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August 30, 2024

Via E-Filing

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

SUBJECT: PECO Energy Company's Second Annual Stratified Management & Operations Audit Progress Report, Docket No. D-2021-3023906

Dear Secretary Chiavetta:

PECO Energy Company hereby submits the second Progress Report on the implementation of the recommendations in the 2022 Stratified Management and Operations Audit of PECO Energy Company. This second Progress Report summarizes the steps taken by the Company in implementing the recommendations contained in the original Audit Report dated August 25, 2022. Of the twenty-two (22) recommendations from the Audit, PECO Energy accepted nineteen (19) and partially accepted three (3) as part of the Implementation Plan that was submitted to the Pennsylvania Public Utility Commission.

As of September 1, 2024, PECO is proud to report all seventeen (17) recommendations of the Implementation Plan that have expected completion dates through the 3rd Quarter of 2024 have been completed. The remaining five (5) recommendations with completion dates of December 31, 2025 or after are all currently expected to be completed on time.

Thank you for your assistance in this matter and if you have any questions please contact Megan A. McDevitt, Senior Manager, Retail Rates at (267) 533-1942 or via email: megan.mcdevitt@exeloncorp.com.

Sincerely,

A handwritten signature in black ink, appearing to read "R.G.W." followed by a long horizontal flourish.

Richard G. Webster, Jr.
Vice President
Regulatory Policy & Strategy

Enclosures

CC: K. Monaghan, Director, Bureau of Audits
N. Paul, Bureau of Audits

2024 Annual Progress Report
of
PECO ENERGY COMPANY
to the
PA PUC Management and Operations Audit
Docket No. D-2021-3023906



September 1, 2024

Progress Report Overview

PECO Energy is pleased to submit its second Progress Report (2024) on the Implementation of the Recommendations contained in the Stratified Management and Operations Audit of PECO Energy (Docket No. D-2021-3023906).

Of the twenty-two (22) recommendations contained in the Audit Report, PECO Energy accepted nineteen (19) of them completely and partially accepted the remaining three (3) as part of the Implementation Plan that it filed with the Pennsylvania Public Utility Commission in August 2022. The Implementation Plan provides PECO Energy's commitment to act on the recommendations by addressing opportunities for improvement in operational effectiveness while improving service to our customers.

As of September 1, 2024, PECO is proud to report all seventeen (17) recommendations of the Implementation Plan that have expected completion dates through the 4th Quarter of 2023 have been completed. The remaining five (5) recommendations with completion dates of December 31, 2025 or after are all currently expected to be completed on time.

**PECO Energy Company
Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation V-1

Submit a detailed proposal to the Commission for the appropriate crediting of ratepayers due to PECO's corrected billings for the use of PECO's fiber network.

Response

Accepted

Action

As part of the Company's next electric distribution rate case filing, PECO will submit a detailed proposal to the Commission for the appropriate crediting to electric distribution ratepayers for the Distribution piece of the corrected fiber billings.

Crediting of the corrected fiber billings for the electric transmission customers was included as part of the Transmission Formula's annual rate update in May 2022, except for a small true-up amount which will be reflected in the May 2023 update with interest.

Individual Responsible

Richard G. Webster, Jr, VP Regulatory Policy and Strategy

Expected Completion Date

Electric Distribution: Next electric distribution rate case filing (TBD)
Electric Transmission: Next Transmission annual update (May 2023)

Progress Update for September 1, 2023

The Company's next electric distribution base rate case filing will include an adjustment reflecting the appropriate credit to customers related to electric distribution.

Crediting of the corrected fiber billings for the electric transmission customers was included as part of the Transmission Formula's annual rate update in May 2022, except for a small true-up amount which was reflected in the May 2023 update with interest.

Progress Update for September 1, 2024

The Company's 2024 electric distribution base rate case filing included an adjustment reflecting the appropriate credit to customers related to electric distribution.

Status

Completed

**PECO Energy Company
Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation V-2

Document PECO's annual process and continue to perform detailed reviews of all allocation factors, including utility-owned project allocation rates, to ensure costs are distributed in accordance with approved agreements.

Response

Accepted

Action

PECO will document the processes used each year to update allocation rates.

Individual Responsible

Carrie Fulginiti, Director Accounting

Expected Completion Date

February 28, 2023

Progress Update for September 1, 2023

PECO has created a formal policy to document the annual process and continues to ensure costs are distributed based on the new allocations developed annually.

Status

Completed

**PECO Energy Company
Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation V-3

File PECO's money pool agreement for approval with the PUC.

Response

Accepted

Action

PECO will submit a copy of our active Money Pool agreement to the PUC for review and approval.

The Company will provide a subsequent filing, if and when, the agreement is updated in the event of agreement term changes and/or when an affiliate joins or exits the agreement.

Individual Responsible

Richard G. Webster, Jr, VP Regulatory Policy and Strategy
Anthony E. Gay, VP and General Counsel

Expected Completion Date

Initial Filing: Q4 2022
Supplemental Filing: TBD (*submission will be rendered ad-hoc as necessary*)

Progress Update for September 1, 2023

On November 21, 2022, PECO filed a copy of its active Money Pool agreement with the PUC for review and approval. On April 24, 2023, the PUC issued a Secretarial Letter approving PECO's Money Pool agreement.

Status

Completed

PECO Energy Company
Management and Operations Audit

2024 Annual Progress Report to the Implementation Plan

Recommendation VII-1

Reduce Electric Operations staff overtime 15% overtime hours per normal hours worked or less.

Response

Partially Accepted

Reasoning

PECO agrees that the use of overtime should continue to be analyzed for potential reductions; however, PECO does not accept the recommendation that overtime should be reduced to 15% of normal hours worked.

Overtime analysis needs to be segmented by storm and non-storm categories due to the importance of overtime in company operations. This distinction is not reflected in the recommendation as written. That, along with the value of overtime hours worked, must be taken into account when considering any reduction in overtime. PECO agrees it is a good business practice to continue to analyze and identify opportunities to reduce overtime, but within the context of these additional, necessary considerations.

Storm Overtime: Overtime related to storm events is dependent on the type and severity of events in PECO's territory and, in general, is non-controllable. It is a core responsibility and commitment of PECO employees to meet our customers' expectations to restore service as quickly and safely as possible which can require the efforts of many employees working significant additional hours in a specific time window. Customers expect fewer and shorter service interruptions and have less tolerance for extended outages.

PECO staffs for forecasted weather in the territory and the need for employee storm overtime will continue as the frequency of storms in the territory has increased 30% over the last five years (2017-2021). In the same five-year period, PECO experienced three of the ten largest storms in company history. The volume of storm overtime hours directly correlates with these significant storms in 2018 and 2020 and has been trending positively since 2019.

In addition to serving PECO customers, PECO employees often respond to support the utilities in the Exelon family when their customers are significantly impacted by storms. Similarly, PECO provides mutual assistance as a member of the Southeastern Electric Exchange and North Atlantic Mutual Assistance Group organizations and responds to requests as part of the reciprocal arrangement with fellow member companies. Supporting these companies also contributes to storm overtime hours.

In summary, storm overtime is dependent on non-controllable weather and it will continue to have variability for the business. PECO agrees use of storm overtime should continue to

be monitored and challenged. However, it should be assessed separately from all company overtime and not subject to a specific target.

Non-Storm Overtime: PECO maintains that its non-storm overtime hours average for all company departments combined is reasonable and warranted. Similar to storm overtime, PECO agrees it should continue to analyze and challenge the use of non-storm overtime for all departments. PECO has an aggressive staffing strategy to help reduce overtime but will require time to overcome the impact of pandemic delays on training and the multi-year progression timeline for new craft employees.

When analyzing and identifying opportunities for overtime reduction, the value of the overtime hours must be considered. Overtime is often necessary to meet various infrastructure program commitments (LTIP) and the future benefit those programs will provide (e.g., reduction of future customer calls or system issues) must be considered. Additionally, there is great value in overtime that is necessary to operate safely and to improve reliability for customers. Further, to reduce overtime hours in the short run, contractors would be needed at rates equal or above PECO's overtime rate which would increase costs and not produce savings.

PECO's non-storm overtime hours average is 14.4% of worked hours for all departments combined. Although this is a reasonable percentage, PECO agrees it should continue to analyze and challenge the use of non-storm overtime and look for opportunities to reduce it.

Action Taken

Electric Operations will evaluate several alternatives and implement follow up actions to improve overtime (OT) performance.

1. Continue to outsource certain non-core work activities that have been previously insourced since the last audit. Examples of work activities currently outsourced include worksite flagging and secondary fault locate and repair work, paving and restoration. Continue to evaluate other outsourcing opportunities through the audit study timeframe.
2. Assess vacancy rates within the Electric Operations organization through the audit study timeframe to assess impact of open positions on overall OT rate. Continue to pursue aggressive hiring practices to staff up Electric Operations to ensure that vacancies are appropriately filled in timely manner.
3. Increase staffing levels of critical craft resources in Electric Operations. Increasing staffing levels will require several years due to the lengthy progression for Aerial Line Mechanics (42 months). Training of new electric mechanics was also negatively impacted by pandemic with several scheduled classes needing to be canceled. The ratio of first-class ALMs to apprentices will be monitored to ensure adequate field expertise for safety and training purposes.
4. Continue to execute PECO's Electric LTIP program to replace aged infrastructure and increase resiliency of system. As the system is hardened, we would expect to see decrease in equipment failures that drive significant OT. Examples include URD cable replacement and pole replacement.
5. Continue to assess the current allocation of resources between the Electric Operations organizations (C&M and DSO) to determine if a resource shift is needed to normalize workload.

6. Continue to review and adjust current shift coverage analysis within Electric Operations to determine if resources are needed to be allocated to different work schedules for OT reduction.
7. Establish key performance metrics focused on OT hours worked to replace and or supplement OT budget spend metrics.

PECO's analysis indicates that injuries are not correlated to OT hours; however, we will continue to monitor both mental and physical fatigue and ensure safe working procedures are followed.

Individual Responsible

Nicole Levine, VP Electric Operations

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

New Individual Responsible

Jennifer Hanna, VP Electric Operations

1. PECO will continue to outsource non-core work activities including:
 - a. Worksite flagging
 - b. Secondary fault locate and repair work
 - c. Paving and restoration
 - d. Partial outsourcing of construction
 - e. Electric & Gas PA One calls
 - f. Partial outsourcing of streetlights

Additionally, PECO has outsourced clearance writing and contractor switching since the last audit. PECO will continue to evaluate other outsourcing opportunities.

2. Electric operations continues to increase staffing levels and identify opportunities to recover from the negative impacts of the pandemic, specifically the inability to hold new hire schools for apprentice training. The following schools have been held since the last report:
 - a. 1 Aerial line school, 27 new employees in progression
 - b. 2 Underground schools, 19 new employees in progression
 - c. 1 Energy Technician school, 9 new employees

PECO's hiring efforts include a comprehensive workforce development strategy to attract, recruit and retain talent from underrepresented communities to the energy industry and, more specifically, the trades. PECO's Helper Program is intended to serve as a feeder pool to its craft positions.

3. PECO will continue to execute the Electric LTIIP program to replace aged infrastructure and increase resiliency of the system.
4. The DSO continues to monitor and fulfill openings in the emergency response department with fully qualified first-class ALMs to maintain the safe proper operation of the system.

DSO will continue to review resources and request regional support when needed or necessary.

5. PECO has developed an overtime hours key performance indicator by department which will be reviewed on a monthly basis.

Status

Completed

**PECO Energy Company
Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation VII-2

Improve SAIDI and CAIDI to at or below the PUC Benchmarks.

Response

Accepted

Action

Continue to implement the PUC LTIP plan to replace aged infrastructure and enhance breakdown capabilities. As the system continues to be storm hardened, we would expect to see a decrease in equipment failures as outlined in the PUC LTIP plan. Examples include replacement of URD cables and aerial equipment.

Individual Responsible

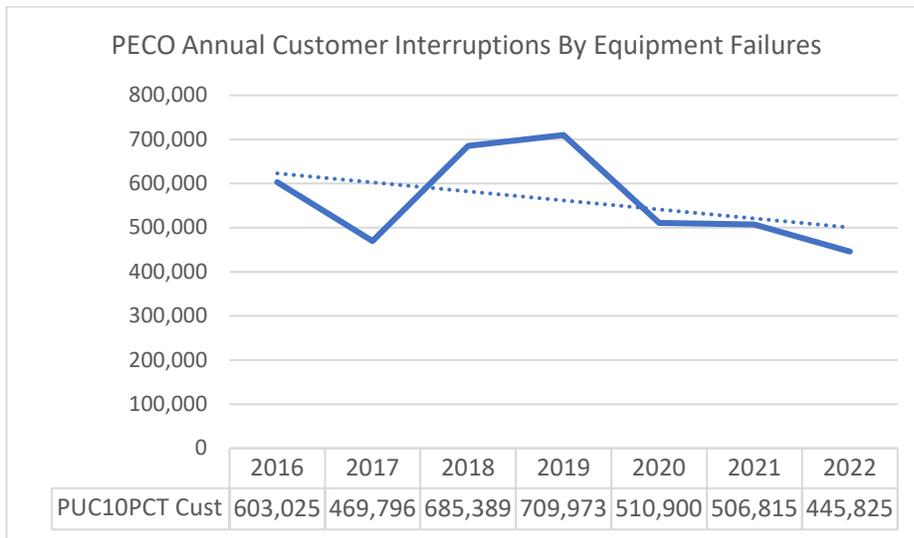
Brian Crowe, VP Technical Services

Expected Completion Date

December 31, 2025

Progress Update for September 1, 2023

The chart below is PECO's annual customer interruption trend by equipment failures since 2016. It has been trending down. PECO expects to improve CAIDI and SAIDI as the Company progresses through the PUC LTIP plan.

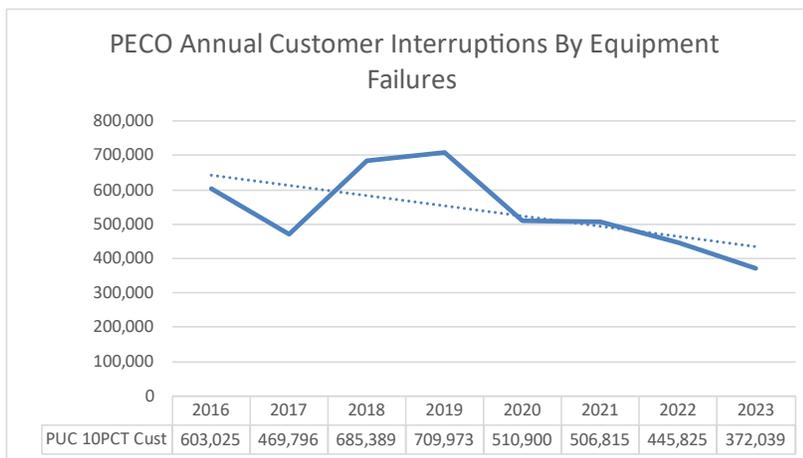


As demonstrated in the recently approved Annual Asset Optimization Plan (AAOP), filed February 28, 2023, PECO continues to execute the plan outlined in the PUC LTIP plan. The Company replaced aging infrastructure and enhanced breakdown capabilities in various programs. For example, PECO completed ten projects in LTIP CEMI Areas and three projects in Targeted Circuits programs. Additionally, PECO replaced 150.3 miles of URD cable under the LTIP URD Cable Replacement Program.

The expected completion date of the action(s) for this recommendation has not changed.

Progress Update for September 1, 2024

The chart below is PECO’s annual customer interruption trend by equipment failures since 2016. It has been trending down. PECO expects to improve CAIDI and SAIDI as the Company progresses through the PUC LTIP plan.



As demonstrated in the recently approved Annual Asset Optimization Plan (AAOP), filed February 29, 2024, PECO continues to execute the plan outlined in the PUC LTIP plan. The Company replaced aging infrastructure and enhanced breakdown capabilities in various programs. For example, PECO completed ten projects in LTIP CEMI Areas and three

projects in Targeted Circuits programs. Additionally, PECO replaced 155.9 miles of URD cable under the LTIP URD Cable Replacement Program in 2023. Through June 2024, PECO has completed two CEMI Areas and three CEMI Targeted Circuits LTIP projects, two AIR Areas projects, replaced 4,028 assets within AIR Targeted Assets, 54.6 miles of URD and 6.6 miles of Mainstem LTIP cable replaced.

The expected completion date of the action(s) for this recommendation has not changed.

Status

Open

**PECO Energy Company
Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation VII-3

Reduce the number of customers experiencing multiple interruptions and strive to have zero CEMI 10+.

Response

Accepted

Action

PECO will evaluate any customer that experiences ten or more sustained interruptions in a given year. PECO will also continue to implement the current PUC LTIIIP plan to address CEMI customers through CEMI Areas and CEMI Targeted Circuits. This will mitigate further customers from being added to the CEMI population. Lastly, PECO will continue to utilize CEMI as a selection factor for PECO's worst performing circuits program.

Individual Responsible

Brian Crowe, VP Technical Services

Expected Completion Date

December 31, 2025

Progress Update for September 1, 2023

PECO evaluated the identified customers who experienced ten or more sustained interruptions in 2022. In 2022, there were 159 CEMI-10 customers spread across 12 circuits. All 2022 customers have planned projects. PECO will continue this process going forward for any customers who experience ten or more sustained interruptions in the given year.

As demonstrated in the recently approved Annual Asset Optimization Plan (AAOP), filed February 28, 2023, PECO continues to execute the plan outlined in the PUC LTIIIP plan. The Company replaced aging infrastructure and enhanced breakdown capabilities in various programs. For example, PECO completed ten projects in LTIIIP CEMI Areas and three projects in Targeted Circuits programs.

Lastly, PECO continued to utilize CEMI as a selection factor for PECO's worst performing circuits program. As demonstrated in PECO's 2022 Annual Electric Reliability Report (PUC Docket No. M-2016-2522508, PECO continues to review and analyze the worst performing 5% circuits of the system.

The expected completion date of the action(s) for this recommendation has not changed.

Progress Update for September 1, 2024

PECO evaluated the identified customers who experienced ten or more sustained interruptions in 2023. In 2023, there were 816 CEMI-10 customers spread across 14 circuits. All 2023 customers have planned projects. PECO will continue this process going forward for any customers who experience ten or more sustained interruptions in the given year. Through June 2024, 19 customers were CEMI-10 on 1 circuit, which is being walked down in the field and assessed for solutions.

As demonstrated in the recently approved Annual Asset Optimization Plan (AAOP), filed February 29, 2024, PECO continues to execute the plan outlined in the PUC LTIIP plan. The Company replaced aging infrastructure and enhanced breakdown capabilities in various programs. For example, PECO completed ten projects in LTIIP CEMI Areas and three projects in Targeted Circuits programs. Through June 2024, PECO has completed two CEMI Areas and three CEMI Targeted Circuits LTIIP projects.

Lastly, PECO continued to utilize CEMI as a selection factor for PECO's worst performing circuits program. As demonstrated in PECO's 2023 Annual Electric Reliability Report (PUC Docket No. M-2016-2522508), PECO continues to review and analyze the worst performing 5% circuits of the system.

The expected completion date of the action(s) for this recommendation has not changed.

Status

Open

**PECO Energy Company
Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation VII-4

Reduce outages caused by broken/uprooted vegetation to the 2015-2018 average levels.

Response

Partially Accepted

Reasoning

PECO accepts the recommendation to reduce outages caused by broken/uprooted vegetation. PECO, however, does not accept the recommendation's target of 2015-2018 average levels. This range is not reflective of the improved outage coding accuracy which has been implemented over the past few years to reduce the number of outages with an "Unknown" cause code and subsequently resulted in an increased amount of "Vegetation" related outages. Additionally, the extensive prevalence of deteriorated Ash trees due to the destructive Emerald Ash Borer in the PECO service territory will have a significant impact over the next several years.

Action

PECO is committed to reducing the amount of broken and uprooted vegetation outages through several programs, projects and initiatives including: the Distribution Preventative Maintenance cycle, Aggressive Canopy Management initiative, Worst Performing Vegetation Section program, hazard tree removals, Emerald Ash Borer mitigation initiative and enhanced vegetation clearance associated with other capital distribution projects.

Individual Responsible

Brian Crowe, VP Technical Services

Expected Completion Date

December 31, 2025

Progress Update for September 1, 2023

PECO is committed to reducing the amount of broken and uprooted vegetation outages in its service territory by successfully implementing the above programs,

projects, and initiatives. PECO is in the final year of reducing the Distribution Preventative Maintenance cycle from a five-year to a four-year trim cycle. The scope of the four-year Distribution Preventative Maintenance includes Aggressive Canopy Management on a number of circuit sections each year. There is a continued focus on Emerald Ash Borer mitigation using dedicated funding and by leveraging other programs including Hazard Tree Removals and capital projects. Ash tree failures continue to be a significant driver of vegetation related events due to the prevalence of the Emerald Ash Borer infestation. In addition, there is significant ongoing capital work on the Worst Performing Veg Sections (WPVS) each year. Furthermore, PECO continues to leverage additional trimming opportunities in conjunction with other capital distribution projects. Concurrently, PECO is evaluating a Blue-Sky Strategy Proposal for more aggressive vegetation clearance standards.

The expected completion date of the action(s) for this recommendation has not changed.

Progress Update for September 1, 2024

PECO is committed to reducing the amount of broken and uprooted vegetation outages in its service territory by successfully implementing the above programs, projects, and initiatives. The scope of the Distribution Preventative Maintenance program includes Aggressive Canopy Management on a number of circuit sections each year. There is a continued focus on Emerald Ash Borer mitigation using dedicated funding and by leveraging other programs including Hazard Tree Removals and capital projects. Ash tree failures continue to be a significant driver of vegetation related events due to the prevalence of the Emerald Ash Borer infestation. PECO continues to leverage additional trimming opportunities in conjunction with capital distribution projects, including the Worst Performing Veg Sections program, each year. In addition, PECO has implemented additional programs to address customers experiencing multiple interruptions in repeat years. Concurrently, PECO continues to assess the feasibility of implementing a Blue-Sky Strategy Proposal for more aggressive vegetation clearance standards.

The expected completion date of the action(s) for this recommendation has not changed.

Status

Open

**PECO Energy Company
Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation VII-5

Reduce interruptions caused by equipment failures.

Response

Accepted

Action

PECO will continue to proactively replace additional targeted switchgear in 2021 pursuant to the current LTIP. While switchgear-related failures do not currently have a major impact on PECO's overall reliability metrics, the high customer impact that such failures may create warrants proactively addressing the condition issues of deterioration and obsolete switchgear. Additionally, the replacement of associated equipment and the addition of remote control and visibility can improve reliability.

PECO will continue accelerated retirement of unit substations containing obsolete equipment that is difficult or costly to replace and are experiencing an increasing rate of failure with high customer impact. PECO will also continue to upgrade the portion of the distribution system down-stream from the substation to operate at a higher voltage level. These upgrades to the distribution facilities supplied by the units to the operating voltage of the surrounding higher voltage feeders increases operating flexibility by providing additional load-transfer options. This improves the ability to respond to outages, particularly major storms, by providing alternate sources and paths that can be used to reroute power to customers who were interrupted for any reason or to perform routine maintenance. Additionally, voltage up-rating will also increase the ability of those feeders to handle the interconnection of additional customer-owned solar facilities.

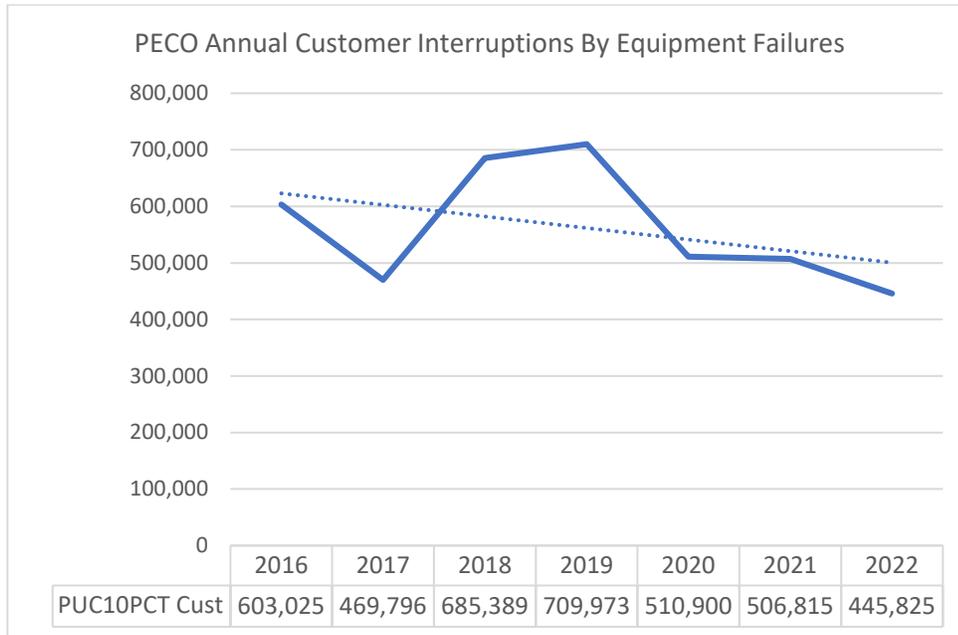
PECO will continue to replace aerial and underground equipment through other programs highlighted in the current LTIP such as Aerial Infrastructure Resiliency programs, Main Stem Cable Replacement Program, and Underground Residential Development (URD) Replacement Program. Under the aerial programs, PECO will replace aging infrastructure with equipment that is designed to withstand wind and ice loading consistent with the Grade B construction guidelines defined by the National Electric Safety Code. Equipment will be replaced with newer or more technically sophisticated models made of the most up-to-date materials. The strength of the new installations will improve reliability in normal weather conditions and provide enhanced resistance to storm-related damage.

Individual Responsible

Brian Crowe, VP Technical Services

Expected Completion Date

Progress Update for September 1, 2023

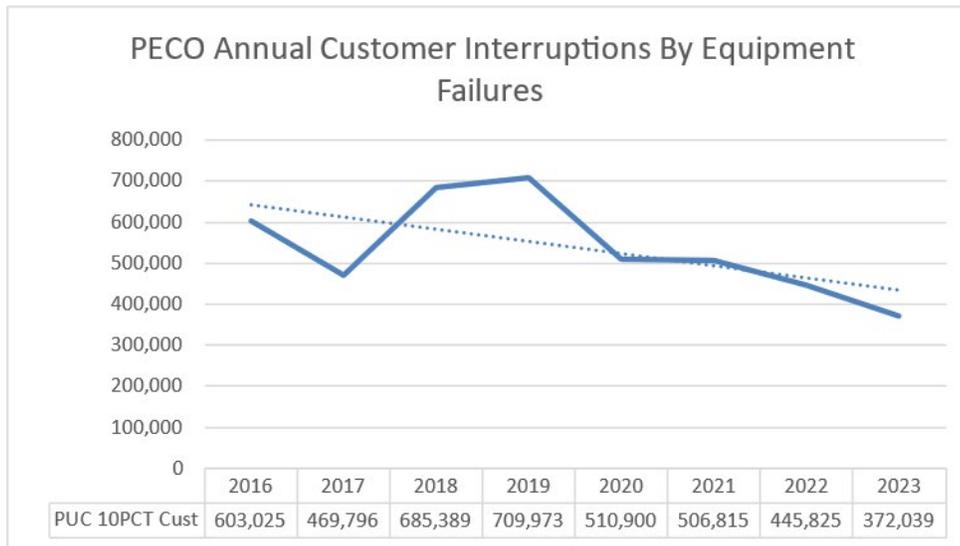


The above chart depicts PECO annual customer interruption trend by equipment failures since 2016. It has been trending down.

As demonstrated in the recently approved Annual Asset Optimization Plan (AAOP), filed February 28, 2023, PECO continues to execute the plan outlined in the PUC LTIIIP plan. In 2022, PECO finished the engineering and design for the LTIIIP switchgear and procured material. Additionally, PECO retired 14 unit substations in 2022, which exceeded the LTIIIP plan. Lastly, PECO continued to replace aerial and underground equipment through the LTIIIP Aerial Infrastructure Resiliency programs, Main Stem Cable Replacement Program, and Underground Residential Development (URD) Replacement Program. In 2022, PECO completed two Aerial Infrastructure Resiliency Areas projects and replaced 12,952 assets under the Aerial Infrastructure Resiliency Targeted Assets program. This includes poles, overhead conductors, cross-arms, insulators, connectors, switches, and cutouts. PECO also replaced 38.6 miles of mainstem cable and 150.3 miles of URD cable.

The expected completion date of the action(s) for this recommendation has not changed.

Progress Update for September 1, 2024



The above chart depicts PECO annual customer interruption trend by equipment failures since 2016. It has been trending down.

As demonstrated in the recently approved Annual Asset Optimization Plan (AAOP), filed February 29, 2024, PECO continues to execute the plan outlined in the PUC LTIP plan. In 2023, PECO began construction for the LTIP switchgear and plan to complete construction in 2024. Additionally, PECO retired 9-unit substations in 2023. Lastly, PECO continued to replace aerial and underground equipment through the LTIP Aerial Infrastructure Resiliency programs, Main Stem Cable Replacement Program, and Underground Residential Development (URD) Replacement Program. In 2023, PECO completed five Aerial Infrastructure Resiliency Areas projects and replaced 7,108 assets under the Aerial Infrastructure Resiliency Targeted Assets program. This includes poles, overhead conductors, cross-arms, insulators, connectors, switches, and cutouts. PECO also replaced 155.9 miles of URD cable and 11.8 miles of mainstem cable. PECO fell under the 2023 target of 38 miles of Main Stem Cable replacement due to supply delays and remains projected under the target of 38 miles in 2024 too. Through June 2024 PECO has completed two AIR Areas projects, replaced 4,028 assets within AIR Targeted Assets, as well as 54.6 miles of URD and 6.6 miles of Mainstem LTIP cable replaced.

The expected completion date of the action(s) for this recommendation has not changed.

Status

Open

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation VIII-1

Reduce company-at-fault hits on gas infrastructure.

Response

Accepted

Action

PECO is currently implementing the following initiatives for damage prevention:

1. Implementation of Urbint Lens risk score technology.
2. Continued use of Vacuum Excavation Crews and inline camera, targeting High Profile/Problem Locates.
3. Continued Quality Field Audits performed by Senior Contract Coordinators (SCCs) on USIC locates.
4. Continued Quality Control audits of submission of As-Builts and Gas Facility Records.
5. Continued Quality Field Audits of newly constructed mains/services verifying tracer wire, marker ball placement, and record accuracy.

Individual Responsible

Patrick Dunham, Manager of Damage Prevention

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

1. PECO has implemented Urbint technology that provides ticket management and risk assessment model. Damage prevention inspector has been utilized since January 2023.
2. PECO has 5 trucks – 4 vac trucks and 1 with a camera crew with plans to add another by the end of Q3 2023.

2022 statistics:

	Number of Jobs	Feet of Main	Services
Vac Truck	1340	73,325	Feet of services: 50,169
Camera	191	60,337	Number of Services: 1,933

2023 YTD status:

	Number of Jobs	Feet of Main	Services
Vac Truck	578	25,271	Feet of services: 21,223
Camera	74	22,198	Number of Services: 657

- Audits of USIC locations continue to be performed by Senior Contract Coordinators (SCCs).

2022 statistics:

Visits	Observations	Failed Audits	Total Failure Average
1,161	17,487	1,501	8.58%

2023 YTD status:

Visits	Observations	Failed Audits	Total Failure Average
163	2,426	391	16.2%

- The Quality Control audit of As-Built and Gas Facility Records will continue.

2022 statistics:

New Business	BSSR	AGIMP	Total Quality Control Audits
4,606	5,223	4,078	13,907

2023 YTD status:

New Business	BSSR	AGIMP	Total Quality Control Audits
3,048	126	1,160	4,334

The average time for completion is 5 days.

- PECO ensures tracer wire and marker ball installations are compliant with standards and are locatable by performing a field audit and verification.

During audits, failures are referred to the contractors to be corrected and verification is requested. PECO confirms COC updates.

2022 statistics:

COC Visits	Defects	Tracer wire, marker ball, and records failure average
585	102	3.92%

2023 YTD status:

COC Visits	Defects	Tracer wire, marker ball, and records failure average
196	99	7.07%

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation VIII-2

Study and then identify ways to reduce plastic pipe main and service damages with a focus on line hits.

Response

Accepted

Action

PECO is currently implementing the following initiatives for damage prevention:

1. Implementation of Urbint Lens risk score technology.
2. Continued use of Vacuum Excavation Crews and inline camera, targeting High Profile/Problem Locates.
3. Continued Quality Field Audits performed by Senior Contract Coordinators (SCCs) on USIC locates.
4. Continued Quality Control audits of submission of As-Builts and Gas Facility Records.
5. Continued Quality Field Audits of newly constructed mains/services verifying tracer wire, marker ball placement, and record accuracy.

Individual Responsible

Alan Yun, Manager of Damage Prevention

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

1. PECO has implemented Urbint technology that provides ticket management and risk assessment model. Damage prevention inspector has been utilized since January 2023.
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2022 statistics:

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2022 statistics:

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2022 statistics:

New Business	BSSR	AGIMP	Total Quality Control Audits
4,606	5,223	4,078	13,907

2023 YTD status:

New Business	BSSR	AGIMP	Total Quality Control Audits
3,048	126	1,160	4,334

The average time for completion is 5 days

5. Ensure tracer wire and marker ball installations are compliant with standards and are locatable by performing a field audit and verification.

During audits, failures are referred to the contractors to be corrected and verification is requested. PECO confirms COC updates.

2022 statistics:

COC Visits	Defects	Tracer wire, marker ball, and records failure average
585	102	3.92%

2023 YTD status:

COC Visits	Defects	Tracer wire, marker ball, and records failure average
196	99	7.07%

Status

Completed

PECO Energy Company
Stratified Management and Operations Audit

2024 Annual Progress Report to the Implementation Plan

Recommendation VIII-3

Reduce Gas Operations staff overtime 15% overtime hours per normal hours worked or less.

Response

Partially Accepted

Reasoning

PECO agrees that the use of overtime should continue to be analyzed for potential reductions; however, PECO does not accept the recommendation that overtime should be reduced to 15% of normal hours worked.

Overtime analysis needs to be segmented by event and non-event categories due to the importance of overtime in company operations. This distinction is not reflected in the recommendation as written. That, along with the value of overtime hours worked, must be taken into account when considering any reduction in overtime. PECO agrees it is a good business practice to continue to analyze and identify opportunities to reduce overtime, but within the context of these additional, necessary considerations.

Event Overtime: Overtime related to gas events is dependent on the type and severity of events in PECO's territory and, in general, is non-controllable. It is a core responsibility and commitment of PECO employees to meet our customers' expectations to restore service as quickly and safely as possible which can require the efforts of many employees working significant additional hours in a specific time window. Customers expect fewer and shorter service interruptions and have less tolerance for extended outages. Gas event overtime is typically related to a gas system event, although the Gas organization supports storm events as well.

PECO agrees use of event overtime should continue to be monitored and challenged. However, it should be assessed separately from all company overtime and not subject to a specific target.

Non-Event Overtime: PECO maintains that its non-event overtime hours average for all company departments combined is reasonable and warranted. Similar to event overtime, PECO agrees it should continue to analyze and challenge the use of non-event overtime for all departments. PECO has an aggressive staffing strategy to help reduce overtime

but will require time to overcome the impact of pandemic delays on training and the multi-year progression timeline for new craft employees.

When analyzing and identifying opportunities for overtime reduction, the value of the overtime hours must be considered. Overtime is often necessary to meet various infrastructure program commitments (LTIIP and AGIMP) and the future benefit those programs will provide (e.g., reduction of future customer calls or system issues) must be considered. Additionally, there is great value in overtime that is necessary to operate safely and to improve reliability for customers. Further, to reduce overtime hours in the short run, contractors would be needed at rates equal or above PECO's overtime rate which would increase costs and not produce savings.

PECO's non-event overtime hours average is 14.4% of worked hours for all departments combined. Although this is a reasonable percentage, PECO agrees it should continue to analyze and challenge the use of non-event overtime and look for opportunities to reduce it.

Action

Gas Operations will evaluate several alternatives and implement follow up actions to improve overtime (OT) performance.

1. Continue to outsource certain non-core work activities that have been previously insourced since the last audit. Examples of work activities currently outsourced include worksite flagging, paving and restoration. Continue to evaluate other outsourcing opportunities through the audit study timeframe.
2. Assess vacancy rates within the Gas Operations organization through the audit study timeframe to assess impact of open positions on overall OT rate. Continue to pursue aggressive hiring practices to staff up Gas Operations to ensure that vacancies are appropriately filled in timely manner.
3. Increase staffing levels of critical craft resources in Gas Operations. Increasing staffing levels will require several years due to the lengthy progression for Gas Mechanics (36 months). Training of new gas mechanics was also negatively impacted by pandemic with several scheduled classes needing to be canceled.
4. Continue to execute PECO's Gas LTIIP program to replace aged infrastructure and increase resiliency of system. As the outmoded main system is replaced, we would expect to see a decrease in leaks and pressure problems that drive significant OT.
5. Continue to assess the current allocation of resources across the Gas Operations organization to determine if a resource shift is needed to normalize workload.
6. Continue to review and adjust current shift coverage analysis within Gas Operations to determine if resources are needed to be allocated to different work schedules for OT reduction.
7. Establish key performance metrics focused on OT hours worked to replace and or supplement OT budget spend metrics.
8. Enhance our damage prevention program to reduce damages and the OT required to respond and investigate.

9. Complete the program to replace all bare steel services on the gas system, which has been a primary cause of emergent leak repair that drives OT.
10. Initiate the Low Pressure Elimination program, which targets the replacement of all non-outmoded low-pressure with elevated pressure main to mitigate water intrusion and powder blockages, which are major drivers for storm-related OT.

PECO's analysis indicates that injuries are not correlated to OT hours; however, we will continue to monitor both mental and physical fatigue and ensure safe working procedures are followed.

Individual Responsible

Amy Hamilton, VP Gas Operations

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

1. PECO will continue to outsource non-core work activities including:
 - a. Worksite flagging
 - b. Secondary fault locate and repair work
 - c. Paving and restoration
 - d. Partial outsourcing of Construction
 - e. Electric & Gas PA One calls
 - f. Partial outsourcing of streetlights

Additionally, PECO has outsourced clearance writing and contractor switching since the last audit. PECO will continue to evaluate other outsourcing opportunities.

2. Gas operations continues to increase staffing levels and identify opportunities to recover from the negative impacts of the pandemic, specifically the inability hold new hire schools for apprentice training. The following schools have been held since the last report:

- a. 3 Gas schools, 62 new employees in progression

PECO's hiring efforts include a comprehensive workforce development strategy to attract, recruit and retain talent from underrepresented communities to the energy industry and more specifically, the trades. PECO's helper program is intended to serve as a feeder pool to its craft positions.

3. PECO will continue to execute the Gas LTIP program to replace aged infrastructure and increase resiliency of the system. Gas odor calls have declined over the last two years.
4. Gas evaluates the allocation of resources and shift coverage annually and adjusts as needed based on the analysis.
5. PECO has developed an overtime hours key performance indicator by department which will be reviewed on a monthly basis.

6. PECO is piloting a new AI system Urbindt to identify high risk excavators to proactively address potential for damage.
7. PECO Gas has less than 8 BSSR on the system. The program will be complete at the end of 2023.
8. In 2023 PECO initiated its low-pressure elimination program, which was created with the intent to replace low-pressure distribution systems with higher-pressure distribution systems. PECO has committed to retire all low-pressure systems by 2035.

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation VIII-4

Accelerate the rate of GPS location for key gas infrastructure.

Response

Accepted

Action

PECO is actively investigating methods to accelerate its Gas Mapping Program and is on track to complete the scope of work prior to the 20-year end date.

Status as of July 2022 is as follows:

- Percentage of main completed: 26.5% (2,514 out of 9,473)
- Percentage of services completed: 19% (27,500 out of 145,000)

Individual Responsible

David Bucholtz, Manager, Gas Data Analytics

Expected Completion Date

Q2 2026

Progress Update for September 1, 2023

PECO remains committed to accelerating its Gas Mapping Program and is on track to complete the scope of work prior to the 20-year effective date.

Status as of June 2023 is as follows:

- Percentage of main completed: 31.5% (2,981 out of 9,473)
- Percentage of services completed: 20.7% (30,037 out of 145,000)

The expected completion date of the action(s) for this recommendation has not changed.

Progress Update for September 1, 2024

As noted in the Joint Petition for Settlement of PECO's 2022 Gas Distribution Rate Case, PECO

remains committed to accelerating the completion of its Gas Mapping Program to 12/31/2032 from its original completion date of 12/31/2037 and is on track to complete the scope of work prior to the 20-year effective date.

Status as of June 2024 is as follows:

- Percentage of main completed: 37.3% (3,534 out of 9,473)
- Percentage of services completed: 22.1% (32,058 out of 145,000)

The expected completion date of the action(s) for this recommendation has not changed.

Status

Open

PECO Energy Company
Stratified Management and Operations Audit

2024 Annual Progress Report to the Implementation Plan

Recommendation IX-1

Correct minor deficiencies in physical security.

Response

Accepted

Action

Two minor issues were identified at a service building – a section of barbed wire on fence to be replaced and minor erosion issue under a section of fence in the rear perimeter to be corrected.

One priority issue was identified at a gas asset – unsecured card reader door.

PECO continues to identify and address any deficiencies on an ongoing basis. PECO RE&F conducts monthly building and grounds inspections of PECO assets. Additionally, PECO Transmission & Substations (T&S) personnel conduct inspections every five weeks at electric assets, and PECO Gas personnel conduct inspections monthly at gas assets.

Individual Responsible

Tom Marshall, Sr. Manager, PECO Security
Alicia Glenn, Physical Security Specialist, PECO Security

Expected Completion Date

Two minor issues:

1. Barbed wire replaced – Completed May 10, 2022
2. Erosion issue – Completed June 23, 2022

One priority issue:

1. Door Adjusted/Secured and card reader functioning – Completed November 3, 2021.

Actions Taken

Two minor issues – service tickets were submitted via PECO Real Estate & Facilities (RE&F) Maximo work order system for completion.

One priority issue – service ticket was submitted via Exelon JIRA security work order system for completion.

Progress Update for September 1, 2023

PECO continues to identify and address any deficiencies on an ongoing basis.

Status

Completed

PECO Energy Company
Stratified Management and Operations Audit

2024 Annual Progress Report to the Implementation Plan

Recommendation IX-2

Ensure that all fire extinguishers and first aid kits are being inspected and tagged monthly.

Response

Accepted

Action

Two fire extinguishers located in Security Data Enclosures were identified without inspection stickers (North Wales Substation and Bradford Substation).

All other fire extinguishers at PECO locations are inspected monthly under the PECO Computerized Maintenance Management System also called “Maximo.” Each month a preventative maintenance building and grounds inspection work order is automatically generated in the system for every location. Once the work order is issued electronically, supervision assigns a mechanic to perform the required tasks. Supervision tracks the assigned work orders for monthly completion in the system.

First Aid Kits - First Aid Kits are the responsibility of the departments across PECO that use them. They are ordered and kept up to date by these user groups. In addition, during our annual compliance self-audits, PECO Safety inspects the first aid kits for outdated or missing items and works with the user groups to replace them.

Individual Responsible

Tom Marshall & Alicia Glenn, PECO Security (Fire Extinguishers in Security Data Enclosures)
Ben Henry, PECO Safety (First Aid Kits)

Expected Completion Date

Fire Extinguishers – February 7, 2022, and February 10, 2022
First Aid Kits – March 28, 2022

Actions Taken

Fire Extinguishers - PECO Security contacted PECO Real Estate & Facilities (RE&F) to schedule and maintain fire extinguisher inspections of newly installed fire extinguishers located within the Security Data Enclosures. Inspections were completed on February 7, 2022, and February 10, 2022.

First Aid Kits - Upon the post-COVID return to the office in March, PECO Safety issued a Safety Alert reminding all departments across PECO to inspect and update their First Aid Kits and included instructions on how to reorder any missing or outdated items. Safety Alert SA-22-17

was sent out to all employees on March 28, 2022, with instructions on maintaining First Aid Kits and replacing missing and out-of-date items.

Progress Update for September 1, 2023

All fire extinguishers and first aid kits are being inspected and tagged monthly.

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation IX-3

Add an update and accountability section to the Safety Rulebook, move the table of contents closer to the beginning, and add chapter tabs or margin labels to encourage ease of navigation.

Response

Accepted

Action

Page 1 of the PECO Safety Rule Book is titled “PECO’s Commitment to Safety”. This section includes the accountability of Management and all PECO Employees for ensuring a safe work environment, including a personal commitment to safety. No further action needed.

The Table of Contents has been moved to Page 2 of the PECO Safety Rule Book.

PECO has moved to an all-electronic Safety Rule Book and is currently developing a Safety App with a user friendly search function to access any section of the PECO Safety Rule Book. In addition, the PECO Safety Rule Book is on the PECO Safety SharePoint site, and the same search function currently exists there.

Individual Responsible

Benjamin Henry, Sr. Manager Safety and Human Performance

Expected Completion Date

Table of Contents: July 15, 2022

Safety App Update: September 15, 2022

Actions Taken

The Table of Contents has been moved to Page 2 as of July 15, 2022.

Progress Update for September 1, 2023

As noted in the Action section, page 1 of the PECO Safety Rule Book includes the accountability of Management and all PECO Employees for ensuring a safe work environment, including a personal commitment to safety. The Table of Contents has been moved to Page 2 of the PECO Safety Rule Book and the Safety App has been updated as of September of 2022.

New Individual Responsible

Roy Pappan, Sr. Manager Safety and Human Performance

Status

Completed

PECO Energy Company
Stratified Management and Operations Audit

2024 Annual Progress Report to the Implementation Plan

Recommendation – IX-4

Develop a lifecycle tracking and replacement program for security equipment.

Response

Accepted

Action

PECO Security will develop a lifecycle tracking and replacement program for security equipment.

Individual Responsible

Tom Marshall, Sr. Manager, PECO Security
Alicia Glenn, Physical Security Specialist, PECO Security

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

PECO Security, in collaboration with the Exelon OPCO Security Teams, formed a Lifecycle Planning working group, to assist with the development of a lifecycle tracking and replacement program for security equipment. In an effort to align the program across all of Exelon's Operating Companies, the working group has identified: the types of equipment to be tracked, end of life standards, equipment replacement cost estimates and an application to track the program. To benchmark applications already in use, PECO Security evaluated life cycle tracking applications used by PECO Transmission & Substations, Corporate Security and Real Estate and Facilities.

Next steps include developing an implementation process and timeline, leadership approval, current inventory assessment and building out the tracking application.

The expected completion date of the action(s) for this recommendation has not changed.

Progress Update for September 1, 2024

Exelon Corporate Security and PECO Security teams identified security equipment and timeline to be included in the life cycle program. Teams met with vendor during multiple working sessions to discuss company expectations for tracking security life cycle equipment.

Vendor/developer presented a demonstration to Exelon Corporate Security and PECO Security in July 2024. Feedback and recommendations will be provided as we proceed to implement by year-end 2024.

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation XI-1

Continue outreach efforts to engage payment troubled customers, leverage pandemic and low-income resources to help reduce the overall level of outstanding customer balances.

Response

Accepted

Action

PECO is currently implementing the following efforts to engage payment troubled customers and to leverage pandemic and low-income resources:

- 1) Continue through the pandemic outreach efforts to engage payment troubled customers.
- 2) Continue receiving and processing ERAP funding to customers' past due balances.
- 3) Apply available grants to small commercial and industrial customer accounts.
- 4) Converting \$3.7M of unspent LIURP funding to a grant program administered through PECO's MEAF.
- 5) Implement new Percent of Income Program as part of PECO's Universal Service and Energy Conservation Plan.
- 6) Continue outreach to LMI customers in make them aware of program eligibility.

Individual Responsible

Kelly Colarelli, VP Customer Operations

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

- 1) PECO has a comprehensive, complimentary suite of assistance programs for both LMI (Low-to-Moderate Income), customers as well as non-LMI customers who are payment troubled. We conduct hundreds of outreach events each year to ensure customers are aware of our programs. Outreach events include both in-person and virtual channels to

both end-use customers, as well as, social service agencies that support those customers. Other efforts include emails, social media, Out-Of-Home (OOH) advertising and U.S. mail.

- 2) In 2022, PECO processed \$8.3M of ERAP funding for customers. Through June 2023, PECO processed an additional \$1.5M of ERAP funding for customers. As of June 30, 2023, Philadelphia and Delaware Counties expended all available funds, and Bucks, Chester and Montgomery Counties are still accepting new ERAP applications.
- 3) The SCI Gas Grant II program provides for 900 Grants to be awarded to SCI (small business customers). As of July 7, 2023, 92 applicants have been awarded grants. PECO continues to conduct targeted outreach to those customers that meet the specified criteria. The outreach channels include direct mail, email marketing campaigns and partnering with external small business groups within the territory.
- 4) In September 2022, PECO disbursed the final unspent LIURP funding of \$3.62M to MEAF agencies in accordance with the PAPUC Commission's June 16, 2022, Order.
- 5) Program implemented in December 2022.
- 6) PECO conducts hundreds of outreach events throughout our service territory annually in LMI communities. Locations of outreach events are strategic and data driven. We use both Census and PECO customer data (zip codes, etc.), to determine where to conduct events (ad-hoc, at-request, cyclic, etc.). We also partner with dozens of social service agencies that support our LMI customers. We provide both digital and paper content to partners and customers. Content includes brochures, booklets, flyers, social media, etc. During outreach events, we also educate both customers and service providers alike on how to determine eligibility (i.e., how to read and interpret the Federal Poverty Level (FPL) chart).

The expected completion date of the action(s) for this recommendation has not changed.

Progress Update for September 1, 2024

- 1) PECO has a comprehensive, complimentary suite of assistance programs for both LMI (Low-to-Moderate Income), customers as well as non-LMI customers who are payment troubled. We conduct hundreds of outreach events each year to ensure customers are aware of our programs. Outreach events include both in-person and virtual channels to both end-use customers, as well as, social service agencies that support those customers. Other efforts include emails, social media, Out-Of-Home (OOH) advertising and U.S. mail. These efforts extend beyond COVID relief measures and are standard practice at PECO.
- 2) PECO had a full year 2023 expenditure of \$2.9 million for the ERAP. For 2024 through March, the expenditure is approximately \$165,000.
- 3) The SCI Gas Grant II program provides for 900 Grants to be awarded to SCI (small business customers). As of June 24, 2024, 131 applicants have been awarded grants.

PECO continues to conduct targeted outreach to those customers that meet the specified criteria. The outreach channels include direct mail, email marketing campaigns and partnering with external small business groups within the territory.

- 4) These funds were converted as recommended in this action.
- 5) As previously reported, the program was implemented in December 2022 and continues to be the current program.
- 6) PECO continues to conduct hundreds of outreach events throughout our service territory annually in LMI communities. Locations of outreach events are strategic and data driven. We use both Census and PECO customer data (zip codes, etc.), to determine where to conduct events (ad-hoc, at-request, cyclic, etc.). We also partner with dozens of social service agencies that support our LMI customers. We provide both digital and paper content to partners and customers. Content includes brochures, booklets, flyers, social media, etc. During outreach events, we also educate both customers and service providers alike on how to determine eligibility (i.e., how to read and interpret the Federal Poverty Level (FPL) chart).

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation XI-2

Refocus efforts on customer experiences to drive customer service satisfaction through active listening and first call resolution.

Response

Accepted

Action

PECO will continue to improve customer experience and call satisfaction by:

1. Identifying drivers of repeat calls and identify improvement plans.
2. Providing refresher training to personnel on frequent call types such as high bills and connect calls.
3. Defining and tracking first call resolution.
4. Reviewing Quality guidelines for CSR standards.
5. Driving improvements and using the CX Wrapper to facilitate transaction completion.
6. Reinforcing Soft Skills training to ensure our CSRs acknowledge the customer's issue and demonstrate empathy.
7. Continuing to invest in advancing our online functionality on PECO.com and our Mobile App to allow 24 X 7 self-service options.

Individual Responsible

Kelly Colarelli, VP Customer Operations
Nicolette Brown, Director Customer Care

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

The Care Center has incorporated the following commitments for improvement:

1. Call listening to recorded or live calls to identify repeat calls. The improvement plan includes updating job aids, sending out communications and posting reminders on the front page of Knowledge Center. Topics being shared in team huddles. In Q3 2023,

Procedure Flow will be introduced to the Call Center as a process flow to ensure consistency with call handling.

2. High Bill Refresher Training was conducted by East Customer Relations during Fall Training in Q4 2022. Also, seasonal training is required during Fall and Spring for Summer and Winter Readiness via the Learning Management System (LMS).
3. Call listening to recorded calls to help determine the root cause of the call and determine if there are any gaps in the process. Communication shared in huddles with CSRs and leadership to discuss the FCR performance.
4. Partnering with Multi Op-Cos, Q3 2023 to discuss the quality guideline updates. Leadership will identify where gaps exist and we will make sure updates are made to job aids, training materials, and process communications where necessary. Additionally, the Call Quality Evaluation form will be updated based on new guidelines.
5. Daily report shared with the Supervisors and Managers that allows the CSRs to be coached on their usage of the tool when they fall below the performance expectations of 95% or above.
6. Plans to reinstate the call review sessions in Q4 2023 with the CSRs. This allows the CSRs to hear their recorded calls in a controlled environment and gives them the opportunity to listen to each other's calls and provide constructive feedback.
7. Updated job aids to include and reinforce the CSRs to promote self-service option on every appropriate call.

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation XI-3

Complete implementation of the replacement CIS.

Response

Accepted

Action

Continue CC&B training and system implementation plan, which has been in progress for over a year. Highlights include:

- Continue efforts to ensure new system covers all necessary business requirements.
- With design and enable phases complete, commence Hardening Phase where we perform end-to-end testing to ensure accuracy of the IT code.
- Continue multiple rounds of testing prior to “Go Live” date.
- Continue initial awareness training and execute necessary further training depending on role.
- Continue with various business readiness tasks.

Individual Responsible

Kelly Colarelli, VP Customer Operations

Expected Completion Date

4th Quarter 2023

Progress Update for September 1, 2023

Continue CC&B training and deployment plan, which has been in progress for over a year. Highlights include:

- Ongoing training across business units based on job function.
- Robust phased approach to testing including operational and end- to- end testing.
- Continue various business readiness tasks across multiple workstreams in preparation for system cutover and deployment.

Progress Update for September 1, 2024

Implementation of CC&B was completed February 2024.

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation XI-4

Identify and address the root cause of CSR separations.

Response

Accepted

Action

Partner with Human Resources to define positive versus negative attrition and to redesign the process to gain insights to CSR separation.

Individual Responsible

Kelly Colarelli, VP Customer Operations
Nicolette Brown, Director Customer Care

Expected Completion Date

Q1 2023

Progress Update for September 1, 2023

This was achieved by:

- Defining attrition
 - Positive attrition = promotions, lateral moves, and retirements.
 - Negative attrition = resignations, deaths, and terminations.
- Gaining insights into CSR separation
 - Exit interviews conducted via MyHr.
- Opportunities
 - Conduct exit interviews with employees accepting positions in other departments/OpCos.
 - Consider as an option to send a survey outside of MyHr when separation is involuntary.

The Care Center CSR attrition remained flat in positive attrition and saw a 7% decrease in negative attrition from 2021 to 2022 due to:

- Promotions – career advancement and salary increase.
- Lateral moves – opportunity to develop new skills and gain experience to be prepared for career advancement.
- Resignations – probationary employees in training who decide the position is not a fit for them; employees who did not want to return to the office as their work location or found a job closer to their home, employee death.
- Terminations – due to violations of drug and alcohol policy, acceptable use of systems policy.
- Retirements – employees retired from the Care Center after decades of service.

	2021	2022
Promotions	14	20
Lateral Moves	15	9
Resignations	16	15
Terminations	11	10
Retirements	4	4
Total	60	57

The Exit Interview Process is:

- If it is an involuntary termination (death, violation of rule/policy, etc.) there is generally no Exit Interview set-up as there is not enough time (or system access needed) to complete the survey.
- If it is a voluntary termination (retirement, resignation, etc.) the system will send the employee a link and ask them to complete an Exit Interview.
- Employees open the link and complete the Exit Interview.
- HR generally sits down with employees in the second category (Voluntary terms) to meet with employees and discuss any findings that are notable.
- Exit Interview data is shared generally with Leadership at some point in the year. This is similar to the Talent/BTR process where strategies are discussed and action plans for any items that could be improved upon from an employee engagement perspective (similar to the Employee Survey) are solutioned.

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation XIV-1

Improve Safety Performance.

Response

Accepted

Action

PECO is currently implementing the following Safety Best Practices, along with our sister utilities at Exelon:

1. Soft Tissue Injuries and Ergonomics Reduction
2. Serious Injury and Fatality (SIF) Prevention and Learning Model
3. Setting a Distribution Pole/PPE Requirements
4. Overhead Transmission Line Grounding Practices
5. Cable Identification Methods Prior to Cutting
6. Leading Safety Indicators
7. Mobile Equipment Grounding
8. Safety Protocols and Standards for working around communication equipment
9. RVA/MVA Reduction Benchmarking Best Practices

PECO leaders at the E04, E05, and E06 levels have been assigned to these teams to lead implementation here. Quarterly meetings are held with Senior Leadership to track progress and ensure completion of the milestones related to these Safety Best Practices. All field organizations including field personnel up through Senior Leaders are being trained on The Safety Classification Learning Model, including the Energy Hazard Wheel (second item above). This type of Hazard Recognition for the field and development of leading safety indicators will have the biggest impact on improving safety performance at PECO.

Individual Responsible

Benjamin Henry, Sr. Manager Safety and Human Performance

Expected Completion Date

Q4 2022

Progress Update for September 1, 2023

- All 9 Safety Best Practices have completed their 2022 milestones and have been approved by Exelon's COO as of December 15, 2022.
- OSHA recordable performance significantly improved in 2022 with 29 events as of 12/21/22, compared to 39 at this time last year. All 29 OSHA recordables were low severity incidents. In addition, PECO achieved top decile performance in our Severity Rate for 2022.
- PECO has not experienced any high energy Serious Injuries or Fatalities (HSIFs) in 2022, and only one Low Energy Serious Injury (LSIF) occurred where an employee tore a tendon in their bicep while properly lifting a piece of equipment. This was ruled a Safety Incident – No Fault event since the employee was following proper procedures and the injury was likely due to previous non-work-related injury.

New Individual Responsible

Roy Pappan, Sr. Safety and Human Performance

Status

Completed

**PECO Energy Company
Stratified Management and Operations Audit**

2024 Annual Progress Report to the Implementation Plan

Recommendation XIV-2

Reduce the rate of all motor vehicle accidents.

Response

Accepted

Action

PECO is currently implementing RVA/MVA Reduction Benchmarking Safety Best Practices, along with our sister utilities at Exelon.

PECO also has two teams working on reducing RVAs and MVAs:

- Line Lead Safe Driving Team
- RVA/MVA Reduction Team

The Line Lead Safe Driving Team has a focus on reducing slow speed accidents when operators first get into their vehicles. The team completed a Circle for Safety and Proper Backing Techniques video this year with significant involvement from the field. The video went live in May 2022 and was rolled out to all PECO drivers in May/June 2022. The PECO RVA/MVA reduction team is working on building an in-house driving training program. This will focus on initial and reoccurring driving instruction, Smith Driving Training, CDL training, and Slow Speed Maneuvering.

Individual Responsible

Benjamin Henry, Sr. Manager Safety and Human Performance

Expected Completion Date

Q4 2023

Progress Update for September 1, 2023

The RVA/ MVA Reduction Team created an initiative to internally train our drivers in efforts to reduce MVA's and RVA's throughout the organization. As of June 2023, the RVA/ MVA Reduction Team has accomplished milestones in several areas. An Advisor counsel was created, which consists of members from Safety, Training, and the local 614, to build a well-rounded school that will give our employees the best possible training opportunity to be safer drivers. A PECO Site located in Oreland PA was repurposed to

be utilized as a driver training school facility which would consist of training trailers and driving training road courses. The site was paved in November of 2022 and trailers will be in place to use to accommodate trainers and students.

Trainers will be onboarded in 4th Quarter of 2023 and utilized to finalize the training curriculum for implementation. Training will be a 3 phased approach beginning with continuous training focused on Smith, then any remedial training for EE's involved in an RVA, finally licensing new drivers with their CDL. The PECO driving training school will create a culture of professionalism and safe driving excellence which will reduce vehicle accidents and the costs associated.

The expected completion date of the action(s) for this recommendation has not changed.

New Individual Responsible

Roy Pappan, Sr. Manager Safety and Human Performance

Progress Update for September 1, 2024

The grand opening and ribbon cutting for the PECO Driver Training School located at the former PECO Oreland Service Building took place on May 10, 2024.

The school was established to provide on-going driver training to PECO employees who drive company vehicles. The school and curriculum were developed in close partnership among Safety, Operations, 614 Union and Training. At the school, students will learn about the Smith Driving Principles, navigate a Slow Speed Driving Maneuvering Course with the vehicle they drive every day, and perform an on-road driving route utilizing the skills they just learned. The focus is to reinforce safe driving, preparing for their route, and understanding that driving is a key part of their job task for the day.

Status

Completed