



City of Philadelphia

LAW DEPARTMENT
One Parkway
1515 Arch Street
17th Floor
Philadelphia, PA 19102

September 12, 2024

Via Electronic Filing

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

Re: Pennsylvania Public Utility Commission
v. PECO Energy Company - Electric
Division
Docket No. R-2024-3046931, *et al*

Dear Secretary Chiavetta:

Attached for electronic filing please find the City of Philadelphia and Philadelphia Energy Authority's Statement in Support of Non-unanimous Settlement in the above-referenced proceeding. Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Laura J. Antinucci

Laura J. Antinucci
Deputy City Solicitor
City of Philadelphia Law Department
PA Attorney I.D. # 327217
E-Mail: laura.antinucci@phila.gov

Enclosures:

cc: Administrative Law Judge Marta Guhl (via email)
Administrative Law Judge Darlene Heep (via email)
Rosemary Chiavetta, Secretary (Letter and Certificate of Service only – via Electronic Filing)
Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2024-3046931, *et al.*
 :
 PECO Energy Company :
 - Electric Division :

CERTIFICATE OF SERVICE

I hereby certify that I have this 12th day of September 2024, served a true copy of the Statement in Support of Non-Unanimous Settlement of the City of Philadelphia and Philadelphia Energy Authority on the parties, listed below in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a party).

Served via Electronic Mail Only

Anthony E. Gay, Esq.
Jack R. Garfinkle, Esq.
Jennedy S. Johnson, Esq.
Caroline Choi, Esq.
PECO Energy Company
2301 Market Street Philadelphia, PA 19103
anthony.gay@exeloncorp.com
jack.garfinkle@exeloncorp.com
jennedy.johnson@exeloncorp.com
caroline.choi@exelocorp.com
(*Counsel for PECO Energy Co.*)

Kenneth M. Kulak, Esq.
Mark A. Lazaroff, Esq.
Brooke E. McGlinn, Esq.
Catherine G. Vasudevan, Esq.
Morgan Lewis & Bockius, LLP
2222 Market Street Philadelphia, PA 19103
ken.kulak@morganlewis.com
mark.lazaroff@morganlewis.com
brooke.mcglinn@morganlewis.com
catherine.vasudevan@morganlewis.com
(*Counsel for PECO Energy Co.*)

Sharon E. Webb, Esq.
Rebecca Lyttle, Esq.
Office of Small Business Advocate
Forum Place 555 Walnut Street, 1st Floor
Harrisburg, PA 17101
swebb@pa.gov
relyttle@pa.gov
(*Counsel for Office of Small Business Advocate*)

Erin L. Gannon, Esq.
Gina L. Miller, Esq.
Jacob D. Guthrie, Esq.
Barrett C. Sheridan, Esq.
Office of Consumer Advocate Forum Place
555 Walnut Street, 5th Floor
Harrisburg, PA 17101
egannon@paoca.org
gmiller@paoca.org
jguthrie@paoca.org
bsheridan@paoca.org
OCAELECPECO2024@paoca.org
(*Counsel for Office of Consumer Advocate*)

Carrie B. Wright, Esq.
Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Commonwealth Keystone Building
400 North Street Harrisburg, PA 17120
carwright@pa.gov
(Counsel for Bureau of Investigation and Enforcement)

Charles T. Joyce
Samuel E. Shopp
SPEAR WILDERMAN, P.C.
230 South Broad Street, Ste. 1650
Philadelphia, PA 19102
ctjoyce@spearwilderman.com
sshopp@spearwilderman.com
(Counsel for IBEW Local 614)

Nicholas J. Enoch
LUBIN & ENOCH, P.C.
349 North 4th Avenue Phoenix, Arizona
85003-1505
nick@lubinandenoch.com
(Counsel for IBEW Local 614)

Vikram A. Patel, Esq.
vpatel@clsphila.org
Charlotte E. Edelstein, Esq.
cedelstein@clsphila.org
Joline R. Price, Esq.
jprice@clsphila.org
Robert W. Ballenger, Esq.,
rballenger@clsphila.org
Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102
(Counsel for TURN and CAUSE PA)

Derrick Price Williamson
Barry A. Naum
Steven W. Lee
SPILMAN THOMAS & BATTLE, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050 Phone: (717)

795-2740 Fax: (717) 795-2743
dwilliamson@spilmanlaw.com
bnaum@spilmanlaw.com
slee@spilmanlaw.com
(Counsel for Walmart)

BICKY CORMAN LAW, PLLC
1250 Connecticut Ave., NW, Suite 700
bcorman@bickycormanlaw.com
(Counsel for EVgo)

William A. Lesser, Esq.
Cozen O'Connor
3 WTC 175 Greenwich Street, 55th Floor
New York, NY 10007
wlesser@cozen.com
(Counsel for Electrify America, LLC)

Alan M. Seltzer
John F. Povilaitis
Buchanan Ingersoll & Rooney PC
409 N. Second Street, Suite 500 Harrisburg,
PA 17101
alan.seltzer@bipc.com
john.povilaitis@bipc.com
(Counsel for Constellation Energy Generation, LLC and Constellation NewEnergy, Inc.)

Alan McCarthy 705 E. Barnard St. West
Chester, PA 19382
alanmccarthy25@hotmail.com

Phillip D. Demanchick, Jr., Esq.
Hawke McKeon & Sniscak LLP
100 North Tenth Street
Harrisburg, PA 17101
pddemanchick@hmslegal.com
(Counsel for Grays Ferry Cogeneration Partnership and Vicinty Energy Philadelphia, Inc.)

Dated: September 12, 2024

/s/Laura Antinucci
Laura Antinucci, Esq.
PA Attorney I.D. #327217
James Kellett, Esq.
PA Attorney I.D. #319663
Counsel for the CITY
Philadelphia Law Department
1515 Arch Street, 16th Floor
Philadelphia, PA 19102

Baird Brown
PA Attorney I.D. #32749
Counsel for PEA
eco(n)law LLC
230 S. Broad Street
Philadelphia, PA 19102

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, :
 : Docket No. R-2024-3046931, et al.
 v. :
 :
 PECO Energy Company – Electric Division :

STATEMENT OF THE CITY OF PHILADELPHIA
AND PHILADELPHIA ENERGY AUTHORITY
IN SUPPORT OF JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT

The City of Philadelphia (“City”) and Philadelphia Energy Authority (“PEA”) (jointly referred to as the “City and PEA”), signatory parties to the Joint Petition for Non-unanimous Settlement (“Joint Petition” or “Settlement”), find the terms and conditions of the Settlement to be in the public interest and, therefore, request that the Pennsylvania Public Utility Commission approve of the Settlement, without modification.

I. BACKGROUND

On March 28, 2024, PECO Energy Company – Electric Division (“PECO” or “the Company”) filed with the Pennsylvania Public Utility Commission (“Commission”) its Tariff Electric - Pa. P.U.C. No. 8 (“Tariff 8”), which was subsequently assigned Docket No. R-2024-3046931. PECO is engaged in the business of furnishing electric service to approximately 1.7 million customers throughout a 2,100 square-mile area in southeastern Pennsylvania, including the entire city of Philadelphia. In its filing, PECO has requested to increase the electric distribution base rates charged to PECO’s residential, commercial, and industrial customers. Specifically, PECO proposed to increase its annual distribution rates by approximately \$464 million effective May 27, 2024, with a one-time credit of \$64 million, resulting in a net electric rate increase of \$399 million in 2025, and an additional \$64 million rate increase in 2026. If PECO’s rate request were to be

approved as filed, the average bill of a residential customer using 700 kilowatt hours (kWh) per month would have increased by increase by \$16.67 from \$135.85 to \$152.52 or by 12.3% in 2025.

On April 2, 2024, the Bureau of Investigation and Enforcement filed a Notice of Appearance. On April 11, 2024, the Office of Consumer Advocate filed a Formal Complaint, Notice of Appearance, and Public Statement. On April 12, 2024, the Local 614 of the International Brotherhood of Electrical Workers, AFL-CIO filed a Petition to Intervene. The Office of Small Business Advocate filed a Formal Complaint and Notice of Appearance on April 16, 2024. On April 22, 2024, The Trustees of the University of Pennsylvania and The Hospital at the University of Pennsylvania file a Petition to Intervene. On April 26, 2024, The Tenant Union Representative Network and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania also filed a Petition to Intervene. On May 1, 2024, Walmart, Inc. filed a Petition to Intervene as well as EVgo Services, LLC. On May 2, 2024, Electrify America, LLC filed a Petition to Intervene. On May 3, 2024, a Petition to Intervene was filed by Constellation Energy Generation, LLC and Constellation NewEnergy, Inc. The City and PEA filed their Petition to Intervene also on May 3, 2024.

On April 25, 2024, the Commission issued an Order initiating an investigation of the rates, rules and regulations set forth in Tariff No. 8 and, thereby, suspending Tariff No. 8 by operation of law until December 28, 2024, unless otherwise directed by the Commission. The proceeding was then assigned to Administrative Law Judge (“ALJ”) Darlene Heep and ALJ Marta Guhl (together, the “ALJs”).

Call-in Telephonic Prehearing Conference was held on May 7, 2024. During the Conference, the parties, upon approval of ALJ Guhl and ALJ Heep, established modified rules for discovery as well as a procedural schedule. A total of seven (7) public input hearings were held

for in this proceeding, including two (2) in-person hearings held in Philadelphia on June 12, 2024 at 1:00pm and 6:00pm.

The City and PEA reviewed PECO's filing and submitted the following direct testimony on June 17, 2024: City/PEA Statement No. 1, the Direct Testimony of Elizabeth H. Lankenau¹; City/PEA Statement No. 2, the Direct Testimony of Dominic G. McGraw²; and City/PEA Statement No. 3, the Direct Testimony of Emily A. Schapira³. On August 2, 2024, the City and PEA submitted the following surrebuttal testimony: City/PEA Statement No. 1-SR, the Surrebuttal Testimony of Elizabeth H. Lankenau; City/PEA Statement No. 2-SR, the Surrebuttal Testimony of Dominic G. McGraw; and City/PEA Statement No. 3-SR, the Surrebuttal Testimony of Emily A. Schapira. The testimonies of the City and PEA witnesses Lankenau, McGraw, and Schapira, as identified above, were entered into the record by the Joint Stipulation for Admission of Testimony and Exhibits filed on August 14, 2024.

Prior to the evidentiary hearing in this matter, and following, several settlement conferences were held to attempt to reach a settlement in principle on the issues raised in this case. As a result of those conferences, the Joint Petitioners were able to reach a non-unanimous, yet

¹ Ms. Lankenau is the Interim Director of the Office of Sustainability. In that capacity, Ms. Lankenau manages the City's Municipal Energy Office, which is responsible for tracking City government energy use, developing and implementing energy conservation, energy efficiency, and renewable energy projects for facilities, and providing strategic procurement of City government's energy supply. Ms. Lankenau also manages the City's Climate Solutions team, which develops and implements policies and plans to support city-wide emissions reduction and advance Philadelphia's equitable clean energy transition to meet the city's climate goals. Ms. Lankenau holds a Bachelor of Arts degree from the University of Pittsburgh with dual majors in Sociology and Urban Studies; a Master of Science degree from the University of Pennsylvania in Historic Preservation; and a certificate from Harvard's Kennedy School of Government for its Climate Change and Energy Program.

² Mr. McGraw is the Deputy Director of Energy Services & Operations for the City's Municipal Energy Office. In that capacity, Mr. McGraw works with his team to implement the City's Municipal Energy Master Plan, a roadmap for increased energy efficiency, renewable energy generation, and energy resilience, and the Municipal Clean Fleet Plan, which provides guidance and recommendations on how the City can transition its vehicle fleet to electric and other clean technologies in an efficient and cost-effective manner. Mr. McGraw holds bachelor's degree from Delaware Valley University, a Master's in Information Technology Leadership from La Salle University, and a Master's in Environmental Studies from the University of Pennsylvania.

³ Ms. Shapira is the President and CEO of the Philadelphia Energy Authority. She holds hold an MBA from Wharton and a BA from the University of Pennsylvania.

comprehensive, agreement that resolves a most of the issues raised in this case without the need for further litigation, as set forth in the Settlement. On August 30, 2024, PECO, I&E, the OCA, the OSBA, Amtrak, TURN/CAUSE-PA, the City/PEA, EA, EVgo, PAIEUG, SEPTA and Walmart submitted a Joint Petition for Non-Unanimous Settlement of Rate Investigation (“Settlement” or “Joint Petition”) and requested that the ALJs approve the Settlement, without modification.

The terms and conditions of the Settlement satisfactorily address many of the issues raised in the City and PEA’s testimony. The City and PEA recognize that this Settlement contains modifications from the original recommendations proposed by the City and PEA, however, the agreed upon Settlement achieves a fair resolution of the many complex issues raised in this proceeding. For these reasons, and those that are discussed in greater detail below, the City and PEA submit that the Settlement is in the public interest and should be approved by the Commission, without modification.

II. SETTLEMENT TERMS AND CONDITIONS

A. Revenue Requirement (Joint Petition ¶ 13)

Through Tariff No. 8, PECO requested an annual increase of approximately \$464 million in annual distribution revenue, or a 29.2 percent increase on the basis of total jurisdictional operating revenue. Under the terms of the Settlement, PECO will be entitled to charge electric distribution base rates (the “Settlement Rates”), effective for service rendered on and after January 1, 2025, designed to produce an annual increase in electric operating revenues of approximately \$354.0 million, in addition to the Distribution System Improvement Charge (“DSIC”) revenue of \$64.3 million that will be rolled into base rates. This increase represents an approximately 22% increase in total jurisdictional operating revenue, compared to the requested increase of approximately

29%. Under the Settlement Rates, the bill for a typical Residential customer that uses 700 kilowatt hours (“kWh”) per month will increase by \$13.58 per month, from \$135.85 to \$149.43 (or 10.0%),⁴ including default service generation, taxes and other surcharges. By comparison, in the Company’s initial filing, the bill for a typical Residential customer that uses 700 kWh per month would increase by \$16.67 per month, from \$135.85 to \$152.52 (or 12.3%),⁵ including default service generation, taxes, and other surcharges. *Settlement, App. D.*

In her direct testimony, City and PEA witness Lankenau expressed significant concern with the impact of PECO’s requested rate increase on the socio-economic quality of life of Philadelphians, particularly historically marginalized and vulnerable communities. *City and PEA St. No 1, p. 2.* Further, City and PEA witness McGraw testified to the dire need for our society to decarbonize as soon as possible in efforts to mitigate the devastating effects of climate change and the discouraging impact of rising electricity prices have on those decarbonizations efforts that involve fuel switching to electricity. *City/PEA St. No. 2, pp. 2-4.*

As discussed below, the proposed Settlement includes important enhancements to PECO Customer Assistance Programs (“CAP”) and provisions establishing improved collaboration between the City, PEA and PECO to help ensure (1) that Philadelphians facing already high energy burdens will receive the assistance they need. and (2) the City and its inhabitants and able to transition to a clean energy future without unnecessary hurdles and expenses. These service enhancements address Ms. Lankenau’s emphasis on the need to address and mitigate existing and anticipated rate unaffordability in Philadelphia, and Mr. McGraw’s concerns about the need to protect Philadelphia citizens from the current and impending harms of climate change, exasperated

³ All calculations use riders in effect on March 1, 2024 and the Price-to-Compare from March 1, 2024, which assures that the rates are being compared on a consistent basis.

⁴ PECO Energy Company – General Base Rate Filing, Volume No. I - Customer Notice.

by the urban heat island effect, as testified by Ms. Lankenau. *City and PEA St. N. 1, pp. 8-12; see also, City/PEA St. No. 2, pp. 2-4.*

The City and PEA believe the increase is reasonable and yields a result that is in the public interest, particularly when accompanied by other important conditions contained in the Settlement. The increase agreed to in the Settlement provides adequate funding to allow the Company to continue to provide safe, adequate, reliable and continuous service. As such, the City and PEA submit that the increase agreed to in this Settlement is in the public interest and should be approved by the Commission.

B. Electric Base Rate Stay-Out (Joint Petition, ¶ 15)

Under the terms of the Settlement, the Company will not file for another general rate increase under Section 1308(d) for its electric operations prior to March 16, 2026. The City and PEA support this provision designed to give customers base rate stability for a period of at least two years, which is in the public interest. Joint Petition, ¶ 15.

C. Revenue Allocation and Rate Design (¶¶ 16-17)

Paragraphs 16 and 17 of the proposed Settlement reflect the allocation of the annual net increase in electric operating revenue to each class and monthly fixed distribution charges for each rate class, respectively. The City and PEA did not take a specific position on the revenue allocation as reflected in paragraph 16 and the monthly fixed distribution charges for each rate class in paragraph 17 of the proposed Settlement. However, the City and PEA support these provisions as they objectively strike a balance of the many varied interests of the parties in this proceeding, as well as the varied interest of customers within Philadelphia.

D. FPFTY Reports (Joint Petition ¶ 19)

The City and PEA did not take a formal position as to paragraph 19 of the proposed Settlement.

E. DSIC (Joint Petition ¶¶ 20-22)

The City and PEA did not take a formal position as to paragraphs 20-22 of the proposed Settlement.

F. Storm Reserve Account (Joint Petition ¶ 23)

The City and PEA did not take a formal position as to paragraph 23 of the proposed Settlement.

G. Universal Service Programs (Joint Petition ¶ ¶ 25-41)

In her direct testimony, City and PEA witness Lankenau testified that the City has an interest in understanding from PECO's data the reasons why certain customers do not receive the financial help they would otherwise be eligible for and how the City and its partners could work with PECO to better reach these customers and have them enrolled. *City/PEA St. 1, p. 6*. For example, Ms. Lankenau recommended that the Company start tracking the number of customers deferred from LIURP due to Health and Safety ("H&S") reasons once the H&S budget was reached. *City/PEA St. 1, p. 7; see also, City/PEA St. 1-SR, p. 2-3*. Ms. Lankenau also recommended that PECO strive to reduce additional barriers to enrollment in customer assistance programs through automatic enrollment and language access improvements. *Id.*

(1) Customer Assistance Program

The Settlement includes various commitments to connect PECO's to low-income with programs that can reduce their bill, including: (1) extending the utilization of speech analytics to assist with quality monitoring of calls concerning universal service programs and other low-income customer issues; (2) using confirmation of low-income status in its billing system to establish a customer's payment arrangement length of up to five years; (3) seeking Commission approval for additional language in PECO's 10-Day Termination Notice about the availability of assistance programs that may stop disconnection of service for non-payment; (4) providing customers eligible for the Cold Weather Service with a CAP application, a Universal Services

Program Information Sheet (one pager), and information regarding PECO's Residential Heating rate; and (5) upon application and approval for enrollment in CAP as a first time CAP customer, reconnect non-CAP customers identified as confirmed low-income customers in PECO's system prior to disconnection at a reduced restoration amount and enroll those customer in CAP upon reconnection. *Joint Petition*, ¶¶ 35-39, 41. PECO will also hold semi-annual meetings with the City and the PEA, the first being prior to December 31, 2025, to expand outreach opportunities in low-income areas and language access improvements. *Id.*

PECO has also agreed to implement several measures to benefit CAP customers, including: (1) participation in the DHS data sharing program in a manner consistent with the Commission's June 13, 2024 data sharing order at Docket No. M-2023-3038944, (2) automatic recertification of current CAP customers using data provided by DHS and (3) addition of PECO's health usage rider exemption language to the maximum CAP credit notification letters. In addition, PECO will convene a stakeholder collaborative by July 1, 2025 to discuss how PECO could implement automatic enrollment of non-CAP LIHEAP grant recipients in CAP. *Joint Petition*, ¶¶ 25-27.

The City and PEA find that these enhanced CAP provisions are in the public interest as they will likely improve the chances that low-income customers will access, and continue to access, necessary financial assistance with their electric bills.

(2) Low Income Usage Reduction Program (“LIURP”)

Under the terms of the Settlement, PECO agreed to increase its annual LIURP budget by \$1 million (from \$6.6 million to \$7.6 million). In addition, PECO will provide an overview of how the Company targets CAP customers approaching their maximum CAP credit for LIURP services at the USAC meeting held in the third quarter of 2025, and the Company will track and report annually to its USAC on the number of LIURP jobs deferred due to Health & Safety issues

with the home or other extenuating circumstances and the reasons for deferral. PECO has also committed to provide the City with the CAP and LIURP information that is currently provided to the USAC on a quarterly basis. *Joint Petition*, ¶¶ 28-31.

The City and PEA find these enhanced LIURP provisions are in the public interest as they will permit the City and its partners to better understand why certain low-income customers are not receiving the assistance they would otherwise be entitled to so that the City and its partners can collaborate with PECO to resolve as many of these issues as possible.

(3) Matching Energy Assistance Fund (“MEAF”)

The City and PEA did not take a formal position as to these provisions of the proposed Settlement; however, the City and PEA generally support provisions aimed to reduce the energy burdens of low-income customers.

(4) Other PECO Commitments to Enhance Assistance to Low-Income Customers

The City and PEA did not take a formal position as to these provisions of the proposed Settlement; however, the City and PEA generally support provisions aimed to reduce the energy burdens of low-income customers.

H. Customer Service and Consumer Protection (Joint Petition ¶¶ 32-52)

(1) Call Center Performance

The City and PEA did not take a formal position as to these provisions of the proposed Settlement; however, the City and PEA generally support provisions aimed to improve the quality of service to customers.

(2) Low Income Customer Security Deposits and Disconnections

The City and PEA did not take a formal position as to these provisions of the proposed Settlement; however, the City and PEA generally support provisions aimed to reduce the energy burdens of low-income customers.

(3) Language Access

As mentioned above, City and PEA witness Lankenau testified that another way for PECO to improve its service and increase low-income customer enrollment in its assistance programs is to increase its language access efforts. *City/PEA St. 1, p. 7; see also, City/PEA St. 1-SR, p. 2-3.*

Under the Settlement, PECO agreed to: (1) continue its Limited English Proficiency stakeholder meetings as agreed to in the Joint Petition for Settlement at Docket No. R-2021-3024601 until the later of its next electric or gas base rate case filing; and (2) discuss, at the first of such meetings, issues for consideration in any proposal to: (a) add taglines to residential customer bills; and (b) send shutoff notices that are in both English and Spanish. *Joint Petition, ¶ 46.*

The City and PEA find these enhanced language access provisions to be in the public interest as they increase PECO's service to customers of different language backgrounds which may also result in increased enrollment in customer assistance programs for non-English-speaking customers struggling with their electric bills.

(4) Determination of Residential Heating Type

The City and PEA did not take a formal position as to these provisions of the proposed Settlement; however, the City and PEA generally support provisions aimed to improve the quality of service to customers.

(5) Payment Processing

The City and PEA did not take a formal position as to these provisions of the proposed Settlement; however, the City and PEA generally support provisions aimed to improve the quality of service to customers.

(6) Large Customer Account Management

In direct testimony, City and PEA witness McGraw raised multiple concerns with PECO's level of service and coordination on the City's clean energy infrastructure plans and billing complications the City has been facing because of PECO's transition to a new system. *City/PEA St. No. 2, pp. 4-9.*

To resolve the ongoing concerns the City and PEA raised regarding interconnection coordination, PECO has committed, under the Settlement, to establishing annual meetings with the City of Philadelphia to review PECO's next 3-5 year plans for currently identified projects within the city limits that will either (1) retire substations; or (2) involve projects that include conversions to higher primary voltages. *Joint Petition ¶ 51.* To help municipal interconnection projects like the City's progress more efficiently, PECO has also committed to establishing a municipal customer "mailbox" which will notify PECO when municipalities have submitted applications for interconnections and/or incentives for energy efficiency/clean energy projects and will further develop a system for sharing the status of PECO's response to those applications. *Id.*

To address the concerns raised by Mr. McGraw related to clean energy planning and billing issues, PECO has committed, under the Settlement, to: (1) hold semi-annual meetings with key stakeholders at the City to review account management, billing, the City's transportation electrification plan, and strategic initiatives which impact both the City and PECO; (2) create a shared document for real-time tracking of open customer service and billing issues reported by the

City/PEA to PECO; and (3) create a “knowledge book” that will assist the City with understanding PECO’s internal processes and procedures. *Joint Petition* ¶ 52.

The above-mentioned commitments by PECO are in the public interest as they provide framework for improved communication and coordination between City, PEA, and PECO for resolving any current and future issues regarding electric service.

I. Electric Vehicle Program (Joint Petition ¶ ¶ 53-55)

In his direct testimony, City and PEA witness McGraw recommended that PECO adjust its Electric Vehicle (“EV”) charger interconnection application process to allow for bundling of project documentation submittals to help decrease the timeline and complexity of installations for larger entities like the City attempting to rapidly build-out its EV charger infrastructure. *City/PEA St. No. 2, pp. 4-5*. Also, related to EV charger installation, witness McGraw raised equity concerns about the City’s largest departments and certain outside-City entities being considered one customer for purposes of calculating the EV Charging Pilot incentive cap. *Id., pp. 9-10*.

Under the terms of the Settlement, PECO agreed to treat the City, the Philadelphia Department of Aviation, the Philadelphia School District, Philadelphia Gas Works, and Philadelphia Industrial Development Corporation as separate customers from each other for purposes of determining the incentive cap for the EV Charging Pilot moving forward. *Joint Petition* ¶ 54. Additionally, to facilitate the City’s planning for EV charger deployment, prior to Service and Meter Request submissions, PECO has agreed that the City may furnish PECO with spreadsheets containing the locations, account numbers, and proposed load in kilowatts for up to ten potential EV charger connections each year and, within 30 days of PECO receiving a spreadsheet providing such information, PECO will identify which of the proposed locations yield a high potential for serving the proposed load without a line extension. *Joint Petition* ¶ 55.

The City and PEA submit that these provisions are in the public interest because they provide for more efficient and equitable processes in the deployment of EV chargers across the city of Philadelphia. Such deployment is a vital step for the City and its citizens to decarbonize vehicular transportation, which is a large step in the City's efforts to combat the impending climate emergency.

J. Assistance with Non-Company Clean Energy and Energy Conservation Programs

(1) Solar for All

In her direct testimony City and PEA witness Schapira raised concerns about the effect of PECO's interconnection process on customers in PEA's current Solarize Philly program and the forthcoming Solar for All program. *City/PEA St. No. 3, pp. 6-10*. The Solar for All program is a grant program administered by the U.S. Environmental Protection Agency as a part of the Greenhouse Gas Reduction Fund established under the Inflation Reduction Act to support solar installations that benefit low-income customers. PEA's affiliated organization, Philadelphia Green Capital Corp. is a subrecipient of a substantial proportion of Pennsylvania's \$146 Million award, and PEA will act as an administrator for the program. In the settlement PECO has agreed to waive interconnection study fees for Solar for All customers in the following instances:

- The Fee will be waived in the event that no solutions are available to the customer after completion of the initial technical review, and an engineering study is required.
- The Fee will be refunded in the event that all work identified as a result of the study is determined to be PECO's responsibility.
- The Fee will be refunded in the event that some or all work identified as a result of the study is determined by PECO to be the customer's responsibility, and the customer subsequently chooses to withdraw their application.

Joint Petition ¶¶ 56-57.

The City and PEA believe that these modifications of PECO's policies are a substantial equitable improvement over current policies as low-income customers will not be charged when either (i) they do not benefit from the study by receiving a solar installation, or (ii) the needed work identified in a study is determined to be PECO's responsibility.

(2) Built to Last Coordination

In her direct testimony City and PEA witness Schapira called attention to PECO's response to interrogatories that did not reflect an understanding of the structure of PEA's Built to Last program and the level of engagement between PEA and PECO's LIURP contractor, CMC Energy. *City/PEA St. 3, pp. 11-12.* In the settlement PECO agrees to several steps to ensure coordination between its energy efficiency programs and the Built to Last program. *Joint Petition ¶¶ 58-60.* PEA welcomes this additional level of cooperation and believes it will be beneficial for both PECO customers and PEA program recipients.

(3) Greenhouse Gas ("GHG") Reduction Plan

City and PEA witnesses McGraw and Schapira both raised concerns about an apparent lack of customer transparency into PECO's plans to transition its system to meet the demands of increased clean energy interconnection and deployment. *City/PEA St. No. 2, pp. 4, 8-9; see also, City/PEA St. No. 3, pp. 6-11 and 12-18.* Both witnesses concluded that customer awareness and collaboration is key to an equitable and timely transition. Under the terms of the Settlement, PECO agreed to provide further documents to the City and PEA demonstrating Exelon Corporation's and PECO's planned and actionable progress towards reducing GHG emissions within the Company's service territory, by July 1, 2025. *Joint Petition ¶ 61.* The City and PEA submit that this provision is in

the public interest as it constitutes an actionable step towards customer transparency into PECO's clean energy transition plans.

K. Interconnection Costs (Joint Petition ¶ 62)

In his direct testimony, City and PEA witness McGraw raised equity concerns with the Company's policy on cost assignments of certain interconnection projects. *City/PEA St. No. 2, pp. 5-6*. More specifically, Mr. McGraw testified to the hardships the City has faced in past projects where the project was delayed or abandoned because there was no mechanism for the City to share the cost with PECO to upgrade a utility-owned transformers that were just shy of their end-of-life. Witness McGraw observed that flexibility with PECO's assignment of costs for such interconnection projects would not only encourage more decarbonization projects, but also reduce some of the costs that would otherwise be borne by all ratepayers when PECO eventually replaces the aging infrastructure at full cost.

Under the terms of the Settlement, PECO will initiate collaborative communications with the City, PEA, the OCA, the OSBA, PAIEUG, TURN, and CAUSE-PA, and others if mutually agreed by the aforementioned parties, to assess approaches to achieving a more equitable distribution of utility construction costs incurred to enable interconnection of distributed energy resources. The topics discussed pursuant to the collaboration will include, but are not limited to, broader socialization of costs incurred to accommodate Level 1 (≤ 10 kW) solar interconnections and credits to customers for avoided investments in lifecycle replacement of distribution system equipment that is nearing end-of-life. If the parties are successful in developing a consensus approach by December 31, 2025, PECO will propose that approach to the PUC by July 1, 2026. *Joint Petition ¶ 62*.

The City and PEA find this provision to be in the public interest as it will initiate conversation between PECO and important stakeholders on developing the proper path for an equitable and cost-efficient clean energy transition of PECO's distribution system.

L. Tariff Changes

The City and PEA agree to the tariff changes set forth in Appendix A of the Joint Petition.

III. CONCLUSION

The City and PEA respectfully request that ALJ Marta Guhl, ALJ Darlene Heep, and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Non-unanimous Settlement of Rate Investigation without modification.

Respectfully submitted,

/s/ Laura J. Antinucci

Laura J. Antinucci
James Kellett
Counsel for the CITY
Philadelphia Law Department
1515 Arch Street, 16th Floor
Philadelphia, PA 19102

Baird Brown
PA Attorney I.D. #32749
Counsel for PEA
eco(n)law LLC
230 S. Broad Street
Philadelphia, PA 19102

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