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September 12, 2024

VIA eFILING

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

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

Dear Secretary Chiavetta:

Enclosed for filing is the **Reply Brief of PECO Energy Company** (“Reply Brief”), in the above-captioned proceeding. As evidenced by the Certificate of Service, copies of the Reply Brief are being served upon Administrative Law Judge Marta Guhl, Administrative Law Judge Darlene Heep, and all parties of record.

If you have any questions, please contact me at 215.963.5384.

Very truly yours,



Kenneth M. Kulak

KMK/tp
Enclosures

c: Per Certificate of Service (w/encls.)

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September 12, 2024

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC
UTILITY COMMISSION**

v.

**PECO ENERGY COMPANY –
ELECTRIC DIVISION**

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DOCKET NO. R-2024-3046931

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Reply Brief of PECO Energy Company** on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

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Dated: September 12, 2024

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**PECO ENERGY COMPANY –
ELECTRIC DIVISION**

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DOCKET NO. R-2024-3046931

**REPLY BRIEF OF
PECO ENERGY COMPANY**

**Before Administrative Law Judges
Marta Guhl and Darlene Heep**

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TABLE OF CONTENTS

	Page
I. INTRODUCTION AND OVERVIEW	1
II. SUMMARY OF ARGUMENT	1
III. CUSTOMER SERVICE REPRESENTATIVE ISSUES	2
IV. IBEW PROPOSALS.....	5
V. CONCLUSION.....	11

I. INTRODUCTION AND OVERVIEW

PECO Energy Company (“PECO” or the “Company”) files this Reply Brief in response to the Main Brief filed by Local 614 of the International Brotherhood of Electrical Workers, AFL-CIO (“IBEW” or the “Union”).

The central reason PECO is seeking a rate increase is to support its substantial investment in new and replacement electric utility plant to maintain and enhance the safety and reliability of its electric distribution system with a focus on storm hardening and resilience. The requested increase in PECO’s initial filing equaled \$464 million based on data for a fully projected future test year (“FPFTY”) ending December 31, 2025. PECO also proposed one-time surcharge credits totaling \$64 million, resulting in a net electric rate increase of \$399 million in 2025.¹

As detailed in the Joint Petition for Non-Unanimous Partial Settlement of Rate Investigation (“Joint Petition”) filed on August 30, 2024, PECO and all parties to this proceeding, except IBEW (the “Joint Petitioners”) agreed to a comprehensive settlement (the “Settlement”) resolving all issues in this rate case. IBEW opposes the Settlement.

The issues raised in IBEW’s Main Brief were fully addressed in PECO’s Main Brief, filed on September 6, 2024. Therefore, it is not necessary to extensively address in detail each issue raised by IBEW. However, as an aid to the Administrative Law Judges (the “ALJs”), this Reply Brief revisits key areas of disagreement.

II. SUMMARY OF ARGUMENT

As explained in PECO’s Main Brief, the only party to oppose the Settlement in this proceeding was IBEW. IBEW’s Main Brief largely restates IBEW witness testimony regarding IBEW proposals for PECO customer service representatives (“CSRs”) that PECO has already

¹ PECO St. 1, p. 5; PECO Exhibit MJT-1, Sch. A-1.

fully addressed, argues for specific adjustments to revenue that were effectively resolved by the Settlement, seeks to impose requirements for PECO to report on its hiring plans and expenditures that are entirely unnecessary, and recommends that all PECO contractors and subcontractors be certified to install electric vehicle (“EV”) infrastructure when the Company does not install such equipment for customers. The Commission should therefore deny each of IBEW’s proposals and approve the Settlement as requested by the Joint Petitioners.

III. CUSTOMER SERVICE REPRESENTATIVE ISSUES

IBEW’s Main Brief presents arguments that largely repeat the testimony of its witness, Lawrence Anastasi, calling for additional CSR training and a reduction in CSR overtime requirements. In repeating this testimony, IBEW continues to ignore the detailed testimony provided by PECO witness Jaqueline F. Golden about the timing and extent of the CC&B training CSRs received, which PECO discussed in its Main Brief. In the following section, PECO highlights the material steps taken to ensure that CSRs and their supervisors are proficient with PECO’s new billing software and are supported and satisfied in their positions to underscore why IBEW’s CSR proposals are entirely unnecessary.

A. Adequacy of CSR Training on New Billing System

IBEW argues that multiple issues regarding the implementation of CC&B have been identified by the CSRs which “can be largely addressed through training and in lieu of punitive and excessive oversight by PECO.”² According to IBEW, CSRs were not given adequate training and time to practice use of the new software and that they are facing “great stress and pressure” because of the number of billing exceptions stemming from the implementation of CC&B. Accordingly, IBEW renews its requests that “PECO be required to provide additional

² IBEW Main Br., p. 6.

and uniform training to both CSRs and CSR supervisors on [CC&B] and [credit and collections] such that these issues will be minimized.”³

As a threshold matter, PECO does not dispute that the existence of some billing exceptions related to the implementation of CC&B and, as PECO witness Golden testifies, “[r]esolution of exceptions is a top priority for PECO and [the Company is] working diligently to resolve any outstanding issues” including with bill presentment and accuracy, summary bills, invoice delivery, confirmation of account additions and deletions.⁴ In fact, in the now nearly seven months since the implementation of CC&B, “the Company has made significant progress resolving exceptions.”⁵

However, IBEW’s claims that the training provided to CSRs and CSR supervisors and coaches prior to the implementation of CC&B was inadequate, both in terms of timing and level of detail, is simply wrong. In her testimony, PECO witness Golden details the three different, industry-standard training modules delivered to the CSRs, with the first module delivered **nearly two years before** the implementation of CC&B. Mr. Anastasi’s claim that the training was “poor” in part because it was delivered “shortly before” the launch is incorrect.⁶

The Company’s different training modules – “Set the Foundation” (provided from February 2022 through October 2022), “Make it Real” (provided from February 2023 through July 2023) and “Practice and Prepare” (provided from September 2023 through January 2024) – were delivered using multiple training methods, including but not limited to twenty-six (26) video demonstrations during Set the Foundation, preparation of three hundred seventy-five (375) job aids to accompany the twenty-six (26) courses during Make it Real, and the creation and

³ *Id.*, p. 7.

⁴ PECO St. 10-R, p. 40.

⁵ PECO St. 10-SR, p. 6.

⁶ IBEW Main Br., pp. 6-7.

documentation of CSR questions and answers throughout the training program.⁷ As such, IBEW’s complaint that the Company did not provide “cheat sheets to know where to access certain features and information on [CC&B]” is also incorrect in light of the fact that all the training modules, video demonstrations, job aids, and Q&A are accessible on a 24/7 basis to CSRs via the New Horizons Resource Hub.⁸ Moreover, IBEW’s suggestion that the CSRs are not happy with the Company’s training is inconsistent with the documented feedback solicited and received from the CSRs upon completion of the training, which was largely positive.⁹

B. Adequacy of Supervisor Support to CSRs

IBEW’s general claims that CSRs are not able to get “quick and knowledgeable feedback and support during difficult calls” and “supervisors are often in meetings and unable to assist with customer support” are again contradicted by the evidence in this proceeding. Ms. Golden testified that “coaches” were trained at the same time as the CSRs and have been readily available to assist CSRs with call handling in real time.¹⁰ PECO also continues to provide additional CC&B training for front-line supervisors, which will be completed by the end of 2024.¹¹ Furthermore, PECO supervisors continue to receive leadership training on all aspects of their job requirements, not just CC&B.¹²

C. CSR Overtime Requirements and Satisfaction

For the first time in this proceeding, IBEW alleges “punitive and excessive oversight by PECO”¹³ with respect to the CSRs. IBEW does not explain the apparent contradiction in its assertions that supervisors are unavailable but also providing excessive oversight. To the extent

⁷ PECO Main Br., pp. 6-7.

⁸ *Id.*

⁹ *Id.*, p. 7.

¹⁰ *Id.*, p. 6.

¹¹ *Id.*

¹² PECO St. 10-SR, p. 6.

¹³ IBEW Main Br., p. 6.

that IBEW believes that mandatory overtime is “punitive,” the fact is that a CSR’s job responsibility includes mandatory overtime when required to assist customers.¹⁴ If the amount of overtime required of CSRs on a day-to-day basis is the real issue at hand, the Commission should conclude that this is not the appropriate forum to negotiate revisions to the existing collective bargaining agreement governing CSR responsibilities.

In fact, PECO’s treatment of the CSRs is the exact opposite of “punitive” given that the Company did not hold CSRs accountable for their scorecard performance with respect to CC&B tasks for nearly four months after the initial implementation. Having now achieved proficiency, CSRs have returned to a nearly fully remote work environment as of the end of June 2024.¹⁵ The IBEW has simply failed to demonstrate the need for any of its CSR-related proposals.

IV. IBEW PROPOSALS

A. Worker Safety and Safety Standards

IBEW continues, in the name of workplace safety, to request that the Commission require PECO to adopt certain “qualification standards” for all employees, contractors and subcontractors working on PECO’s electric infrastructure, and that PECO proactively address alleged staffing shortages that are impacting safety on its electric systems.¹⁶ However, the record in this proceeding does not support IBEW’s requests.

For example, as detailed in the Company’s Main Brief, “PECO already employs a rigorous review process to vet the qualifications for each responsive contractor proposal. And, once a contractor is selected, the PECO agreements ‘include extensive terms and conditions that impose requirements in virtually all the areas identified by Mr. Anastasi, including explicit

¹⁴ PECO St. 10-SR, p. 5.

¹⁵ *Id.*, p. 6.

¹⁶ IBEW Main Br., pp. 9-10.

provisions requiring contractors to provide qualified employees and to document those qualifications when required.”¹⁷ IBEW’s request to implement certain “qualification standards” is not necessary given the Company’s existing rigorous contractor diligence and contracting process. Finally, IBEW’s hollow allegations that employee shortages are hampering training efforts and leading to safety concerns¹⁸ have been thoroughly rebutted by the testimony provided by PECO witnesses Nicole LeVine, PECO’s Senior Vice President and Chief Operating Officer, and Marissa Humphrey, PECO’s Chief Financial Officer, which demonstrates that PECO will be able to fill projected headcount for the FTY and FPFTY through Company-sponsored programs and other trade schools.¹⁹

B. PECO’s Vacancy Rate, Budgeting and Workforce Planning Process

In its Main Brief, IBEW continues to challenge PECO’s 2% vacancy factor by claiming that PECO needs to demonstrate that it changed its hiring and retention practices to mitigate the impact of COVID-19 on the job market.²⁰ IBEW argues that PECO’s vacancy rate is actually 4.4%, and repeats its fundamental misunderstanding of the difference between the Company’s budgeting process and its workforce planning process, which PECO witness Nicole LeVine addressed in detail in her testimony.²¹ IBEW argues for a reduction in revenue of \$4,164,000 and associated adjustments to employee benefits expense and payroll tax, which is consistent with OCA witness DeFever’s proposed payroll-related reductions in this proceeding that were entirely resolved by the Settlement and the revenue requirement agreed upon by the Joint Petitioners.²²

¹⁷ PECO Main Brief, p. 9, citing PECO St. 1-R, p. 12.

¹⁸ IBEW Main Brief, p. 10.

¹⁹ PECO Main Brief, pp. 15-16.

²⁰ IBEW Main Br., pp. 11-12.

²¹ See IBEW Main Br., pp. 11-13; PECO St. 1-R, p. 11; PECO St. 1-SR, pp. 2-3; Hearing Tr., p. 620-622.

²² See IBEW Main Br., pp. 11-13 (adopting the position set forth in OCA St. 1). See also Joint Petition, ¶ 13.

Since the start of this proceeding, IBEW has argued that the Company is entitled to the full amount of the increased revenue request in part so that it can hire, retain and sufficiently train employees to deliver reliable electric service in a safe environment.²³ In fact, in its Main Brief, IBEW continues to argue that “PECO needs to be sufficiently funded to continue and to grow its proactive efforts to groom and train workers to replace those who retire”²⁴ and that “it is imperative that PECO be afforded rate relief sufficient to allow it to proactively ramp up its hiring in these skilled classifications in the short-term so that PECO may have an appropriate number of fully qualified personnel in place as employees continue to retire, thereby allowing it to continue to provide safe and reliable service.”²⁵ In trying to support its efforts to get more information on PECO’s hiring plans, IBEW argues that the Company’s payroll expense should be reduced because the Company purportedly will not hire union employees needed for its operations.²⁶ IBEW’s position is not only internally inconsistent, but simply contrary to the extensive testimony by both PECO witnesses LeVine and Humphrey regarding PECO’s extensive efforts to hire, retain and sufficiently train employees, including those who will be bargaining unit employees.²⁷ Moreover, Ms. Humphrey presented un rebutted evidence that the Company’s actual vacancy rate through the first quarter of 2024 is 1.4%,²⁸ well below the budgeted assumption of 2.0% for the FPFTY, and she detailed the Company’s hiring plans to fill vacancies through the end of the FPFTY.²⁹ And as Ms. LeVine explained, while the Company’s operational plan includes a total “headcount” of the number of personnel required to execute the plan and is an input into the Company’s financial budget, the headcount budget reflects various

²³ IBEW St. 1, pp. 5, 7-8.

²⁴ IBEW Main Br., p. 15.

²⁵ *Id.*, p. 16.

²⁶ *Id.*, pp. 12-13.

²⁷ PECO Main Br., pp. 9-15.

²⁸ *Id.*, p. 10.

²⁹ PECO St. 2-R, pp. 2-4.

payroll levels of the Company's employees, not the Company's numerous individual job classifications, and the IBEW is essentially making an "apples to oranges comparison" in asserting that PECO must construct its headcount based on specific job classifications.³⁰

IBEW also raises concerns with respect to other wage and salary increases, as well as the Union contract ratification bonus which other parties had opposed.³¹ In light of the Settlement, PECO's recovery of such costs is no longer relevant, and any payments to IBEW employees will be governed by the Company's collective bargaining agreements.

The Company offers competitive wage and benefit packages for its employees and the recent vacancy rate demonstrates that PECO's current hiring and retention practices are clearly effective.³² In short, IBEW has not provided any specific evidence in this proceeding to support a finding that PECO faces "challenges" in its workforce planning, nor has it provided any specific evidence to support a finding that there is a current or future lack of availability of skilled workers to maintain the Company's historical 2% average vacancy rate. Accordingly, the Commission should reject IBEW's claims regarding PECO's vacancy rate as well as IBEW's proposals for additional monitoring of PECO's workforce planning processes.

C. IBEW's Proposals for Additional Reporting Requirements

1. Annual Workforce Planning Report

For the reasons described in the Company's Main Brief³³ and in Section IV.B of this Reply Brief, IBEW's proposed annual workforce planning report should be rejected.

³⁰ Hearing Tr., p. 620-622.

³¹ IBEW Main Br., p. 14.

³² PECO St. 1-SR, p. 2.

³³ PECO Main Br., pp. 15-16.

2. Annual Capital and O&M Project Lists

For the reasons described in the Company's Main Brief, IBEW's proposed annual capital and operations and maintenance project reports are not necessary or appropriate in light of the substantial differences in PECO's rate proceeding and the multi-year rate plan addressed by the Maryland Public Service Commission, as well as the information the Company already provides to the Commission.³⁴

3. Annual Reconciliation of Rate Base and Operating Income

For the reasons described in the Company's Main Brief, an annual reconciliation report is not necessary or appropriate in light of the substantial differences in PECO's rate proceeding and the multi-year rate plan addressed by the Maryland Public Service Commission, as well as the information the Company already provides to the Commission.³⁵

4. Schedule of Affiliate Transactions

For the reasons described in the Company's Main Brief, an annual reconciliation report is unnecessary and is not appropriate given that PECO's affiliate transactions already are subject to Commission review and approval, are periodically audited by the Commission pursuant to Section 516, and are subject to review in PECO's base rate cases.³⁶

D. Electric Vehicle ("EV")-Related Certification

IBEW's Main Brief repeats the testimony of its witness, Mr. Anastasi, calling for all PECO contractors and subcontractors to have Electric Vehicle Infrastructure Training Program certification before working on the Company's EV infrastructure projects.³⁷ However, as PECO witness Nicole LeVine explained, the certification reflected in Mr. Anastasi's testimony is

³⁴ *Id.*, pp. 16-17.

³⁵ *Id.*, pp. 17-18.

³⁶ *Id.*, pp. 18-19.

³⁷ IBEW Main Br., p. 23.

focused on electric vehicle charging equipment, and any “customer-facing EV charging infrastructure in PECO’s service territory is currently installed and maintained by the customer, and not by employees, contractors, or subcontractors of PECO.”³⁸ As such, the Commission should reject IBEW’s request that the Company implement EV-related certifications at this time.

³⁸ *Id.*, p. 19; PECO St. 1-R, p. 13; *see also* IBEW St. 1, pp. 15-16 (citing <https://evitp.org/training/>, which explains that the EVITP certification is for electric vehicle supply equipment).

V. CONCLUSION

For the reasons set forth above and in PECO's Main Brief, the Commission's Docket No. R-2024-3046931 should be terminated, the various Complaints consolidated therewith dismissed, IBEW's proposals and recommendations should be denied, and the proposed rates, terms, and conditions under the Joint Petition for Non-Unanimous Partial Settlement filed on August 30, 2024 should be permitted to become effective without modification.

Respectfully submitted,



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