



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 - Gas
Division, Docket No. R-2024-3046932**

Dear Judge Heep and Judge Guhl:

Enclosed please find the **Statement of 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

Charlotte E. Edelstein, Esquire
Attorney ID No. 334505

Enclosures

Cc: PA PUC Secretary's Bureau
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission

R-2024-3046932

Office of Consumer Advocate
Office of Small Business Advocate
State Representative Christina Sappey
Alan McCarthy

C-2024-3048363
C-2024-3048456
C-2024-3048631
C-2024-3048497

v.

PECO Energy Company (Gas)

CERTIFICATE OF SERVICE

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

Via Email

Erin L. Gannon, Esquire
Barrett C. Sheridan, Esquire
Gina L. Miller, Esquire
Jacob D. Guthrie, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
OCAGASPECO2024@paoca.org

Sharon E. Webb, Esquire
Steven C. Gray, Esquire
Rebecca Lyttle, Esquire
Office of Small Business Advocate
Forum Place
555 Walnut Street, 1stFloor
Harrisburg, Pennsylvania 17101
(717) 783-2525
swebb@pa.gov
sgray@pa.gov
relyttle@pa.gov

Carrie B. Wright, Esquire
Bureau of Investigation & Enforcement
400 North Street
Commonwealth Keystone Building
Harrisburg, PA 17120
carwright@pa.gov

Charles T. Joyce, Esquire
Samuel E. Shopp, Esquire
SPEAR WILDERMAN, P.C.
230 South Broad Street
Suite 1650
Philadelphia, PA 19102
ctjoyce@spearwilderman.com
sshopp@spearwilderman.com

Nicholas J. Enoch, Esquire
LUBIN & ENOCH, P.C.
349 North 4th Avenue
Phoenix, AZ 85003
nick@lubinandenoch.com

Jonathan Nase, Esquire
David P. Zambito, Esquire
Cozen O'Connor
17 North Second Street
Suite 1410
Harrisburg, PA 17101
jnase@cozen.com
dzambito@cozen.com

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

Derrick Price Williamson, Esquire
Barry A. Naum, Esquire
Steven W. Lee, Esquire
SPILMAN THOMAS & BATTLE, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
dwilliamson@spilmanlaw.com
bnaum@spilmanlaw.com
slee@spilmanlaw.com

Todd S. Stewart, Esq.

Anthony E. Gay, Esquire
Jack R. Garfinkle, Esquire
Brandon J. Pierce, Esquire
Adesola K. Adegbesan, Esquire
PECO Energy Company
2301 Market Street
Philadelphia, PA 19103
anthony.gay@exeloncorp.com
jack.garfinkle@exeloncorp.com
adesola.adegbesan@exeloncorp.com

Kenneth M. Kulak, Esquire
Mark A. Lazaroff, Esquire
Brooke E. McGlinn, Esquire
Catherine G. Vasudevan, Esquire
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

Charis Mincavage, Esquire
Adeolu A. Bakare, Esquire
Brigid Landy Khuri, Esquire
Mcnees Wallace & Nurick
100 Pine Street
PO Box 1166
Harrisburg, PA 17108
Cmincavage@mwn.com
abakare@mcneeslaw.com
bkhuri@mcneeslaw.com

Bernice I. Corman, Esquire
Bicky Corman Law, PLLC
1250 Connecticut Avenue, NW, Suite 700
Washington, DC 20036
bcorman@bickycormanlaw.com

Hawke McKeon and Sniscak, LLP
100 North Tenth Street
Harrisburg, PA 17101
tsstewart@hmslegal.com

September 12, 2024

/s/ Charlotte Edelstein
Charlotte E. Edelstein, Esq. (PA ID: 334505)
Counsel for CAUSE-PA
COMMUNITY LEGAL SERVICES, INC.
cedelstein@clsphila.org
(215) 227-4732

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	DOCKET NO. R-2024-3046932
	:	
PECO ENERGY COMPANY – GAS DIVISION	:	
	:	

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

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), a signatory party to the Joint Petition for Non-Unanimous Partial 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, CAUSE-PA believes that the terms and conditions of the Settlement are in the public interest and should be approved.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to ensure that PECO Energy Company – Gas 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 gas 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, CAUSE-PA asserts that the proposed Settlement strikes an appropriate balance of the many and varied interests of the parties to the Settlement.

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 not 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. 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 consumers, improve

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

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 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 CAUSE-PA's positions were not fully adopted, CAUSE-PA asserts that this Settlement represents a reasonable resolution in this proceeding. For reasons discussed further herein, CAUSE-PA asserts 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, CAUSE-PA adopts 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, CAUSE-PA asserts that the proposed settlement is a reasonably balanced resolution to the issues in this proceeding. CAUSE-PA's silence with respect to any particular provision does not indicate that CAUSE-PA is not in agreement with the provision. CAUSE-PA urges 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, 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 gas, 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 gas distribution revenues of \$78 million, exclusive of the \$18 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 \$111 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 15.8% of PECO Gas’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 gas 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 CAUSE-PA St. 1 at

⁹ *Id.* at

¹⁰ PECO St. 1 at 5.

¹¹ CAUSE-PA St. 1 at 11.

¹² CAUSE-PA St. 1 at 15.

While CAUSE-PA does not take a formal position as to paragraph 14, CAUSE-PA is not opposed to this provision, and believes 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. Gas 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 gas operations prior to March 16, 2026. CAUSE-PA supports 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 gas service prior to the stated date.

C. Revenue Allocation and Rate Design (Paragraphs 16-20)

Paragraphs 16 through 20 of the proposed Settlement reflect the allocation of the annual net increase in gas operating revenue to each class, monthly fixed distribution charges for each rate class, declining block Variable Distribution Charges for Rate GC, the rate design for TS-I and TS-F classes, and allocation of universal service costs in this proceeding.

CAUSE-PA does not take a specific position on the revenue allocation as reflected in paragraph 16 of the proposed Settlement. However, CAUSE-PA recognizes 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 GR and GC. 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 gas service and rely on careful conservation and usage reduction to control costs.¹⁴ While the position of CAUSE-PA was not fully adopted, an increase to \$15.70 as proposed in the Joint Settlement represents movement from the initial proposal of the Company.

CAUSE-PA does not take a specific position on declining block Variable Distribution Charges, the rate design for TS-I and TS-F classes, or the CAP adjustment factor as reflected in paragraphs 18, 19, and 20 of the proposed Settlement. However, CAUSE-PA recognizes 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 gas 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

¹³ CAUSE-PA St. 1 at 66.

¹⁴ Id.

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

i. Customer Assistance Program (Paragraphs 25-26)

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. CAUSE-PA believes 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 CAUSE-PA St. 1 at 23.

¹⁷ Id.

¹⁸ Id. at 25.

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.

CAUSE-PA believes 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 CAUSE-PA's recommendation, CAUSE-PA supports paragraph 26 of the proposed Settlement as an initial step towards auto-enrollment. CAUSE-PA believes 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 27)

Paragraph 27 describes that will PECO will increase its annual Gas LIURP budget from the as-filed amount of \$3.15 million to \$3.65 million, an additional \$500,000 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 reduce uncontrollably high usage attributed to home energy inefficiencies that low-income

¹⁹ CAUSE-PA St. 1 at 25.

households cannot afford to address on their own.²⁰ Throughout Pennsylvania, gas heating customers who receive LIURP services achieve annual bill savings that average approximately \$220 (14.5%) per year, or roughly \$18.33 per month.²¹

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.²² 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 256 LIURP jobs, just over 1% of the 21,043 potentially eligible households.²³ 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, CAUSE-PA recommend that PECO increase its LIURP budget by \$1,850,000, bringing its annual LIURP budget for gas customers to \$5,000,000.²⁴

Even though the proposed Settlement did not adopt CAUSE-PA's recommendation, CAUSE-PA supports 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 28-30)

As Ms. Marx testified, MEAF is an emergency fund to help resolve an acute financial hardship that provides an alternative to traditional collections methods. It is intended to help

²⁰ 52 Pa. Code § 58.1.

²¹ 2022 Universal Service Report at 57.

²² CAUSE-PA St. 1 at 29.

²³ CAUSE-PA St. 1 at 31.

²⁴ CAUSE-PA St. 1 at 33.

customers maintain service, in turn reducing uncollectible expenses for the company. 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.²⁵

Paragraphs 28, 29, and 30, 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.

As Ms. Marx testified, PECO distributes substantially fewer hardship fund dollars compared to its peer utilities. PECO Gas' half a million residential customers makes it similar in size to most of the other natural gas utilities in Pennsylvania. Yet, excluding 2022, when the

²⁵ CAUSE-PA St. 1 at 37.

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 was the lowest in Pennsylvania and far below all of its peer NGDCs.²⁶ CAUSE-PA believes that the changes to PECO's MEAF program outlined in paragraph 28 of the proposed Settlement will increase accessibility to the program and increase the annual MEAF funds distributed. As such, CAUSE-PA supports paragraph 28 of the proposed Settlement.

Paragraph 29 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 30 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 30 also requires, by July 1, 2025, that PECO will improve oversight of its MEAF agencies by requiring MEAF agencies to 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

²⁶ CAUSE-PA St. 1 at 41.

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.²⁷ The low numbers grants are consistently low over the course of several years in several counties. For example, in Chester County the number of MEAF grants are consistently below 30% of their 2018 or 2019 level.²⁸ CAUSE-PA believes that the changes outlined in paragraphs 29 and 30 are necessary to make sure that PECO's MEAF agencies have sufficient oversight and that there is transparency for their performance. As such, CAUSE-PA supports paragraphs 29 and 30 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 31-35)

Paragraph 31 describes PECO's use of speech analytics software for quality monitoring of calls. CAUSE-PA does 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.

Paragraph 32 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.

²⁷ CAUSE-PA St. 1 at 40.

²⁸ CAUSE-PA St. 1 at 44.

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.²⁹ Although CAUSE-PA's witness did not discuss this specific issue in testimony, CAUSE-PA believes that ensuring confirmed low-income customers are afforded payment arrangement lengths consistent with PUC regulations could increase the likelihood that a customer is able to stay up to date on payments.

Paragraph 33 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.³⁰ CAUSE-PA supports paragraph 33 because it could increase customer awareness of CAP.

Paragraph 34 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. CAUSE-PA does 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.

Paragraph 35 requires PECO to provide customers eligible for the Cold Weather Survey with information on universal service programs and a CAP application. CAUSE-PA supports this provision because it may increase the number of eligible customers who are aware of and connected to universal service programs.

E. Customer Service and Consumer Protection

i. Call Center Performance (Paragraph 36)

²⁹ OCA St. 4 at 35-38.

³⁰ CAUSE-PA St. 1 at 23.

Paragraph 36 requires PECO to investigate unresolved material issues with call handling that were identified in the 2022 Audit Report. Although CAUSE-PA did not provide testimony on this matter, CAUSE-PA is in favor of improvements to call-handling.

ii. Low-Income Customer Security Deposits and Disconnections (Paragraphs 37-39)

Paragraph 37 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).”³¹ 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.³² CAUSE-PA believes that paragraph 37 is important in bringing PECO security deposit practices in line with the Commission's regulations. As such, CAUSE-PA supports paragraph 37 of the proposed Settlement.

³¹ 52 Pa. Code § 56.32(f).

³² CAUSE-PA St. 1 at 60.

Paragraph 38 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.³³ As outlined in Ms. Marx's surrebuttal testimony, the security deposit letters PECO currently sends out do not contain any information about the statutory prohibition on assessing a security deposit on a low-income customer.³⁴ CAUSE-PA believes that paragraph 38 is important in bringing PECO security deposit practices in line with the Commission's regulations. As such, CAUSE-PA supports paragraph 38 of the proposed Settlement.

Paragraph 39 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. 67-70)), with similar issues having been raised by Ms. Marx³⁵, and to meet with the OCA 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

³³ 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.

³⁴ CAUSE-PA St. 1-SR at 21.

³⁵ TURN/CAUSE-PA St. 1 at 62-65.

zip codes.³⁶ Mr. Colton described similar racially disparate impacts related to terminations.³⁷

These racially disparate impact affect a large number customers served by PECO and need to be examined. As such, CAUSE-PA supports paragraph 39 of the proposed Settlement.

iii. Language Access (Paragraph 40)

In her direct testimony, 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 PECO.³⁸ 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.³⁹

Paragraph 40 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 CAUSE-PA's full recommendations, CAUSE-PA supports 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. Payment Processing (Paragraphs 41-42)

³⁶ CAUSE-PA St. 1 at 63.

³⁷ OCA St. 4 at 68-69.

³⁸ CAUSE-PA St. 1 at 58.

³⁹ CAUSE-PA St. 1 at 59-60.

Paragraph 41 requires PECO to PECO will 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 42 requires PECO will, 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 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 CAUSE-PA did not provide testimony on this matter, CAUSE-PA is in favor of paragraphs 41 and 42.

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, CAUSE-PA asserts 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. CAUSE-PA asserts 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, CAUSE-PA respectfully requests that the ALJs and the Commission approve the settlement without modification.

Respectfully submitted,
Community Legal Services
Counsel for CAUSE-PA



Vikram A. Patel, Esq. (Attorney ID: 324387)
Charlotte E. Edelstein, Esq. (Attorney ID: 334505)
Joline R. Price, Esq. (Attorney ID: 315405)
Robert W. Ballenger, Esq., (Attorney ID: 93434)

Community Legal Services, Inc.
1424 Chestnut Street
Philadelphia, PA 19102
(215) 981-3700