirmed low-income customers per month were payment-troubled in 2020. PECO Supplemental Information at 26.

\*\* Based on the average LIURP job cost from 2018 to 2019 (\$998), PECO estimates the maximum cost to serve all eligible LIURP customers would be over \$192 million. PECO Supplemental Information at 26.

*Resolution:* We are satisfied with PECO's updated universal service need assessment. Accordingly, we direct PECO to include this information in its Revised 2019 USECP.

**D. Projected Enrollment Levels**

The Amended Proposed 2019 USECP provides enrollment estimates for PECO's universal service programs through 2024. PECO reports that its CAP enrollments have been declining in recent years and that it has initiated targeted outreach and calling campaigns to increase CAP participation. PECO also reports that its LIURP, CARES and MEAF enrollment projections are based on average annual participation rates. Proposed 2019 USECP at 9-10, 13, 15-16.

Based on the participation rates reported for these programs over the past four years (2016-2019), we could not verify the reported average annual participation levels

for LIURP or MEAF. In the Tentative Order, we asked PECO to explain how its LIURP and MEAF enrollment projections were calculated and, if needed, to provide revised program enrollment projections. Tentative Order at 55.

*Comments*

PECO explains that it utilized a historic three-year average from 2015-2017 to project 9,000 LIURP customers annually in its proposed USECP. The average of 2018 and 2019 was 7,900 annual customers. PECO proposes to adjust its 2022-2024 LIURP projections to 7,900 customers annually. PECO Supplemental Information at 27.

PECO also used a historic three-year average from 2015-2017 to project 1,000 MEAF customers annually in its proposed USECP. Because the actual number of grant recipients is contingent on charitable contributions and the average arrears of recipients, PECO believes the current estimate is suitable. PECO Supplemental Information at 27.

*Resolution:* We accept PECO's revised LIURP enrollment projections for 2021 through 2024, based on recent averages. Accordingly, PECO is directed to update its LIURP enrollment projections in its Revised 2019 USECP.

As discussed above, we found that PECO's projected MEAF enrollment level of 1000 per year was not realistic based on the number of grants issued in recent years. We have directed PECO to make changes to its MEAF eligibility criteria to increase enrollments and to address its annual underspending of program dollars. With these eligibility changes, we find that PECO's projected MEAF enrollment level of 1000 customers annually is reasonable.

Table 17 shows the updated projected enrollment levels for CAP, LIURP, CARES, and MEAF.

**Table 17**  
**Universal Service Enrollment Levels: Actual (2019-2020) and Projected (2021-2024)**

	2019	2020	2021	2022	2023	2024
CAP	112,157*	113,536*	113,000	116,000	119,000	120,000
LIURP	7,849*	4,115*	7,900	7,900	7,900	7,900
CARES**	2,500	2,500	2,500	2,500	2,500	2,500
Hardship Fund (MEAF)	649*	30*	1,000	1,000	1,000	1,000

Source: 2020 Report on Universal Service Programs & Collections Performance at 54, 58, 80; Amended Proposed 2019 USECP at 10, 13, 15-16; PECO Supplemental Information at 27.

\* Reflects actual CAP enrollments, LIURP production, and Hardship Fund participants reported for 2019 and 2020.

\*\* PECO reports it historically serves approximately 2,500 annually in CARES and projects this average participation will continue through 2024. Amended Proposed 2019 USECP at 16.

#### **E. Program Budgets**

Table 18 below shows the actual and proposed budget levels for each universal service component from 2019 through 2024. Projected CAP costs for 2022 through 2024 include the projected annual increase of \$8.9 million due to the direction in this Order that PECO bill customers with incomes between 101% and 150% based on the recommended maximum energy burdens in the CAP Policy Statement (2020). However, these projected costs do not reflect the temporary changes to the LIURP budgets approved in the 2021 Base Rate Case.

**Table 18  
Universal Service Program Budgets 2019-2024**

<b>Universal Service Component</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
CAP	\$64,067,616*	\$64,953,817*	\$71,050,362	\$102,126,621	\$104,567,286	\$105,793,031
LIURP	\$7,850,000*	\$4,240,778*	\$8,972,900	\$9,197,222	\$9,427,153	\$9,662,831
Hardship Fund	\$791,186	\$809,477	\$831,368	\$852,152	\$873,456	\$895,292
CARES	\$412,133	\$419,149	\$433,318	\$444,151	\$455,255	\$466,636
LIHEAP Outreach	\$1,103,605	\$1,129,707	\$1,159,599	\$1,188,589	\$1,218,304	\$1,248,761
Other Outreach	\$263,774	\$268,720	\$277,787	\$284,219	\$291,324	\$298,607
OTHER	\$437,785	\$310,353	\$318,108	\$326,061	\$334,212	\$342,568
<b>Total Universal Service Costs</b>	<b>\$74,926,099</b>	<b>\$72,132,001</b>	<b>\$83,043,442</b>	<b>\$114,419,015</b>	<b>\$117,166,990</b>	<b>\$117,458,965</b>

Source: 2020 Report on Universal Service Programs & Collections Performance at 52-53, 70-71; Amended Proposed 2019 USECP at 23.

\* Reflects actual reported program expenditures.

PECO recovers CAP costs through its universal service rider. PECO recovers LIURP and CARES costs and the cost of administering MEAF through base rates; such costs are not subject to annual adjustment. Amended Proposed 2019 USECP at 23.

Table 19 below reflects the estimated CAP costs recovered from approximately 1,502,478 residential ratepayers, as reported by PECO for 2020.<sup>57</sup>

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<sup>57</sup> 2020 Report on Universal Service and Collections Performance at 5.

**Table 19**  
**Actual and Projected CAP Cost Recovery from 2019-2024**

Universal Service Component	Actual		Projected			
	2019	2020	2021	2022	2023	2024
CAP	\$64,067,616	\$64,953,817	\$71,050,362	\$102,126,621	\$104,567,286	\$105,793,031
Average Monthly Cost per Residential Ratepayer	\$3.84	\$3.60	\$3.94	\$5.66	\$5.80	\$5.87

In its projected universal service budgets, PECO identifies a category of expenses as “Other” with annual spending ranging from approximately \$310,000 to \$438,000 through 2024. Amended Proposed 2019 USECP at 23. The Tentative Order asked PECO to provide a detailed explanation of all expenses related to the “Other” category in its projected universal service budgets and identify which program(s) these expenses are related to and actual expenditure numbers for 2020. Tentative Order at 57.

*Comments*

PECO states that the “Other” category encompasses the administration costs PECO pays to Utility Emergency Services Fund (USEF) for MEAF. Additionally, the “Other” expenses also include the Gift of Energy program, a campaign where individuals can give money directly to a known PECO customer account. PECO also provided a list of actual universal service expenditures for 2020. PECO Supplemental Information at 27.

PECO did not provide actual expenditure information specifically for the category of expenses labeled “Other” but did provide a breakdown of universal service administrative and program costs in 2020. PECO Supplemental Information at 28.

*Resolution:* We are satisfied with PECO’s explanation of what expenses are covered under “Other” projected costs. Accordingly, PECO is directed to provide this

clarification in its Revised 2019 USECP. Further, PECO shall update its projected annual LIURP budget through 2024 based on the changes approved in the 2021 Base Rate Case.

**F. Use of Community-Based Organizations (CBOs)**

The Competition Acts<sup>58</sup> direct the Commission to encourage energy public utilities to use CBOs to assist in the operation of universal service programs. 66 Pa.C.S. §§ 2203(8) and 2804(9).

PECO reports that it has agreed to contract with CBOs to certify customer income for the purposes of CAP enrollment and verification of income status, consistent with the Joint Petition provisions in its 2018 Rate Case. Amended Proposed 2019 USECP at 10, *citing* the 2018 Base Rate Case Joint Petition, Appendix C at i.

PECO currently uses the following CBOs as administrators for its MEAF program:

- Utility Emergency Services Fund
- Human Services, Inc.
- Community Action Agency of Delaware County
- Mason Dixon Community Services

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<sup>58</sup> In 1997 and 1999, respectively, the Electricity Generation Customer Choice and Competition Act (Electric Competition Act), 66 Pa. C.S. §§ 2801-2815, as amended, and the Natural Gas Choice and Competition Act (Natural Gas Competition Act), 66 Pa. C.S. §§ 2201-2212, were adopted. (Collectively, Competition Acts.) The primary purpose of the Competition Acts was to introduce competition into the retail electric generation market and the natural gas supply market by establishing standards and procedures for the restructuring of the electric and natural gas public utility industries. The Competition Acts also included several provisions relating to universal service and the affordability of electric and natural gas service for low-income customers in the Commonwealth. The Competition Acts require the Commission to continue, at a minimum, the policies, practices, and services that were in existence as of the effective date of the Competition Acts. 66 Pa. C.S. §§ 2203(7) and 2802(10).

- Bucks County Opportunity Council Inc.

Amended Proposed 2019 USECP at 25-26.

PECO lists 28 CBOs, including MEAF administrators, as referral sources for CARES. Amended Proposed 2019 USECP at 25-26.

PECO reports it does not use CBOs for the provision of LIURP services. Amended Proposed 2019 USECP at 14.

### *Use of CBOs in LIURP*

As referenced above, the Competition Acts direct the Commission to encourage the use of CBOs that “have the necessary technical and administrative experience” to provide universal programs or services. 66 Pa. C.S. §§2203(8) and 2804(9).

In the Tentative Order, we asked PECO to explain its reasoning for not using CBOs as part of its LIURP. Tentative Order at 57.

### *Comments*

PECO explains that while it does not use CBOs to deliver LIURP services, it does encourage all qualified and trained vendors to bid for work when Requests for Proposal (RFP) are announced. PECO states that it formed a new Workforce Development department in 2020 that emphasizes low-income community engagement and partners with CBOs to develop a trained and educated workforce in the fields related to employment with PECO or with PECO work handled by vendors. PECO Supplemental Information at 28.

*Resolution:* Although the Competition Acts do not mandate the use of CBOs, we encourage PECO to ensure that it is pursuing all opportunities to find qualified CBOs through its LIURP RFP process.

#### **G. Organizational Structure**

The internal organizational structure for PECO's universal service programs is as follows:

- 1 Universal Service Manager
- 3 Senior Business Analysts
- 2 Business Analysts for CAP, MEAF, and LIHEAP
- 1 Senior Supervisor for CAP and CARES
- 3 CARES Specialists

Amended Proposed 2019 USECP at 14.

PECO has not proposed any changes to its organizational structure relative to universal service programs.

*Resolution:* Consistent with the Tentative Order, no changes are required regarding this aspect of the Amended Proposed 2019 USECP.

## **VI. CONCLUSION**

Consistent with the discussion above and the ordering paragraphs below, we shall direct PECO to file a Revised 2019 USECP reflecting the changes directed herein within 30 days of the date of entry of this Order. We invite PECO to submit its Revised 2019 USECP to BCS for a compliance review prior to filing. With these changes, PECO's

2019 USECP is approved and shall take effect, unless otherwise indicated, as of the filing date of its Revised 2019 USECP.<sup>59</sup> The Commission's approval of the 2019 USECP does not limit the Commission's authority to order future changes to the 2019 USECP based on evaluation findings, universal service data, or ratemaking considerations.

PECO's existing 2016 USECP, as modified by the 2018 and 2021 Base Rate Cases, will continue in operation in whole or in part until replacement provisions of the Revised 2019 USECP are implemented.

A third-party independent evaluation of PECO's universal service programs is due by November 1, 2026.

PECO's 2019 USECP will be in effect until its next USECP is approved. PECO's next proposed USECP is due on or before November 1, 2027, and will cover five years starting January 1, 2029.<sup>60</sup>

Having addressed PECO's Proposed 2019 USECP and the comments and reply comments in the record, we note that any issue, comment, or reply comment requesting a further deviation from the Proposed 2019 USECP, but which we may not have specifically delineated herein, shall be deemed to have been duly considered and denied

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<sup>59</sup> We recently implemented a change relative to the process by which we approve USECPs. The Commission's Bureau of Consumer Services is in the best position to determine whether a revised USECP is in compliance with a Commission order; parties to a USECP proceeding are free to file a protest to a revised USECP if they deem it necessary. *See, e.g., Duquesne Light Company's 2022-2026 USECP*, Docket No. M-2021-3024935 (order entered on April 21, 2022); *NFG's 2022-2026 USECP*, Docket No. M-2021-3024935 (order entered on May 3, 2022).

<sup>60</sup> By Order entered on October 3, 2019, in *Universal Service and Energy Conservation Plan Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601, we established filing schedules for proposed USECPs and third-party independent evaluations of universal service programs through 2025. The October 2019 Order, *inter alia*, established that USECPs would be effective for at least five (5) years after they are approved; the October 2019 Order further provided that the order approving a USECP would specify the deadlines for the filing of the public utility's next proposed USECP and its next third-party independent evaluation of universal service programs. (October 2019 Order at O.P. 6).

without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, U. of PA v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984); **THEREFORE,**

**IT IS ORDERED:**

1. That the PECO Energy Company Universal Service and Energy Conservation Plan for 2019-2024, as amended on September 25, 2020, is approved, subject to the conditions established in this Order, as consistent with Title 66 of the Pennsylvania Consolidated Statutes, Title 52 of the Pennsylvania Code, and Commission practice.

2. That the PECO Energy Company shall file a Revised 2019-2024 Universal Service and Energy Conservation Plan conforming to the conditions established in this Order within thirty (30) days of the entry date of this Order.

3. That the Revised 2019-2024 Universal Service and Energy Conservation Plan shall be filed in both clean and redline copies and served on the parties to these dockets.

4. That the Revised 2019-2024 Universal Service and Energy Conservation Plan shall be provided electronically in Word<sup>®</sup>-compatible format to Joseph Magee, Bureau of Consumer Services, [jmagee@pa.gov](mailto:jmagee@pa.gov); Jennifer Johnson, Bureau of Consumer Services, [jennifjohn@pa.gov](mailto:jennifjohn@pa.gov); Christina Chase-Pettis, Office of Communications, [cchasepett@pa.gov](mailto:cchasepett@pa.gov); and Louise Fink Smith, Law Bureau, [finksmith@pa.gov](mailto:finksmith@pa.gov).

5. That the PECO Energy Company shall incorporate the changes, as directed herein, to its Revised 2019-2024 Universal Service and Energy Conservation Plan, including:

- a) Amend the CAP Percent of Income Payment Plan energy burdens for customers in the 101%-150% Federal Poverty Income Guideline tier consistent with the CAP Policy Statement (2020).
- b) Explain the CAP bill review provision and process.
- c) Clarify that a CAP customer's final bill will not exceed the household's prorated CAP price or actual usage charges, whichever is less.
- d) Charging customers the CAP price for months spent out of the program and allowing them to receive pre-program arrearage forgiveness for payment of these months if they reenroll in CAP within twelve (12) months after removal.
- e) Identify income documentation accepted for determining CAP eligibility and clarify that the income documentation list is not comprehensive.
- f) Include the current Consumer Education and Outreach Plan, noting that this plan may be modified and enhanced within the duration of the 2019-2024 Universal Service and Energy Conservation Plan.
- g) Clarify that final CAP budget billing settlement amounts will be forgiven as part of the transition to the CAP Percent of Income Payment Plan.
- h) Remove specified language about fraud and credit checks in CAP.
- i) Clarify the landlord refusal and CAP removal policy as it relates to LIURP.
- j) Clarify the procedure by which PECO documents receipt of landlord approval for LIURP.

- k) Identify the LIURP services provided to tenants when landlord approval is not received.
- l) Identify the LIURP services PECO cannot provide tenants without landlord approval.
- m) Clarify that PECO will provide a copy of written landlord approval for LIURP to the tenant or documentation of verbal landlord approval for LIURP to both the landlord and tenant.
- n) Clarify the steps taken if LIURP measures are determined to be faulty or unsuccessful at providing energy savings.
- o) Amend MEAF eligibility to include all customers with incomes at or below 200% of the Federal Poverty Income Guidelines and allow eligible customers to receive one MEAF grant per year.
- p) Clarify that customers remain eligible for MEAF assistance even if they use a medical certificate or enter into a payment arrangement after applying for MEAF.
- q) Include the updated needs assessment.
- r) Include the updated LIURP enrollment projections for 2021 through 2024, based on recent averages.
- s) Clarify what expenses are covered under “Other” projected costs for Universal Service Programs.
- t) Update the projected annual LIURP budget through 2024 based on the changes approved in PECO’s 2021 Base Rate Case.

6. That PECO Energy Company shall consult with its Universal Service Advisory Committee on the following issues:

- a) Review of the number and amounts of unused Low Income Home Energy Assistance Program grants for CAP accounts returned to the Department of Human Services because the funds were not exhausted

within the specified two-year period. This information should be reviewed with the Universal Service Advisory Committee at least annually, beginning in 2023.

- b) Amendment of language in the CAP applications, CAP recertification letters, and forms.
- c) Review of PECO's data and analysis on why CAP customers establish payment arrangements on in-program arrearages.
- d) Identification of ways to reach out and offer assistance to CAP customers with remaining InPA Forgiveness balances.
- e) Review of PECO's data and analysis on universal service program application approvals and denials and the reasons for customers leaving or being removed from CAP.
- f) Identification of ways to enhance PECO's Consumer Education and Outreach Plan.
- g) Review of how PECO communicates its policy for identifying and performing incidental repairs and health and safety measures with its contractors.

7. That PECO Energy Company shall track the annual number and amounts of unused Low Income Home Energy Assistance Program grants for CAP accounts returned to the Department of Human Services because the funds were not exhausted within the specified two-year period and report this information as part of its next universal service and energy conservation plan filing.

8. That PECO Energy Company shall reach out to CAP customers with In-Program Arrearage Forgiveness program balances to ensure they are aware of available programs and resources and to offer help in applying assistance, when needed.

9. That, within thirty (30) days of entry date of this Order, PECO Energy Company shall file a final accounting of the In-Program Arrearage Forgiveness program at Docket No. M-2019-3005795.

10. That, within ninety (90) days from the entry date of this Order, PECO Energy Company shall charge customers the CAP price for months spent out of the program and allowing them to receive pre-program arrearage forgiveness for payment of these months if they reenroll in CAP within twelve (12) months after removal.

11. That, within six (6) months after the entry date of this Order, PECO Energy Company shall file and serve updated CAP application and recertification letters/forms at Docket No. M-2018-3005795, consistent with the changes directed in this Order.

12. That, within ten (10) days of the entry date of this Order, PECO Energy Company shall file and serve at Docket No. M-2018-3005795 its plan to address expanding CAP outreach efforts to increase participation for customers with annual income less than 50% of the Federal Poverty Income Guidelines.

13. That PECO Energy Company shall track the number of application approvals and denials – and reasons for those denials – for all universal service programs and the reasons for customers leaving or being removed from CAP.

14. That the PECO Energy Company shall file and serve annual updates to its Consumer Education and Outreach Plan, including outreach and education actions taken, by March 1 each year at Docket No. M-2018-3005795, beginning in 2023, for the duration of its 2019-2024 Universal Service and Energy Conservation Plan. The March 1, 2023 update must include the following enhancements:

- a) More educational training webinars and workshops using a virtual or hybrid approach to keep community partners and interested stakeholders informed and updated about the universal service programs.
- b) Additional outreach efforts for households with incomes at or below 50% of the Federal Poverty Income Guidelines.
- c) An additional education component to inform customers about the importance of understanding their energy burden to foster customer awareness of how much their household is spending on energy.
- d) Identify which initiatives were introduced in 2019 or after.
- e) Provide more specificity and timelines to activities; including identifying where and to which organizations PECO plans to give public presentations.
- f) Identify education and outreach modifications based on the impact of COVID-19 on PECO's customers.
- g) Identify quantitative measures of outcomes by which the success of the outreach and education initiatives can be measured.

15. That, within four (4) months after the entry date of this Order, PECO Energy Company shall file and serve a letter at Docket Nos. M-2018-3005795, P-2020-3020727, and P-2020-3022154 confirming that the CAP Percent of Income Payment Plan is implemented.

16. That the PECO Energy Company shall file and serve at Docket No. M-2018-3005795, an annual report tracking and analyzing the reasons for establishing payment arrangements on in-program arrearages. This report shall be filed on July 1 each year, beginning in 2023, for the duration of its 2019-2024 Universal Service and Energy Conservation Plan.

17. That the Commission's Bureau of Consumer Services, with the assistance of the Commission's Law Bureau, will evaluate the PECO Energy Company's Revised 2019-2024 Universal Service and Energy Conservation Plan as filed and served pursuant to this Order and prepare a Secretarial Letter confirming whether or not the changes in the filing comply with this Order.

18. That *Petition of PECO Energy Company to amend its Amended Proposed 2019-2024 Universal Service and Energy Conservation Plan as Proposed on July 8, 2020*, Docket No. P-2020-3020727, be marked closed.

19. That *Petition of PECO Energy Company to amend its Amended Proposed 2019-2024 Universal Service and Energy Conservation Plan as Proposed on September 25, 2020*, Docket No. P-2020-3022154, be marked closed.

20. That changes approved or directed in PECO's 2019-2024 Universal Service and Energy Conservation Plan shall take effect, unless otherwise indicated, as of the filing date of its Revised 2019-2024 Universal Service and Energy Conservation.

21. That PECO Energy Company's 2019-2024 Universal Service and Energy Conservation Plan shall remain in effect until a new Universal Service and Energy Conservation Plan is approved.

22. That PECO Energy Company shall file its next third-party independent evaluation of its universal service programs on November 1, 2026. This filing shall also be served on the parties to these dockets.

23. That PECO Energy Company shall file its next Universal Service and Energy Conservation Plan on or before November 1, 2027, which shall cover the

five-year period starting January 1, 2029. This filing must also be served on the parties to these dockets.

24. That the PECO Energy Company 2016-2018 Universal Service and Energy Conservation Plan shall remain in effect in whole or in part until its 2019-2024 Universal Service and Energy Conservation Plan is implemented.

**BY THE COMMISSION,**

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta", written in a cursive style.

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: June 16, 2022

ORDER ENTERED: June 16, 2022