

Lubin & Enoch, P.C.

PHOENIX | DENVER | EL PASO | SALT LAKE CITY | SANTA FE

Stanley Lubin (1941-2022)

Nicholas J. Enoch
Also admitted in Colorado and Texas

Clara S. Bustamante
Also admitted in New Mexico and Texas

Morgan L. Bigelow
Also admitted in New Mexico and Utah

Margot Veranes
Also admitted in New Mexico and Texas

Taylor Secemscki
Also admitted in Colorado and Utah

349 North Fourth Avenue
Phoenix, Arizona 85003
(602) 234-0008
Fax: (602) 626-3586

September 12, 2024

VIA eFILING

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, Pennsylvania 17105-3265

Re: Pa. PUC v. PECO Energy Company – Gas Division
Docket No. R-2024-3046932
IBEW L. 614's Reply Brief
File No. 1974-004

Dear Secretary Chiavetta:

Enclosed for filing in the above-referenced matter is the Certificate of Service evidencing service of IBEW Local 614's Reply Brief.

Copies have been served in accordance with the enclosed Certificate of Service.

Sincerely,

/s/ Charles T. Joyce
Charles T. Joyce

/s/ Nicholas J. Enoch
Nicholas J. Enoch

Counsel to Intervenor-Applicant IBEW Local 614

cc. Certificate of Service

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

Docket No. R-2024-3046932

v.

**PECO ENERGY COMPANY-GAS
DIVISION**

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this 12th day of September 2024 served a copy of the foregoing document on the following persons in the matter specified in accordance with the requirements of 52 Pa. Code § 1.54.

Via Email:

Erin L. Gannon, Esq.
Barrett C. Sheridan, Esq.
Gina L. Miller, Esq.
Jacob D. Guthrie, Esq.
Office of Consumer Advocate
555 Walnut Street Forum Place, 5th Floor
Harrisburg, PA 17101-1923
Counsel for Office of Consumer Advocate (“OCA”)
OCAGASPECO2024@paoca.org

Carrie B. Wright, Esq.
Bureau of Investigation & Enforcement
400 North Street Commonwealth Keystone Building
Harrisburg, PA 17120
Counsel for Bureau of Investigation & Enforcement (“BI&E”)
carwright@pa.gov

Sharon E. Webb, Esq.
Steven C. Gray, Esq.
Rebecca Lyttle, Esq.
Office of Small Business Advocate
Forum Place 555 Walnut Street, 1st Floor
Harrisburg, Pennsylvania 17101
Counsel for Office of Small Business Advocate (“OSBA”)
swebb@pa.gov
sgray@pa.gov
relyttle@pa.gov

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

Jonathan Nase, Esq.
David P. Zambito, Esq.
Cozen O'Connor
17 North Second Street Suite 1410
Harrisburg, PA 17101
*Counsel for The Trustees of the University of Pennsylvania
and The Hospital at the University of Pennsylvania ("UPENN")*
jnase@cozen.com
dzambito@cozen.com

Christina Sappey
698 Unionville Road
Kennett Square, PA 19348
Pro Se
RepSappey@pahouse.net

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

Charis Mincavage, Esq.
Adeolu A. Bakare, Esq.
Brigid Landy Khuri, Esq.
Mcnees Wallace & Nurick
100 Pine Street PO Box 1166
Harrisburg, PA 17108
Counsel for Philadelphia Area Industrial Energy Users Group ("PAIEUG")
Cmincavage@mwn.com
abakare@mcneeslaw.com
bkhuri@mcneeslaw.com

Derrick Price Williamson, Esq.
Barry A. Naum, Esq.
Steven W. Lee, Esq.
Spilman Thomas & Battle, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
Counsel for Walmart Inc.
dwilliamson@spilmanlaw.com
bnaum@spilmanlaw.com
slee@spilmanlaw.com

Todd S. Stewart, Esq.
Hawke McKeon and Sniscak, LLP
100 North Tenth Street
Harrisburg, PA 17101
*Counsel for the Southeastern Pennsylvania
Transportation Authority (SEPTA)*
tsstewart@hmslegal.com

Charlotte E. Edelstein, Esq.
Joline R. Price, Esq.
Vikram A. Patel, Esq.
Robert W. Ballenger, Esq.
Community Legal Services, Inc.
1410 West Erie Avenue
Philadelphia, PA 19140
*Counsel for Coalition for Affordable Utility Services
and Energy Efficiency in Pennsylvania ("CAUSE-PA")*
cedelstein@clsphila.org
jprice@clsphila.org
vpatel@clsphila.org
rballenger@clsphila.org

Charles T. Joyce
Spear Wilderman, P.C.
230 South Broad Street, Suite 1650
Philadelphia, PA 19102
ctjoyce@spearwilderman.com
IBEW Local 614

///

///

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Anthony E. Gay, Esq.
Jack R. Garfinkle, Esq.
Adesola K. Adegbesan, Esq.
PECO Energy Company
2301 Market Street S23-1
Philadelphia, PA 19103
anthony.gay@exeloncorp.com
jack.garfinkle@exeloncorp.com
Adesola.adegbesan@exeloncorp.com

C. Baird Brown
eco(n)law LLC
230 S. Borad Street, 17th Floor
Philadelphia, PA 19102
baird@eco-n-law.net
City of Philadelphia and Philadelphia Energy Authority

Bernice I. Corman, Esq.
Bicky Corman Law, PLLC
1250 Connecticut Avenue, NW, Suite 700
Washington, DC 20036
bcorman@bickycormanlaw.com
Counsel to EVgo Services LLC

Laura Antinucci, Esq.
James Kellett, Esq.
Philadelphia Law Department
1515 Arch Street, 16th Floor
Philadelphia, PA 19102
laura.antinucci@phila.gov
james.kellett@phila.gov
City of Philadelphia and Philadelphia Energy Authority

September 12, 2024

/s/ Cristina Gallardo-Sanidad

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

Docket No. R-2024-3046932

v.

PECO ENERGY COMPANY-GAS
DIVISION

**REPLY BRIEF OF INTERVENOR
LOCAL 614 OF THE INTERNATIONAL BROTHERHOOD
OF ELECTRICAL WORKERS, AFL-CIO**

Charles T. Joyce, Esq.
Attorney ID: 51254
SPEAR WILDERMAN, P.C.
230 South Broad Street, Suite 1650
Philadelphia, PA 19102
Phone: 215-732-0101
CTJoyce@spearwilderman.com

Nicholas J. Enoch, Esq., admitted *pro hac vice*
LUBIN & ENOCH, P.C.
349 North Fourth Avenue
Phoenix, Arizona 85003-1505
Phone: (602) 234-0008
Fax: (602) 626-3586
nick@lubinandenoach.com

Counsel for Intervenor IBEW Local 614

Dated: September 12, 2024

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I. INTRODUCTION

Pursuant to the Prehearing Order dated May 21, 2024, at page 11, Local 614 of the International Brotherhood of Electrical Workers (“IBEW Local 614”), submitted its Main Brief on September 6, 2024. This same date, PECO, the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-Pa”), the Office of Consumer Advocate (“OCA”), the Bureau of Investigation and Enforcement (“BIE”), the Office of Small Business Advocate (“OSBA”) submitted their respective main briefs. In accordance with the modified proposed schedule approved on August 27, 2024, IBEW Local 614 herein submits its Reply Brief on the Reserved Issue and Non-Settling Party Issues.

II. WEATHER NORMALIZATION ADJUSTMENT

All filing parties addressed the reserved issue of the Weather Normalization Adjustment (“WNA”) proposed by PECO. Generally stated and as addressed herein, CAUSE-Pa, OCA, OSBA, and BIE (“Briefing Intervenors”) have presented three (3) main arguments against the adoption of the WNA: (1) the WNA penalizes customers for climate change and prior energy consumption; (2) the WNA shifts significant risk to low-income customers; and (3) PECO has not produced evidence of the benefits of the WNA.

Regarding the first issue, it is important to note that the Briefing Intervenors only addressed the concern regarding warmer than usual days. However, the WNA also applies the weather is *cooler* than usual. The WNA will shelter PECO from loss of the Commission-authorized distribution revenue during warmer months and protect ratepayers from higher bills when the weather is colder than normal.

Regarding the second issue, lower income ratepayers will not lose the other protections in place for their bills. They will continue to receive the bill discounts provided by PECO *and* the benefit of bill stability as provided through the WNA.

Third, most of the Briefing Intervenors noted that there was no evidence that the WNA provided the benefits of bill stability to ratepayers. However, BIE has admitted, on page 4 of its Main Brief, that most gas utilities regulated by the Commission have adopted a WNA. In Pennsylvania, the WNAs have been in place for over two decades.¹ No Briefing Intervenor has produced evidence that the ratepayers subject to these WNAs have been substantially harmed, that lower income ratepayers have been disproportionately affected by it, or that there was no benefit of bill stability. Moreover, one can only assume that the reason the Commission has allowed the WNA adjustments to continue over the course of more than two decades is because they *do* provide a benefit to ratepayers. In the same vein, IBEW Local 614 positively notes that PECO has also agreed to the annual reporting obligations by BIE witness Ethan Cline which would assist the Commission, customers, and other interested parties in tracking WNA's impact on customers moving forward.²

For these reasons and those set forth in IBEW Local 614's Main Brief, IBEW Local 614 reaffirms its support of PECO's WNA proposal.

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¹ *Pa. Pub. Util. Comm'n v. Phila. Gas Works*, Docket No. R-00017034 (Order entered Aug. 8, 2002).

² PECO's Main Brief at p. 15 (referencing I&E St. 3; pp. 6-7; PECO St. 3-R, p. 22).

III. CUSTOMER SERVICE REPRESENTATIVE ISSUES

A. Adequacy of CSR Training on New Billing System

In response to IBEW Local 614's extensive concerns regarding PECO's training practices for CSRs, PECO has effectively stated, "We train enough." At the outset, it is important to note that PECO has not disputed the impact that the new customer service software, CCMV, has had on ratepayers' billing. Candidly, it is alarming the manner in which the Briefing Parties and PECO have simply ignored the issue that the program has overcharged commercial accounts with previously non-existent distribution and transmission charges; the program fails to bill clients and then disconnects them due to lack of payment; and the program fails to follow through with start service requests.³

CSRs are ratepayers' direct line to PECO for their bills, services, and support. It is no small matter that IBEW Local 614, on behalf of these represented employees, are bringing forward concerns – not regarding their pay or schedule – but their *training*. IBEW Local 614 and the CSRs want to support ratepayers and are expressing concerns that PECO is not doing enough to prepare them. To wit, it was only on the beginning of the week of May 27, 2024, five months *after* the launch of CCMV, that PECO began to train CSRs on CCMV's credit and collections functionality.⁴

In its Main Brief, PECO states that its Witness Jacqueline F. Golden testified to PECO's three phases of training for CSRs.⁵ However, IBEW Local 614 stands by its testimony that CSRs have only received passive training on the new program, including

³ Exh. IBEW-11 at 9–10.

⁴ PECO St. 10-R at p. 5.

⁵ PECO's Main Brief at p. 21 (citing PECO St. 10-SR, pp. 2–4).

being read PowerPoint Slides and too little time to practice the use of the actual software.⁶ Shortly before CCMV was launched, supervisors read PowerPoint slides to CSRs as part of their training on how to use CCMV.⁷ Moreover, now under the new software, PECO has *reduced* standard training for credit collections from one and a half month long in-person training with in-person supervisors to two weeks of training with supervisors supposedly, but not actually, available via Teams.⁸

For these reasons and those set forth in its Main Brief, IBEW Local 614 requests that PECO revert to the prior format of credit training for CSRs, which required one and a half month-long training in-person with present supervisors, faster training of new hires, and no additional evaluations until PECO works through its own internal issues of implementing the new customer software.

B. Adequacy of Supervisor Support to CSRs

In its Main Brief, IBEW Local 614 noted that there was a lack of supervisory support during difficult calls, including credit collections. In its Main Brief, PECO has responded that it will be implementing additional training relating to its new customer software program, which will be completed by 2024.⁹ Again, it is alarming that this didn't occur *before* PECO launched the program and such practices only come at the expense of ratepayers who cannot receive adequate support and CSRs who have to work additional hours to work through these issues with ratepayers. In its Main Brief, PECO has also stated

⁶ Exh. IBEW-11 at 9–10.

⁷ *Id.*

⁸ *Id.*

⁹ PECO's Main Brief at p. 23 (citing PECO St. 10-SR at pp. 5-6).

that “coaches” will be trained at the same time as CSRs and those “coaches” will be supporting CSRs.¹⁰ Suffice to say it is nonsensical that coaches going through “training” may not be the best to assist CSRs on challenging calls. It’s the blind leading the blind, but one of them has the title of “coach.”

IBEW Local 614 reasserts that the issue of supervisor support can be mediated through adequate training. Specifically, IBEW Local requests there be a provision of training to CSR supervisors regarding the CSRs’ role, the programs they use, and navigating PECO’s billing system. This will not only support CSRs, but it will also support customers.

C. CSR Overtime Requirements and Satisfaction

In its Main Brief, PECO does not deny that CSRs were forced to go through significant unplanned mandatory overtime.¹¹ Instead, PECO states that this was a mandatory part of their jobs, and it was a natural part of the deployment of the CCMV software.¹²

It is astounding that a major company that touts its diversity by the same token diminishes the disproportionate impact of its practices on its diverse workforce. As noted in the Rebuttal Testimony of James Glenn, on behalf of IBEW Local 614, the vast majority of CSRs are women who depend on childcare for work.¹³ PECO’s cavalier attitude regarding the psychological stress that it caused these workers by giving them write-ups

¹⁰ PECO’s Main Brief at p. 23 (citing PECO St. 10-SR at p. 6).

¹¹ PECO’s Main Brief at p. 23.

¹² *Id.*

¹³ Exh. IBEW-11 at 10.

because they could not get childcare in time to stay for unscheduled overtime is alarming.¹⁴ All more so the case when apparently PECO had no intention of doing anything with these write-ups and apparently only did it pressure workers to stay.¹⁵

PECO rushed the deployment of the CCMV program, forced mandatory overtime via the threat of write-ups to get more working hours out of the CSRs, and diminished training for these workers. None of this would have been necessary had PECO adequately trained workers and supervisors and deployed a program that was actually ready to go.

IBEW Local 614 submits this is a crucial reason to carry out sufficient training to ensure these workers are supported. Moreover, PECO's poor management in deploying this program, and its consequent effects on customers and CSRs, is sufficient reason to require an order from the Commission to correct the same.

IV. IBEW PROPOSALS

A. Worker Safety and Safety Standards

As can be gleaned from its omission in IBEW Local 614's Main Brief, IBEW Local 614 has not presented or "implied" issues of safety on PECO's gas side practices in relation to its impact on workers. IBEW Local 614's testimony on the topic had been limited to reinforcing to PECO that it should ensure to always proactively address it as it does have a statutory obligation to these same workers. 66 Pa.C.S.A. § 1501 (requiring every public utility to "furnish and maintain adequate, efficient, **safe**, and reasonable service and facilities, and [] make all such . . . improvements in or to such service and facilities as . . .

¹⁴ *Id.*

¹⁵ *Id.*

necessary or proper for the **accommodation, convenience, and safety of its patrons, employees, and the public.**”).

This stated, PECO should be collecting employee input on safety by more means than just broadcasting safety procedure changes on television slides and convening safety meetings.¹⁶

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

1. Employee Complement/Vacancy Rate

In response to IBEW Local 614’s request for a reduction in the employee vacancy factor, setting aside the topic of workforce planning reports which is addressed *infra*, PECO states: (1) IBEW Local 614 is relying on a vacancy factor that is premised on a five-year average which fails to account for the impact of the COVID-19 pandemic; (2) PECO already provides competitive wage and benefit packages; and (3) PECO plans to hire twenty-three (23) BUEs by December 31, 2025, primarily through its Gas Mechanic School.

Again, PECO’s cursory mention of COVID-19 as grounds for a disproportionately high vacancy factor does not actually translate to an explanation regarding *why* COVID-19 would have such a high impact on the workforce hiring practices. There was no less gas usage during COVID-19 and the bargaining unit employees are not engaged in labor that can be done “remotely.” PECO’s only explanation on the correlation between COVID-19 and its impact on hiring is that for *one* year it did not open its Gas Mechanic School. Considering that the Gas Mechanic School only produces a whopping *twenty-three*

¹⁶ PECO’s Main Brief at p. 25 (citing PECO St. 1-R at p. 20).

employees over the course of one year and a half, this really doesn't justify the high discrepancy in the vacancy factors.

PECO is correct that IBEW Local 614 had originally submitted that it would be amenable to an adoption of PECO's version of a "normal" vacancy rate if it proved that there was a change in its hiring and retention practice.¹⁷ Specifically, if PECO could show the new practices that mitigated the impact of COVID-19 on the job market, then it would make sense that the low-averages would not occur again.

PECO states that it already offers competitive wages and benefit packages and that it plans to expand the bargaining unit by twenty-three employees by December 31, 2025.

Suffice to say that even on its face, this is an underwhelming number of hires. It is only worsened when compared to the number of retirement eligible employees. PECO has stated in response to IBEW Interrogatories Set 1-11 that by December 31, 2024, twenty-seven (27) distribution mechanics (gas) and senior corrosion mechanics, and six (6) gas design technicians will be eligible for retirement. By December 31, 2025, twenty-seven (29) distribution mechanics (gas) and senior corrosion mechanics, and six (6) gas design technicians will be eligible for retirement.

PECO's plans notably do not address and clearly do not reflect an intention to how replace employees expected to retire in 2024 and 2025.

As explained by IBEW Local 614 in its Main Brief, if the Commission fails to hold PECO to task the projection of a *realistic* vacancy rate, it will create a perverse incentive

¹⁷ Exh. IBEW-11 at 4-5.

for public utility companies to project higher employee counts than it actually has. Additionally, PECO's poor workforce planning will allow it to continue recovering "unexpected" contractor expenses. Vice-President Hamilton notes on page 21 of her rebuttal testimony, there is work that PECO could do in-house, thereby saving ratepayers money, which it does not do because it does not have sufficient staff to spare.¹⁸

As such, in addition to the workforce planning report requirements discussed *infra*, IBEW Local 614 adopts OCA's recommendation that a 4% vacancy factor be applied, resulting in a reduction of \$1,049,000 to PECO's payroll.

2. Wage and Salary Increases

PECO did not address this topic in its Main Brief.

3. Union Contract Ratification Bonus

PECO did not address this topic in its Main Brief.

4. Employee Benefits Expense and Payroll Taxes

PECO did not address this topic in its Main Brief.

C. Construction Audits and Senior Contract Coordinators

In its Main Brief, PECO rejects IBEW Local 614's recommendations for three main reasons: (1) it claims the work can be completely in-house because projects fluctuate throughout the year, (2) bringing the work in-house will not result in lowered costs, and (3) there is no agreement by the settling parties to hire more Senior Contract Coordinators

¹⁸ PECO Statement No. 1-R, Rebuttal Testimony of Amy Hamilton, at 21; *see also* PECO's Main Brief at p. 25.

(SCC) and PECO is not obligated to limit the position to Senior Distribution Mechanics who have passed the qualifying test for a foreman.¹⁹

In response to its first argument, IBEW Local 614 disputes that projects ever diminish such that PECO cannot have a base number of workers dedicated to the construction. Stated differently, PECO cannot point to a time in the year when it is engaging in *no* construction. As such, to the extent PECO can create a base number of employees dedicated to construction, sparing ratepayers the bloated expenses of contracted labor and the cost of inspecting the work of contracted labor, then it should.

Second, PECO argued that the cost of bringing the work in-house would result in hiring foremen and additional supervisors which would potentially offset the savings realized from reducing the number of contractors. This is nonsensical. For one, *contractors* also use foremen, and PECO is paying for them at higher rates than it pays its employees. Likewise, those contractors have their *own* first line supervisors that match the number of employees, which PECO *also* pays for. Also, even assuming PECO is correct about this statement, PECO is not actually denying there would be savings. It's claiming there may be a "potential" offset. It is not claiming – or supporting – an actual offset or a full offset of the savings that it would incur.

Third, PECO is claiming that IBEW Local 614 is limiting the hiring of SCCs to only Senior Distribution Mechanics who have passed the qualifying test for a foreman. That is inaccurate. IBEW Local 614 believes they are best qualified for the job and should be *first*

¹⁹ PECO's Main Brief at pp. 30–31.

eligible for the work. PECO also argues that the additional hires of SCCs should be dropped because the other parties settled. That is neither here nor there for IBEW Local 614, a *non-settling* party. IBEW Local 614 reaffirms its concerns that the SCCs conducting the audits are too few and they are not spending enough time at the job sites to appropriately supervise the work of contractors.

D. IBEW's Proposals for Additional Reporting Requirements

1. Annual Workforce Planning Report

In its Main Brief, PECO challenges the Workforce Planning Report on two grounds: first, that adjusting for COVID-19 set-backs, PECO has historically averaged a 2% vacancy rate, and that recruitment efforts for Field Ops positions through its schools and for administrative and CSR positions through its standard recruiting efforts will easily maintain that average; and second, PECO claims that a Workforce Planning Report was only required by the Arizona Corporation Commission in **Exh. IBEW-4** due to specific workforce challenges that are not present here.

As addressed above *supra*, PECO's stated hiring plan falls far short of recruiting and hiring enough employees through its Gas Mechanic schools to meet its anticipated headcounts, especially when accounting for anticipated retirements. Further, PECO's poor budgeting process makes its ability to self-assess and strategically plan to meet its hiring needs highly suspect. As such, IBEW Local 614 contends that PECO is facing specific workforce challenges that supports the Commission requiring PECO to submit a Workforce

Planning Report. Since PECO is already doing this on a departmental level,²⁰ it should not be burdensome on the Company to submit the same in this docket.

As such, and for the reasons set forth above and in IBEW Local 614's Main Brief, IBEW Local 614 respectfully requests PECO be required to file and serve an Annual Workforce Planning Report by April 1 of each year, consistent with that of **Exh. IBEW-4**.

2. Annual Capital and O&M Project Lists

PECO objects to IBEW Local 614's proposal for annual submission of Capital and O&M Project Lists on two grounds: first, that PECO does not have, and is not requesting a multi-year rate plan like that in Maryland; and second, that this reporting requirement would be duplicative of its annual asset optimization plan ("AAOP"), which provides information regarding capital project expenditures and capital work that it completed compared with the LTIIP.²¹

As for PECO's first point, it is immaterial that the Maryland Public Service Commission required these project lists as part of a multi-year rate plan. As explained in IBEW Local 614's Main Brief, the Pennsylvania Public Service Commission has the authority to require a public utility "to file periodical reports, at such times, and in such form, and of such content, as the commission may prescribe and special reports concerning any matter whatsoever which the commission is authorized to inquire or to keep itself informed, or which it is required to enforce." 66 Pa. C.S.A. § 504. This type of report is

²⁰ PECO's Main Brief at p. 32.

²¹ PECO's Main Brief at pp. 32–33.

useful to gauge the prudence of contract labor expenditures and other capital expenses, regardless of whether it is part of a multi-year rate plan or not.

As to PECO's second point, IBEW Local 614 is not asking for duplicative reports. However, to the extent IBEW Local 614 is requesting project lists for capital and O&M projects not reported in the AAOP, PECO has failed to articulate a reason why these reports are not highly relevant and useful for tracking runaway capital expenses.

For the reasons set forth above and in IBEW Local 614's Main Brief, IBEW Local 614 requests that PECO be required to file a Capital and O&M Project List Reports in this docket and serve copies of the same to all intervenors by May 30 of each year until its next rate application.

3. Annual Reconciliation of Rate Base and Operating Income

As stated in IBEW Local 614's Main Brief, while PECO's commitment to preparing a comparison of its actual expenses and rate base additions for the twelve months ending on December 31, 2025, to its projections in this case is a step in the right direction, this report still falls short of IBEW Local 614's request here. Requiring an annual reconciliation will provide some much-needed transparency to the utilities projected versus actual costs, and track PECO's ability to stay on budget. Further, providing this transparency is useful regardless of whether the utility is applying for a rate increase in a multi-year rate plan.

IBEW Local 614 respectfully requests that PECO be required to file an annual Reconciliation filing in this docket and serve copies on all intervenors by May 30 of each year until its next rate application.

4. Schedule of Affiliate Transactions

PECO objects to this reporting requirement on the basis that (1) Delaware, which ordered the model report admitted as **Exh. IBEW-1**, has different regulatory requirements not found in Pennsylvania, and (2) unlike in Delaware, PECO's affiliate agreements are subject to Commission review and approval.²²

IBEW Local 614 strongly believes an annual reporting requirement sharing Exelon-affiliated transactions is appropriate and necessary to address concerns regarding PECO's corporate affiliation with Exelon. As acknowledged by PECO, affiliate transactions are subject to Commission review and approval. Providing a schedule of affiliate transactions would thus further the ability of the Commission to perform this function, as well as providing parties in PECO's base rate cases with the information needed to challenge the prudence of these transactions. Additionally, these reports would shed some much-needed light on PECO's reliance on, amongst other things, the resources and labor of the other members of the Exelon family of companies so that the Commission can actually review and approve of these expenses.

IBEW Local 614 requests that PECO be required to submit an annual Affiliate Transactions report, similar to that of **Exh. IBEW-1**, in this docket and serve a copy of the same to all intervenors by May 30 of each year until its next rate application.

V. CONCLUSION

For the reasons set forth above and in IBEW Local 614's Main Brief, IBEW Local 614 respectfully requests the relief it prayed for in its Main Brief.

²² PECO's Main Brief at pp. 18–19.

RESPECTFULLY SUBMITTED this 12th day of September 2024.

LUBIN & ENOCH, P.C.
SPEAR WILDERMAN, P.C.

By: /s/ Nicholas J. Enoch

Nicholas J. Enoch (Arizona State Bar No. 16473)

Admitted pro hac vice

349 North Fourth Avenue

Phoenix, Arizona 85003-1505

Phone: (602) 234-0008

Fax: (602) 626-3586

nick@lubinandenoach.com

Charles T. Joyce, Esq.

Attorney ID: 51254

Spear Wilderman, P.C.

230 South Broad Street, Suite 1650

Philadelphia, PA 19102

Phone: 215-732-0101

CTJoyce@spearwilderman.com

Counsel to Intervenor IBEW Local 614