



September 12, 2024

Via electronic mail

The Honorable Darlene Heep
Administrative Law Judge
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107

The Honorable Marta Guhl
Administrative Law Judge
Pennsylvania Public Utility Commission
801 Market Street, Suite 4063
Philadelphia, PA 19107

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

TURN and CAUSE-PA Statement in Support of Settlement

Dear Judge Heep and Judge Guhl:

Enclosed please find the **Statement of the Tenant Union Representative Network (TURN) AND the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) in Support of Joint Petition for Non-Unanimous Partial Settlement** in the above referenced proceeding.

Copies are being served upon all parties and Your Honors, as indicated on the attached Certificate of Service.

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

/s/ Charlotte Edelstein
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Attorney ID No. 334505

Enclosures

Cc: Per Certificate of Service
Secretary Rosemary Chiavetta

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	R-2024-3046931
Office of Consumer Advocate	C-2024-3048362
Office of Small Business Advocate	C-2024-3048467
Alan McCarthy	C-2024-3048475
Philadelphia Area Industrial Energy Users Group	C-2024-3048671
v.	
PECO Energy Company (Electric)	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of **Statement of the Tenant Union Representative Network (TURN) AND the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) in Support of Joint Petition for Non-Unanimous Partial Settlement** on behalf of the Tenant Union Representative Network and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania upon the parties of record in the above captioned proceedings in accordance with the requirements of 52 Pa. Code § 1.54.

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	DOCKET NO. R-2024-3046931
	:	
PECO ENERGY COMPANY – ELECTRIC DIVISION	:	
	:	

**STATEMENT OF THE TENANT UNION REPRESENTATIVE NETWORK (TURN) AND
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY
EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF JOINT PETITION
FOR NON-UNANIMOUS SETTLEMENT**

The Tenant Union Representative Network (TURN) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), a signatory party to the Joint Petition for Non-Unanimous Settlement (Joint Petition or Settlement) respectfully requests that the terms and conditions of the proposed Settlement be approved by the Honorable Marta Guhl and the Honorable Darlene Heep, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, TURN and CAUSE-PA believe that the terms and conditions of the Settlement are in the public interest and should be approved.

I. INTRODUCTION

TURN and CAUSE-PA intervened in this proceeding to ensure that PECO Energy Company – Electric Division’s (PECO or the Company) proposed rates and terms and conditions of service are appropriately designed and implemented in a manner which allows consumers in PECO’s service territory to access safe and affordable electric services, regardless of income.

The Commission’s regulations lend unambiguous support for settlements and declare: “It is the policy of the Commission to encourage settlements.”¹ The Commission has also set explicit policy guiding settlement of a major rate case, explaining in its codified statement of policy that “the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.”² Settlements are preferred because they “lessen the time and expense that Parties must expend litigating a case and, at the same time, conserve resources.”³ In reviewing whether to approve a proposed settlement, the Commission must determine whether the terms and conditions are in the interest of the public based on a preponderance of the evidence “showing a likelihood or probability of public benefits that need not be quantified or guaranteed.”⁴ Historically, the Commission has defined the public interest as inclusive of ratepayers, shareholders, and the regulated community at large.⁵ Of course, proposed settlement terms must also be consistent with applicable law.⁶

¹ 52 Pa. Code § 5.231.

² 52 Pa. Code § 69.401.

³ 3 See Commonwealth of Pa. et al. v. IDT Energy, Inc., Docket No. C-2014-2427657, at 35-37 (Tentative Order entered June 30, 2016).

⁴ See id. (quoting Popowsky v. Pa. PUC, 594 Pa. 583, 937 A.2d at 1040 (2007)).

⁵ See id. (citing Pa. PUC v. Bell Atlantic Pennsylvania, Inc., Docket No. R-00953409 (Order entered Sept. 29, 1995)).

⁶ See id. (citing Dauphin County Indus. Dev. Auth. v. Pa. PUC, 2015 Pa. Commw. LEXIS 381 (Sept. 9, 2015)).

When determining whether a proposed rate increase is just and reasonable, reflecting a “balance of consumer and investor interests,”⁷ special consideration must be given to the impact of the proposed rate increase and rate structure on the ability of low-income consumers to afford utility service. The proposed settlement takes affordability into account through adoption of critical enhancements to PECO’s universal service programs and customer protections. The enhancements to universal service program offerings contained within the proposed Settlement will increase access to available assistance for vulnerable households, increasing the likelihood that these households are able to access safe, reliable, and affordable utility service.

This Settlement was arrived at through good faith negotiation by all parties. As a whole, in light of the totality of facts and circumstances presented in this case, TURN and CAUSE-PA assert that the proposed Settlement strikes an appropriate balance of the many and varied interests of the parties to the Settlement.

TURN and CAUSE-PA made a concerted effort to conduct a thorough investigation and to create an extensive record in this proceeding, providing for substantial evidence adequate to develop issues for presentation to the ALJs and Commission in determination of whether PECO’s proposed rates and terms and conditions of service are just and reasonable, in compliance with applicable laws, regulations, and prevailing public policy. TURN and CAUSE-PA’s expert witness, Elizabeth Marx, Esq., provided written direct and surrebuttal testimony in this proceeding. This testimony addressed the proposed policies and procedures of the parties to this proceeding, and documented, in substantial detail, the aspects of PECO’s current policies and procedures for which there should be adjustment in order to increase rate affordability for

⁷ See Popowsky v. PUC, 665 A.2d 808, 811, 542 Pa. 99, 107-108 (1995) (emphasis added); 66 Pa. C.S. § 1301.

consumers, improve customer service, and ensure terms and conditions of service that are consistent with applicable laws, regulations, and policies governing public utilities.

The proposed Settlement reasonably addresses a number of issues raised by TURN and CAUSE-PA's expert witness in testimony. The proposed Joint Settlement represents a balanced approach where concerns of the many and varied interests of the parties are taken into consideration in a just manner. While TURN and CAUSE-PA's positions were not fully adopted, TURN and CAUSE-PA assert that this Settlement represents a reasonable resolution in this proceeding. For reasons discussed further herein, TURN and CAUSE-PA assert that the proposed Settlement is in the public interest and should be approved without modification.

II. BACKGROUND

For the purposes of this Statement in Support, TURN and CAUSE-PA adopt the procedural history as set forth in Paragraphs 1 to 11 of the Joint Petition for Approval of Settlement.

III. REASONS FOR SUPPORT OF SPECIFIC SETTLEMENT PROVISIONS

For the reasons discussed below, TURN and CAUSE-PA assert that the proposed settlement is a reasonably balanced resolution to the issues in this proceeding. TURN and CAUSE-PA's silence with respect to any particular provision does not indicate that TURN and CAUSE-PA are not in agreement with the provision. TURN and CAUSE-PA urge the ALJs and the Commission to approve the Settlement in its entirety and without modification.

A. Revenue Requirement (Paragraphs 13-14)

In her direct testimony, TURN and CAUSE-PA's expert witness, Elizabeth Marx, Esq., describes the impact of PECO's proposed rate increase for low-income households. Ms. Marx

extensively details how cost increases for essential life-sustaining services, such as electricity, will have a significant impact on households who are already struggling to make ends meet.⁸ Ms. Marx recommended that a rate increase not be approved without implementation of substantial additional mitigation measures to address existing rate unaffordability and to remediate additional unaffordability created by increased rates for low-income households.⁹

Paragraph 13 of the proposed Settlement sets forth the agreed upon revenue requirement amount, an annual increase in electric distribution revenues of approximately \$354 million, exclusive of the \$64.3 million of revenue currently recovered through the Distribution System Improvement Charge (“DSIC”). This represents a decrease from PECO’s initial proposed rate increase of approximately \$464 million per year.¹⁰ The reduction in the revenue requirement will lessen the impact of the rate increase on low and moderate income customers who already struggle to afford utility service. As described by Ms. Marx, an estimated 24% of PECO Electric’s residential customers are low-income.¹¹ As proposed in PECO’s initial filing, the average monthly increase would have represented a substantial increase in basic living expenses, especially for low-income households.¹² As such, a reduction in the approved rate increase is important to ensure that PECO’s residential customers are able to maintain electric service.

As discussed below, the proposed Settlement includes critical enhancements to universal service programs and customer protections which are crucial to help mitigate existing rate unaffordability and remediate any additional unaffordability created by an additional increase in rates.

⁸ TURN/CAUSE-PA St. 1 at

⁹ *Id.* at

¹⁰ PECO St. 1 at 5.

¹¹ TURN/CAUSE-PA St. 1 at 11.

¹² TURN/CAUSE-PA St. 1 at 16.

While TURN and CAUSE-PA do not take a formal position as to paragraph 14, TURN and CAUSE-PA are not opposed to this provision, and believe this provision helps reasonably balance the varied interests of the parties in this proceeding while taking into account the overall impact of PECO's proposed rates and terms and conditions of service on PECO's customers.

B. Electric Base Rate Stay-Out (Paragraph 15)

Paragraph 15 under the proposed Settlement provides that PECO will not file for another general rate increase under section 1308(d) of the Public Utility Code for its electric operations prior to March 16, 2026. TURN and CAUSE-PA support this provision, as it is imperative as a means of mitigating rate unaffordability and will allow for low and moderate income residential customers to access safe and reliable service with certainty that PECO will not file to increase costs for electric service prior to the stated date.

C. Revenue Allocation and Rate Design (Paragraphs 16-18)

Paragraphs 16 through 18 of the proposed Settlement reflect the allocation of the annual net increase in electric operating revenue to each class, monthly fixed distribution charges for each rate class, and allocation of universal service costs in this proceeding.

TURN and CAUSE-PA do not take a specific position on the revenue allocation as reflected in paragraph 16 of the proposed Settlement. However, TURN and CAUSE-PA recognize that this provision reasonably strikes a balance of the many varied interests of the parties in this proceeding.

Paragraph 17 of the proposed Settlement sets forth PECO's monthly Fixed Distribution Service Customer Charges for Rates R and RH. In Ms. Marx's direct testimony, she

recommended that the Company’s monthly service charge not be increased.¹³ Ms. Marx explained that the ability of customers to control costs through energy efficiency, conservation, and consumption reduction are impacted when there are increases to fixed monthly charges. Further, any increase to the fixed charge would be particularly problematic for low-income customers who already struggle to pay for electric service and rely on careful conservation and usage reduction to control costs.¹⁴ While the position of TURN and CAUSE-PA was not fully adopted, an increase to \$11.25 as proposed in the Joint Settlement represents movement from the initial proposal of the Company.

TURN and CAUSE-PA do not take a specific position on the CAP adjustment factor as reflected in paragraph 18 of the proposed Settlement. However, TURN and CAUSE-PA recognize that these provisions reasonably strike a balance of the many varied interests of the parties in this proceeding.

D. Universal Service Programs

It is imperative that Pennsylvanians are able to access and maintain safe, reliable, and affordable gas service in their home. As costs for electric service increase, vulnerable, low-income residential customers with limited financial means face burdensome and sometimes insurmountable challenges to maintaining service to their home. In consideration of the unique affordability challenges facing low-income households, Pennsylvania law requires that PECO charge its low-income customers affordable rates, which help ensure that they can maintain service to their home.¹⁵

i. Customer Assistance Program (Paragraphs 25-26)

¹³ TURN/CAUSE-PA St. 1 at 23.

¹⁴ Id.

¹⁵ 66 Pa. C.S. § 2802 (9), (10), § 2803 (defining “universal service and energy conservation”).

In Ms. Marx's direct testimony, she discussed PECO's Customer Assistance Program (CAP), and explained that PECO's CAP reaches less than 1 in 3 estimated eligible households.¹⁶ She also outlined some possible barriers to CAP enrollment and recertification for households who might otherwise be eligible, including barriers that may arise during the application process. Ms. Marx also discussed the issue of customers who are removed from CAP for failure to recertify, often due to the customer's not sending in income verification.¹⁷ Ms. Marx recommended that to increase CAP enrollment, PECO should initiate routine universal service screening for new and moving customers, and should automatically enroll and recertify customers for CAP following receipt of a LIHEAP grant.¹⁸

Paragraph 25 of the proposed Settlement requires PECO to participate in the Department of Human Services (DHS) data sharing program. Importantly, this paragraph also requires PECO to, no later than 90 days following the effective dates of the new rates, use the data provided by DHS through this program to automatically recertify current CAP customers. Automatic recertification via DHS data means that CAP customers who have already supplied proof of income to DHS and consented to their data being shared by DHS with PECO will not have to separately provide proof of income to PECO as part of a recertification process. Instead, PECO will automatically recertify CAP customers without need for further action by the customer. TURN and CAUSE-PA believe that this term will decrease the number of CAP customers who face burdensome recertification requirements, and will therefore decrease the number of customers removed from CAP for failure to recertify despite their ongoing eligibility for the program.

¹⁶ TURN/CAUSE-PA St. 1 at 26.

¹⁷ Id. at 26-27.

¹⁸ Id. at 28.

Paragraph 26 of the proposed Settlement details requirements related to PECO's convening, by July 1, 2025, of a stakeholder collaborative with its USAC and any other interested parties to discuss how PECO could implement automatic enrollment in CAP of LIHEAP recipients who are not already on CAP. The collaborative will discuss how PECO could implement automatic enrollment, and will identify implementation costs. PECO will then be required to submit a report documenting the views of the collaboratives and PECO's recommendations.

TURN and CAUSE-PA believe that increasing CAP participation by automatically enrolling customers for CAP following receipt of a LIHEAP grant would help ensure that low-income households are better matched with the right rate before they accrue unmanageable arrears.¹⁹ While the proposed Settlement did not adopt TURN and CAUSE-PA's recommendation, TURN and CAUSE-PA support paragraph 26 of the proposed Settlement as an initial step towards auto-enrollment. TURN and CAUSE-PA believe that the proposed Settlement represents a reasonable compromise between the parties that will promote movement towards implementing auto-enrollment and/or identifying barriers to the implementation of auto-enrollment.

ii. Low-Income Usage Reduction Program ("LIURP") (Paragraph 28)

Paragraph 28 describes that will PECO will increase its annual Electric LIURP budget from the as-filed amount of \$6.6 million to \$7.65 million, an additional \$1 million annual increase.

LIURP is a critical universal service program intended to improve bill affordability, reduce arrearages and termination rates over the long term, and work in tandem with CAP to help

¹⁹ TURN/CAUSE-PA St. 1 at 28.

reduce uncontrollably high usage attributed to home energy inefficiencies that low-income households cannot afford to address on their own. Throughout Pennsylvania, electric heating customers who receive LIURP services achieve annual bill savings that average approximately \$167 (6.7%) per year, and electric non heating customers who received LIURP services achieved annual bill savings that average approximately \$71 per year (4.3%).²⁰

Despite the value of LIURP at reducing usage and resulting energy burden, Ms. Marx testified that PECO's LIURP program is not operating at a rate sufficient to fulfill the identified need in its service territory for comprehensive usage reduction services.²¹ Currently, PECO's LIURP only serves a small portion of those in need of comprehensive energy efficiency and usage reduction services. In 2023, PECO completed 3,143 LIURP jobs, just over 1% of the 193,240 potentially eligible households.²² In order to bring greater parity to PECO's LIURP budget (consistent with similarly sized NGDCs), help reduce the financial impact of any rate increase approved in this case on low-income high usage customers, help reduce the cost of providing rate assistance through CAP, and better meet the identified need for LIURP services, TURN and CAUSE-PA recommended that PECO increase its LIURP budget by \$3,400,000, bringing its annual LIURP budget for electric customers to about \$10,000,000.²³

Even though the proposed Settlement did not adopt TURN and CAUSE-PA's recommendation, TURN and CAUSE-PA support paragraph 27 of the proposed Settlement as this increase in LIURP funding will bring the program closer to achieving the goals described above.

iii. Matching Energy Assistance Fund ("MEAF") (Paragraphs 32-34)

²⁰TURN/ CAUSE-PA St. 1 at 42.

²¹ Id.

²² Id. at 45-50.

²³ TURN/CAUSE-PA St. 1-SR at 30.

As Ms. Marx testified, MEAF is an emergency fund to help resolve an acute financial hardship that provides an alternative to traditional collections methods.²⁴ It is intended to help customers maintain service, in turn reducing uncollectible expenses for the company.²⁵ Because LIHEAP assistance in Pennsylvania is seasonal, and is typically available from November through April, MEAF grants are often the only source of assistance for PECO customers facing involuntary termination in the summer months.²⁶

Paragraphs 32, 33, and 34, make several significant changes to PECO's MEAF program. First, Paragraph 28 requires PECO to file a compliance filing in its Universal Services and Energy Conservation Plan docket by March 1, 2025 that will amend its MEAF program to set maximum grants at \$1,250 per account (raising it from \$500 per commodity) and remove the requirement that a customer bring their total account balance to zero (including current charges) with a MEAF grant in order to receive those funds. Instead, the MEAF grant must eliminate the total amount as stated on the Company's termination notice(s) or as otherwise agreed to by PECO to avoid termination or to be restored, excluding preprogram arrearage. This means that if a customer contacts PECO and PECO agrees to restore that customer's service or prevent termination of service with an amount that is different from that listed on the termination notice and that amount is less than the maximum MEAF grant amount then that customer can prevent that termination or restore service with a MEAF grant. If the grant amount does not bring the termination amount (either that listed on the notice or otherwise agreed to by PECO) to zero, then customer can make a payment and/or solicit other third-party grants to satisfy the remaining amount in order to receive the MEAF grant.

²⁴ TURN/CAUSE-PA St. 1 at 52.

²⁵ Id.

²⁶ Id. at 52-53.

As Ms. Marx testified, PECO distributes substantially fewer hardship fund dollars compared to its peer utilities.²⁷ Excluding 2022, when the Commission approved PECO to automatically apply \$3.7 million of unspent LIURP funds to customer accounts in the form of hardship fund grants, the amount of grant benefits provided to PECO customers has consistently lagged far behind the state's second largest electric company, and was either behind or on par with hardship fund spending of electric utilities a third of its size.²⁸ TURN and CAUSE-PA believe that the changes to PECO's MEAF program outlined in paragraph 32 of the proposed Settlement will increase accessibility to the program and increase the annual MEAF funds distributed. As such, TURN and CAUSE-PA support paragraph 32 of the proposed Settlement.

Paragraph 33 requires PECO to provide the following information to the USAC each quarter beginning in the first quarter of 2025: the number of MEAF applications submitted, by county; the number of MEAF applications approved, by county; the number of MEAF applications denied, disaggregated by reason for denials; the average length of time for MEAF application processing, disaggregated by county (PECO will impose this data collection requirement on MEAF agencies no later than April 1, 2025 and will share such data beginning with the fourth quarter USAC meeting in 2025); and the amount of money available for MEAF assistance, by county.

Paragraph 34 requires PECO, by July 1, 2025, to update its website to provide additional information about the need for customers to contact MEAF agencies in order to submit MEAF applications to those agencies and the types of documentation that may be requested by a MEAF agency when a customer is applying for a MEAF grant. Paragraph 34 also requires, by July 1, 2025, that PECO will improve oversight of its MEAF agencies by requiring MEAF agencies to

²⁷ TURN/CAUSE-PA St. 1 at 55.

²⁸ Id.

advise PECO upon approval of MEAF applications and PECO will place termination holds on accounts with an approved application while MEAF funds are being processed. Furthermore, if a MEAF agency stops accepting or is unable to process MEAF applications within 10 business days and PECO is informed of the delay and the delay is validated with the agency, PECO will review the situation to determine what alternative options are available and PECO will place a 15-day termination hold on impacted, unprocessed accounts that have been identified by the MEAF agency.

In Ms. Marx's testimony, she raised significant concerns about PECO's oversight of its MEAF agencies which has led to PECO distributing substantially fewer hardship fund dollars compared to its peer utilities.²⁹ While Ms. Marx's recommendations regarding MEAF were not adopted in full, TURN and CAUSE-PA believe that the changes outlined in paragraphs 33 and 34 are necessary to make sure that PECO's MEAF agencies have sufficient oversight and that there is transparency for their performance. As such, TURN and CAUSE-PA support paragraphs 33 and 34 of the proposed Settlement as a positive step in ensuring stronger PECO oversight of its MEAF program.

iv. Other PECO Commitments to Enhance Assistance to Low-Income Customers (Paragraphs 35-41)

Paragraph 35 describes PECO's use of speech analytics software for quality monitoring of calls. TURN and CAUSE-PA do not take a specific position on this term, but recognizes that these provisions reasonably strike a balance of the many varied interests of the parties in this proceeding.

²⁹ Id. at 65-66.

Paragraph 36 requires PECO to, when their billing system reflects that a customer is a confirmed low-income customer, establish a payment arrangement length of up to five years. OCA witness Roger Colton explained in his direct testimony the importance of identifying low-income customers as such, in conformity with the PUC's regulations.³⁰ Although TURN and CAUSE-PA's testimony did not discuss this specific issue, TURN and CAUSE-PA believe that ensuring confirmed low-income customers are afforded payment arrangement lengths consistent with the Public Utility Code could increase the likelihood that a customer is able to stay up to date on payments.

Paragraph 37 of the proposed Settlement requires PECO to add language to its 10-day Termination Notice advising the recipient of the availability of CAP. As Ms. Marx discussed in her direct testimony, PECO's CAP reaches less than 1 in 3 estimated eligible households.³¹ TURN and CAUSE-PA support paragraph 37 because it could increase customer awareness of CAP.

Paragraph 38 requires PECO to provide customers eligible for the Cold Weather Survey with information on universal service programs and a CAP application. TURN and CAUSE-PA support this provision because it may increase the number of eligible customers who are aware of and connected to universal service programs.

Paragraph 39 provides that customers who are confirmed low-income customers in PECO's system who are not on CAP and have been disconnected will, upon enrollment in CAP, have service reconnected at a reduced restoration amount. TURN and CAUSE-PA do not take a

³⁰ OCA St. 4 at 34-37.

³¹ TURN/CAUSE-PA St. 1 at 26.

specific position on this term, but recognizes that these provisions reasonably strike a balance of the many varied interests of the parties in this proceeding.

TURN and CAUSE-PA do not take a specific position on paragraph 40, but recognize that these provisions reasonably strike a balance of the many varied interests of the parties in this proceeding.

In paragraph 41, PECO agrees to hold semi-annual meetings with the City and PEA, as well as with stakeholders, to expand outreach opportunities in low-income areas and language access improvements. TURN and CAUSE-PA support this term because of the importance of ensuring that low-income customers are connected with the programs they are eligible for, and because of the importance, discussed below, of ensuring that non-English speaking customers can access PECO programs and customer service.

E. Customer Service and Consumer Protection

i. Call Center Performance (Paragraph 42)

Paragraph 42 requires PECO to investigate unresolved material issues with call handling that were identified in the 2022 Audit Report. Although TURN and CAUSE-PA did not provide testimony on this matter, TURN and CAUSE-PA are in favor of improvements to call-handling.

ii. Low-Income Customer Security Deposits and Disconnections (Paragraphs 43-45)

Paragraph 43 requires PECO to review all accounts by April 1, 2025 where a security deposit was previously collected from a verified, by PECO, low-income customer less than or equal to 250% of the Federal Poverty Level (“FPL”). If PECO determines it is holding a security deposit for a confirmed low-income customer, PECO will refund the amount to the customer

unless the customer has given explicit and informed consent for the deposit to be applied to the customer's account. Going forward, PECO will conduct this review on a quarterly basis.

As Ms. Marx testified, if a low-income customer is initially assessed and pays a security deposit, and a utility later learns that the household is protected from the imposition of a security deposit, the regulations provide that the utility "shall refund a deposit, along with applicable interest, within 60 days of determining the customer or applicant from whom a deposit was collected is not subject to a deposit under § 56.32(e) (relating to security and cash deposits) or § 56.41(4) (relating to general rule)."³² However, it appears that PECO currently does not provide refunds to those customers, they only return those deposits in the form of a deposit credited back to the customer's account.³³ TURN and CAUSE-PA believe that paragraph 43 is important in bringing PECO security deposit practices in line with the Commission's regulations. As such, TURN and CAUSE-PA support paragraph 43 of the proposed Settlement.

Paragraph 44 requires PECO to change its security deposit letter for new residential customers by April 1, 2025 such that those initial deposit letters include a message informing these customers that they may be eligible for a deposit waiver if they contact PECO and verify their low-income eligibility of less than or equal to 250% FPL.

The Commission requires notice of the low-income security deposit exemption to be provided to applicants and customers at the time the security deposit is assessed, along with instructions for how the applicant or customer can verify income in order for the deposit to be removed.³⁴ As outlined in Ms. Marx's surrebuttal testimony, the security deposit letters PECO

³² 52 Pa. Code § 56.32(f).

³³ TURN/CAUSE-PA St. 1 at 79.

³⁴ Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with the Amended Provisions of 66 Pa. C.S. Ch. 14, L-2015-2508421, Final Rulemaking Order, Attach. One at 48 (Feb. 28, 2019); see also 52 Pa. Code §§ 56.36, 56.286.

currently sends out do not contain any information about the statutory prohibition on assessing a security deposit on a low-income customer.³⁵ TURN and CAUSE-PA believe that paragraph 38 is important in bringing PECO security deposit practices in line with the Commission's regulations. As such, TURN and CAUSE-PA support paragraph 44 of the proposed Settlement.

Paragraph 45 requires that within 12 months from the date rates go into effect, PECO will conduct an assessment of the issues raised by OCA witness Roger Colton in his Direct Testimony (OCA Statement No. 4, pp. 65-69), with similar issues having been raised by Ms. Marx³⁶, and to meet with the OCA and TURN and CAUSE-PA to discuss PECO's efforts to ensure that Environmental Justice communities are not inadvertently disproportionately impacted by terminations of service or requests for security deposits.

As outlined in Ms. Marx's testimony, the amount collected in security deposits per customer in minority zip codes was nearly twice as much as was collected per customer in White zip codes.³⁷ Mr. Colton described similar racially disparate impacts related to terminations.³⁸ These racially disparate impacts affect a large number of customers served by PECO and need to be examined. As such, TURN and CAUSE-PA support paragraph 45 of the proposed Settlement as a starting point in addressing these racially disparate impacts.

iii. Language Access (Paragraph 46)

In her direct testimony, TURN and CAUSE-PA witness Elizabeth Marx outlined concerns that non English speaking (NES) customers do not receive meaningful access to PECO's programs and services, and may not be able to understand important communications from

³⁵ TURN/CAUSE-PA St. 1-SR at 27.

³⁶ TURN/CAUSE-PA St. 1 at 79-81.

³⁷ TURN/CAUSE-PA St. 1 at 80.

³⁸ OCA St. 4 at 7-68.

PECO.³⁹ Ms. Marx recommended that PECO track customer language, send bill information and termination notices to all households in both English and Spanish, and add a tagline to residential bills and termination notices in the top 5 languages spoken in PECO's service area advising customers of the importance of the notice and the availability of interpretation services.⁴⁰

Paragraph 46 of the proposed Settlement requires PECO to continue convening Limited English Proficiency stakeholder meetings, and to discuss issues for consideration in any proposal to add taglines to residential customer bills and send shutoff notices in both English and Spanish. Although the proposed Settlement does not reflect TURN and CAUSE-PA's full recommendations, TURN and CAUSE-PA support this term because it provides an opportunity for PECO to continue to work collaboratively with interested parties, including organizations who work directly with LEP communities, to improve its outreach and customer service to its LEP customers.

iv. Determination of Residential Heating Type (Paragraphs 47-48)

In her direct testimony, Ms. Marx discussed the importance of the distinction between Rate R and RH, as PECO is required to place customers on the most advantageous rate.⁴¹ She noted that this distinction is important for PECO's universal service programs, as CAP customers have higher maximum credit amounts if they are on RH than if they are on R, meaning that a CAP customer who is using electric heating but improperly on Rate R may accumulate a much less affordable bill than they would if they were properly on Rate RH.⁴² Ms. Marx also outlined her concerns related to how PECO determines whether a customer is placed on Rate RH, explaining that PECO only makes a rate determination the very first time a premise is connected

³⁹ TURN/CAUSE-PA St. 1 at 74-75.

⁴⁰ TURN/CAUSE-PA St. 1 at 76-77.

⁴¹ TURN/CAUSE-PA St. 1 at 83.

⁴² Id.

to the PECO system, and that there are significant barriers to switching to Rate RH, including that the customer knows that Rate RH is available to them.⁴³

She recommended that PECO should proactively identify customers who are on the wrong rate by asking the customer questions when they open their account, identifying whether customers are on the incorrect rate when conducting a LIURP or Act 129 energy efficiency audit and switching them to the correct rate after the auditor flags them to PECO, proactively reaching out to customers who are on Rate R and nearing their CAP credit maximums to determine whether the customer is on the correct rate, and reaching out to customers who have high winter usage that appears to be consistent with the use of electricity as the primary heat source.⁴⁴ Implementation of these recommendations would help ensure that customers are in fact billed under the rate most advantageous to them, as required by Section 1303 of the Public Utility Code.⁴⁵

Ms. Marx recommended a change to the PECO tariff language to correct the issue that a PECO customer who uses electric baseboard heat in multiple rooms but still has a non-electric heat source for an older part of the home would not be eligible for Rate RH, while a home that had a heat pump installed but still used a non-electric heat source for another area of their home would be eligible for Rate RH.⁴⁶ Finally, Ms. Marx recommended that PECO change the tariff language to allow customers who rely solely on electricity to heat their homes when their primary heating source is inoperable to be on Rate RH.⁴⁷ This change would help ensure that

⁴³ Id. at 84-85.

⁴⁴ Id. at 86.

⁴⁵ Id. at 83.

⁴⁶ Id. at 87.

⁴⁷ Id.

customers who are forced to rely on de facto heating sources will not face depletion of CAP credits and exorbitant arrears.⁴⁸

Paragraph 47 of the proposed Settlement provides that when a customer opens a new account, PECO's Customer Service Representative will ask the customer questions to determine whether the customer uses electricity as their primary heating source. They will also provide the new customer with information about the availability of Rate RH, and what they would need to do to switch to Rate RH. This provision also requires that when performing a LIURP audit, PECO will identify customers who are potentially eligible for Rate RH, and will provide those customers with information about how to switch to Rate RH.

Paragraph 48 of the proposed Settlement requires PECO to convene a collaborative to discuss the availability of Rate RH to customers, including discussion of the tariff language that details what equipment specifications are required in order to be on Rate RH.

Although the proposed Settlement does not reflect TURN and CAUSE-PA's full recommendations, TURN and CAUSE-PA support paragraphs 47 and 48 because they may increase the number of customers who are aware of Rate RH and able to switch onto the correct rate, and open a discussion about the availability of Rate RH and the Rate RH tariff language.

v. Payment Processing (Paragraphs 49-50)

Paragraph 49 requires PECO to undertake a good faith effort to negotiate lower payment processing fees with third-party vendors when it negotiates its next contract (anticipated to be in 2028). Paragraph 50 requires PECO to, in its next base rate case, provide, for the most recent 24 months available, the monthly number of residential payments by credit card and the fee charged

⁴⁸ Id. at 87-89.

per transaction and the monthly number of residential payments by debit card and the fee charged per transaction; and propose to eliminate all payment processing fees, including credit card and debit card fees imposed by third parties, when not using “MyAccounts”, e.g., online “pay as guest” or phone payments or, if PECO fails to make this proposal it will provide detailed information supporting its decision.

Although TURN and CAUSE-PA did not provide testimony on this matter, TURN and CAUSE-PA are in favor of paragraphs 49 and 50.

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

i. Built to Last Coordination (Paragraphs 58-60)

In her direct testimony, Ms. Marx discussed the importance of coordination between PECO’s LIURP and external weatherization or home repair programs, as this coordination would allow PECO to extend the reach and effectiveness of their LIURP.⁴⁹ Paragraphs 58, 59, and 60 of the proposed settlement require PECO to identify any barriers to coordinating program work with one of these external programs, PEA’s Built to Last, continue to take referrals from Built to Last, and meet bi-annually with PEA and other interested program implementers to discuss opportunities for coordination with PECO’s LIURP. TURN and CAUSE-PA support these provisions because they increase opportunities for coordination of LIURP with external programs and thereby may increase the effectiveness of LIURP.

G. Interconnection Costs (Paragraph 62)

Paragraph 62 provides that PECO will initiate collaborative communications with the City, PEA, the OCA, the OSBA, PAIEUG, and TURN and CAUSE-PA to discuss equitable

⁴⁹ TURN/CAUSE-PA St. 1 at 50.

distribution of utility construction costs incurred to enable interconnection. As solar availability expands over the coming years, it will be critical for stakeholders to discuss how associated costs are covered. As such, TURN and CAUSE-PA support this settlement term.

IV. **THE SETTLEMENT IS IN THE PUBLIC INTEREST**

As previously discussed, this Settlement was achieved after extensive investigation of the Company's filing, including extensive discovery and written testimony of the Joint Petitioners. The proposed Settlement represents a reasonable and balanced compromise of the varying interests of the many parties involved in this proceeding. While the proposed Settlement does provide for a rate increase, the provisions within the settlement are just and reasonable and will help mitigate the impact of increased rates on low-income households – in turn helping to ensure low-income residents can reasonably maintain affordable gas service to their homes and access critical universal service programs. Further, the proposed Settlement will also help to preserve the limited resources of the Company, the Commission, and Joint Petitioners. As such, TURN and CAUSE-PA assert that the terms of this proposed Settlement are in the public interest and should be approved without modification.

V. **ADDITIONAL TERMS AND CONDITIONS**

Section IV of the proposed Settlement sets forth additional terms and conditions of the proposed Settlement, including but not limited to (1) identifying each term and condition set forth in this Joint Petition, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized or otherwise emphasized, or set forth in the body, a footnote, or parenthetical, or appendix, as being a material consideration to the entry into this Settlement by the Joint Petitioners; (2) agreeing that Settlement is a result of compromise and does not represent the position(s) that would be advanced by any Joint Petitioner in this or any

other proceeding if it were litigated; (3) agreeing that the proposed Settlement does not establish precedent as to any parties position and is presented without prejudice to any parties' position in this case or in future cases, except to the extent necessary to effectuate the proposed Settlement; (4) waiving the Joint Petitioners' right to file exceptions as to issues addressed in the Joint Settlement, if the proposed Settlement is adopted without modifications in the Recommended Decision.

As a whole, the additional terms and conditions set forth in the proposed Settlement represent a balanced compromise of the interests of the Joint Petitioners, and set forth additional rights and obligations in a fair and reasonable manner that is in the public interest and should be approved.

VI. CONCLUSION

The proposed Settlement was achieved by the Joint Petitioners after an extensive investigation of PECO's filing and negotiation amongst the parties. TURN and CAUSE-PA assert that the proposed Settlement is a reasonable resolution to a variety of complex issues, is in the public interest, and should be approved. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings about the settled issues – which would have been undertaken at a substantial cost to the Joint Petitioners. Accordingly, TURN and CAUSE-PA respectfully request that the ALJs and the Commission approve the settlement without modification.

Respectfully submitted,
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