

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

Docket No. R-2024-3046932

v.

PECO ENERGY COMPANY-GAS
DIVISION

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

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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” or “the Union”), by and through undersigned counsel, submits its Main Brief. On September 3, 2024, the parties agreed to and provided a common briefing outline for the Main Briefs. IBEW Local 614 has briefed its topics of choice herein and used the same order and headers given to the topics in the common briefing outline. IBEW Local 614 does not take a position on the remaining topics not briefed herein.

A. Description of Company

IBEW Local 614 is a labor organization serving as the exclusive representative of approximately 1,430 PECO employees. **Exh. IBEW-10 at 1–2.** Of these, approximately, 177 PECO employees work for the call center and thirty percent (30%) of the remaining portion work in the PECO-Gas division. *Id.* These PECO-Gas employees include customer consultants, customer service center clerks, specialized consultants, distribution mechanics (gas), gas design technicians, gas corrosion mechanics, energy technicians that act as gas first responders, and plant operation mechanics. *Id.* IBEW Local 614 and PECO have entered into two separate and comprehensive collective bargaining agreements (“CBAs”) governing the conditions, terms, and working conditions of PECO’s bargaining unit employees.

B. Procedural History

On March 28, 2024, PECO filed for a rate increase. On April 17, 2024, IBEW Local 614 filed a motion to intervene, which was granted on May 23, 2024. On May 15, 2024, IBEW Local 614 served its First Set of Interrogatories on PECO—Gas Division.

IBEW Local 614 prepared and served Pre-Filed Direct (**Exh. IBEW-10**), Rebuttal (**Exh. IBEW-11**), and Surrebuttal Testimony of James Glenn (**Exh. IBEW-12**) on June 14, July 15, and August 5, 2024, respectively. On August 8, 12, and 13, IBEW Local 614 participated in the Evidentiary Hearing, including taking vigorous cross-examination of several PECO witnesses.

Settlement discussions among the parties were held before and after the Evidentiary Hearing. IBEW Local 614 was unable to come to an agreement with PECO, and thus is not a signatory to the GRC Joint Petition for Non-Unanimous Settlement (the “Non-Unanimous Settlement”).

C. Overview of PECO’s Filing

In its original rate increase application, PECO requested an overall natural gas rate increase of approximately \$111 million per year. **PECO Statement No. 1, Direct Testimony of Amy E. Hamilton (“Hamilton Direct”), at 5–11.** Specifically, PECO alleged that that the increase was necessary to assure it received a fair return on substantial investments made, support additional investments needed, deploy new technology to meet customer needs, and recover higher operating expenses related to gas utility service, including cost of labor, contracting, and material.

D. Overview of the Settlement

The Non-Unanimous Settlement provides that PECO will recover an annual increase in gas distribution revenues of \$78 million, exclusive of the \$18 million of revenues currently recovered in the Distribution System Improvement Charges (“DSIC”) and reflecting those charges will be recovered in the distribution rates and the DSIC rate will be reset to zero. The rate will be effective on January 1, 2025.

E. Burden of Proof

Pursuant to 66 Pa. C.S.A § 315(a), PECO bears the burden of proof to demonstrate that the proposed rate is just and reasonable. The public utility must satisfy this burden by a preponderance of the evidence. *Energy Conservation Council of Pa. v. PUC*, 995 A.2d 465, 478 (Pa. Cmwlth. 2010). A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pa. Gas & Water Co. v. Pa. Pub. Util. Comm’n*, 341 A.2d 239 (Pa. Cmwlth. 1975). In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm’n of W. Va.*, 262 U.S. 679 (1923) and *Fed. Power Comm’n v. Hope Nat. Gas Co.*, 320 U.S. 591 (1944). In *Bluefield*, the United States Supreme Court stated:

A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in

the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.

262 U.S. at 692–93.

II. SUMMARY OF ARGUMENT

IBEW Local 614 supports PECO's requested overall gas rate increase of approximately \$111 million per year and believes that it is appropriate, subject to the specific reductions briefed herein. PECO is the largest combined electric and gas utility in Pennsylvania, servicing more than 1.5 million residential and commercial customers; PECO's gas operations include over 7,300 miles of gas mains, approximately 480,000 gas services, 28 gate stations, over 300 regulator stations, and liquefied natural gas and propane-air peaking plants.

In addition to its gas infrastructure, PECO must also maintain a highly skilled workforce to continue providing its customers with safe and reliable service. This skilled labor comes at an attendant cost. PECO is competing for a talented workforce in all of its classifications. Without a comprehensive and smart approach to workforce development, PECO will be unable to meet the ongoing and incoming energy demands of our growing community. After all, it is these workers who will provide the operations and maintenance activities necessary to provide PECO's customers with safe and reliable service.

Ensuring that PECO has this workforce is not an inexpensive endeavor. This is a labor market where demand far outstrips supply. In fact, PECO acknowledges this in its

rate application, noting that staffing shortages have caused delays in completing projects, and contributed to increased projects costs. Additionally, PECO will need to maintain and expand its pipeline of skilled natural gas workers to meet its goals of improving its system reliability and modernizing its grid.

During a time of historic inflation and interest rates, which has already demonstrably impacted PECO's high labor and contracting expenses, it is to be expected that the same squeeze will be felt within PECO's internal workforce. If PECO is insufficiently funded to provide a competitive employment package, PECO will begin to face a reduction in its highly skilled workforce, all who work on critically important natural gas distribution systems. Thus, Local 614 submits that it is in the best interest of utility customers to pay more than rock-bottom prices for gas services.

III. WEATHER NORMALIZATION ADJUSTMENT

IBEW Local 614 joins PECO in support of its weather normalization adjustment ("WNA Mechanism"). **PECO Statement No. 3, Direct Testimony of Michael J. Trzaska ("Trzaska Direct"), at 66.** The WNA Mechanism will further two important goals: (1) it will provide customers with more predictability in their billing and (2) provide PECO greater certainty in its ability to earn distribution revenues authorized the Commission. Such mechanisms have already been approved for four other major gas utilities in Pennsylvania. *See Penn. Pub. Util. Comm'n v. Columbia Gas of Pennsylvania, Inc.*, Docket No. R-2018-2647577 (December 6, 2018); *Penn. Pub. Util. Comm'n v. Phil. Gas Works*, Docket No. R-2022-3034229 (September 21, 2023); *Penn. Pub. Util. Comm'n v. UGI Utilities, Inc.–Gas Division*, Docket No. R-2021-3030218 (September 16, 2022).

OCA has objected to the WNA Mechanism by alleging that it improperly shifts the impacts of weather to consumers and that the full effect should be shouldered by PECO. **OCA Statement 5 Supp., Supplemental Direct Testimony of Nicholas A. DeMarco (“DeMarco Direct”)**. OCA’s argument lacks merit for two main reasons. First, PECO did not cause climate change, it has been an unfortunate and collective effort, which includes ratepayers, that has led to the status of climate change today. As such, that PECO should bear the full risks of an issue we are all collectively at fault for does not make sense. Second, there is little novelty to the premise of PECO’s WNA Mechanism. Whether energy is being consumed at record rates due to temperature fluctuations or simply the personal preference of families in our community, PECO is entitled to recovery for purposes of these costs and the question here is whether (1) we spread the cost over time to normalize it or (2) continue to hit ratepayers with rate-shock from fluctuating bills. It is IBEW Local 614’s position that the WNA Mechanism will accomplish the former and that this is preferable.

IV. CUSTOMER SERVICE REPRESENTATIVE ISSUES

A. Adequacy of CSR Training on New Billing System

Multiple issues have been identified by CSRs which have directly affected ratepayers during recent months. IBEW Local 614 submits that these issues can be largely addressed through training and in lieu of punitive and excessive oversight by PECO.

In early 2024, PECO changed CSRs’ customer service software from CIMS to CCMV. **Exh. IBEW-11 at 9–10**. CSRs use this software to support residential and commercial clients, including by accessing their information, correcting billing, and cutting or starting service. *Id.* Shortly before CCMV was launched, supervisors read

PowerPoint slides to CSRs as part of their training on how to use CCMV. *Id.* They were not provided significant time to practice use of the software or given path cheat sheets to know where to access certain features and information on CCMV. *Id.* Additionally, PECO has greatly reduced the training provided to CSRs for credit collecting. Before, the training lasted one and a half months and the new trainees were placed in a classroom with supervisors to practice calls. *Id.* Now, the trainings have been reduced to two weeks and CSRs are told to contact supervisors on Teams if they have any questions. *Id.*

Since the launch of CCMV, issues have also arisen with the program itself, causing spikes in customer calls. *Id.* 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. *Id.* All these issues lead to spikes in calls. *Id.* As such, on top of the additional problems directly caused by the new software program, the CSRs are struggling to navigate the program itself due to PECO's poor training. *Id.*

For this reason, IBEW Local 614 is requesting that PECO be required to provide additional and uniform training to both CSRs and CSR supervisors on CCMV and credit collection such that these issues will be minimized. *Id.*

B. Adequacy of Supervisor Support to CSRs

As already touched upon *supra*, there has been a lack of supervisor support which has impeded CSRs ability to provide customer support. CSRs have reported to IBEW Local 614 that their supervisors frequently do not understand their role or the programs they use. **Exh. IBEW-11 at 9–10.** This has directly harmed CSRs' ability to get quick and

knowledgeable feedback and support during difficult calls. *Id.* Moreover, CSRs in the middle of credit collections are told to contact CSR supervisors via Teams if they have any issues, but those supervisors are often in meetings and unable to assist with customer support. *Id.*

As discussed *supra*, IBEW Local 614 believes this is an issue that 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 addition to the impact the new program and PECO's training practices have on customers, it has also greatly affected CSRs themselves. CSRs are frequently scheduled for mandatory overtime with little notice. **Exh. IBEW-11 at 10.** When CCMV was launched, all CSRs had to do one hour of overtime every workday for a month straight. *Id.* The vast majority of CSRs are women who depend on childcare to work. *Id.* When CSRs complained about this extensive period of short time and their struggle to secure childcare, they were told to deal with it, written up if they could not complete the mandated overtime, and were not told that these write-ups were not disciplinary. *Id.* IBEW Local 614 submits this is a crucial reason to carry out sufficient training to ensure these workers are supported.

V. IBEW PROPOSALS

IBEW Local 614 supports PECO's original request for a rate increase of approximately \$111 million per year, as modified herein, and does not support the agreement reached by the settling parties. Generally stated, the purpose of the rate increase is to assure that a public utility receives a fair rate of return on the value of the property it has dedicated to public service. Although utilities are not guaranteed profits, they should receive a return that assures confidence in the financial soundness of the utility. As detailed here, the cost of labor is a major component of PECO's significant investments and absent appropriate recovery of these costs, PECO will struggle to maintain adequate staffing and will not have money necessary to properly discharge its public duties.

A. Worker Safety and Safety Standards

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

PECO has requested \$52.481 million for payroll expenses in the FPFTY ending December 2025. **PECO Statement No. 4, PECO Exhibit MJT-2, Schedule D-6.** For the reasons set forth herein, IBEW Local 614 does not support PECO's vacancy factor of 2% but does support its annualized wage increase for the bargaining unit employees. Bargaining unit employees are those PECO-Gas employees who are those whose terms and conditions of employment are covered by the IBEW Local 614 and PECO's CBA. In its filings, PECO commonly refers to bargaining unit employees as "union employees."

1. Employee Complement/Vacancy Rate

PECO applied a vacancy factor of 2% for the purposes of its payroll request. **PECO Statement No. 2, Direct Testimony of Marissa Humphrey ("Humphrey Direct"), at 2–**

4. PECO has argued that its vacancy rate is appropriate as it had already taken into account a certain level of “normal vacancies” as part of this calculation. *Id.* Specifically, PECO alleges that COVID-19 pandemic created an anomaly in its vacancy rate from 2020 to 2022. *Id.* PECO claims it has overcome these hiring and firing anomalies through its Gas Mechanic School, which will produce 35 graduates by October 2025. *Id.*

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. **Exh. IBEW-11 at 4–5.** 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.

However, PECO has not shown any changes in its practices or exactly how COVID-19 is to blame for such a large discrepancy. PECO generically cites COVID-19 as the cause for its high vacancy rate, but only notes that it led to the closing of the Gas Mechanic School in 2020. That is only *one* year, and the reality is that this school only produces upwards of 35 graduates over the course of almost *two* years. This doesn’t justify or explain such a high vacancy rate discrepancy.

Moreover, PECO has insisted on its flat and unchanging hiring and retention factors. There is no evidence in the record that anything has changed which justifies such a large leap in the vacancy rate from 2% to 4.07%. **See OCA Statement No. 1, Direct Testimony of John Defever (“Defever Direct”), OCA-VII-22, OCA-VII-21(b).** Moreover, PECO’s responses to IBEW Set 1 Interrogatories have evidenced that PECO has poor internal workforce planning. **Exh. IBEW-12 at 3–4 (referencing Exh. IBEW-6).** For 2022-2025,

PECO denies that it budgets by employee classifications, and instead, apparently, it only budgets by total count. *Id.*; see also **Defever Direct, OCA-V-16(b)**. It is unimaginable that PECO lacks the sophistication or capability to track and plan hiring and retention efforts by classification.

PECO's poor workforce planning and bloated forecasted employee count raises two serious concerns. First, if the Commission fails to hold PECO to task the projection of a *realistic* vacancy rate, it will create a perverse incentive for public utility companies to project higher employee counts than it actually has. Ratepayers will be paying for vacant employee positions that utilities don't have to even *try* to fill. Second, 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. **PECO Statement No. 1-R, Rebuttal Testimony of Amy Hamilton ("Hamilton Rebuttal"), at 21.**

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 has annualized the FPFTY salaries and wages ("S&W") as follows: (1) the 2.5% wage increase for union employees forecasted to be effective on January 1, 2025; (2) the 3.0% wage increase for non-union employees forecasted to be effective on March 1, 2025; (3) the projected 2.5% wage increase for unions to be effective on January 1, 2026;

and (4) the projected 3.0% wage increase for non-union employees to be effective on March 1, 2026. **PECO Statement No. 4, Direct Testimony of Caroline Fulginiti (“Fulginiti Direct”), at 5.**

PECO should recover costs which are just and reasonable. The Union submits that “reasonable” costs require a higher degree of certainty that the costs will take place. Purely speculative costs do not meet this “reasonable” standard. Those in the bargaining unit will be subject to the contractually agreed upon wages in the collective bargaining agreement which currently extends to 2026. These are bargained-for measurable costs, and as such, the Union submits that the wage increases associated with bargaining unit employees are known and measurable. Stated differently, unlike with non-bargaining unit employees, the Union membership has a contractually and statutorily guaranteed right to the referenced wage increases. *See 29 U.S.C. § 185(a).*

Additionally, allowing the recovery of this cost now will reduce rate shock and the need for rate increase filings. PECO will not be motivated by this cost to return sooner than later for a rate increase and this cost, paid now, will be one less expense that ratepayers will be required to grapple with in 2026.

The wage increases for union employees on January 1, 2026, and March 1, 2026, total \$635,000. **PECO Exhibit MJT-1, Schedule D-6, p. 57, line 15.** For the reasons set forth herein, IBEW Local 614 supports PECO’s recovery of \$635,000 associated with the union employee wage increases on January 1, 2026, and March 1, 2026.

3. Union Contract Ratification Bonus

IBEW Local 614 supports PECO's recovery of the one-time union contract ratification payment. The purpose of the payment was to ratify a contract which has extended and governed the working conditions of PECO's bargaining unit employees. **Exh. IBEW-11 at 4.** Ratepayers continue to benefit today by the stability of PECO and IBEW Local 614's contractual relationship insofar as any conflict by the two are mediated through neutral arbitrators as opposed to work stoppages. *Id.* and *see 29 U.S.C. §§ 141(b)* and 151.

4. Employee Benefits Expense and Payroll Taxes

For the reasons provided *supra*, IBEW Local 614 supports recovery of the costs associated with the employee benefits expense and payroll taxes so long as it reflects the 4.0% vacancy rate proposed herein. This results in a reduction of \$304,000 for payroll taxes and \$569,000 for benefits. *See OCA Statement 1, Exhibit JD-G-1, Schedules C-16 and C-17.*

C. Construction Audits and Senior Contract Coordinators

In relation to PECO's post-construction audits, IBEW Local 614 submits two (2) additional proposals to address the issue of construction quality.

First, IBEW Local 614 requests that PECO be required to ameliorate the need for post-construction quality audits by conducting the work in-house rather than outsourcing it. **Exh. IBEW-11 at 5.** By having bargaining unit employees perform this labor in the first instance, PECO has full supervision and control over the work and there should not be a need to audit at all. *Id.*

Second, to the extent PECO continues to outsource the labor for these projects, IBEW Local 614 requests that PECO be required to hire additional senior contractor coordinators (“SCCs”) for the audits and that PECO's Senior Distribution Mechanics who have passed the qualifying test for a foreman be the ones who are first eligible to do this work. *Id.* The number of SCCs should be adequate to allow SCCs to visit all their job sites within a five-day week period and spend at least four hours at each job site. *Id.*; *see also* **I&E Exhibit No. 4, Sch. 15** (reflecting SCCs visit 70-80% of their region’s job sites per day).

D. IBEW’s Proposals for Additional Reporting Requirements

The 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. IBEW Local 614 requests that PECO be required to submit the following four periodic reports.

1. Annual Workforce Planning Report

A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pa. Gas & Water Co. v. Pa. Pub. Util. Comm’n*, 341 A.2d 239 (Pa. Cmwlth. 1975). In *Bluefield*, the United States Supreme Court stated that a public utility is entitled to a rate of return that, *inter alia*, “enable[s] it to raise the money necessary for the proper discharge of its public duties.” 262 U.S. at 692.

Here, PECO needs to be sufficiently funded to continue and grow its proactive efforts to groom and train workers to replace those who retire. **Exh. IBEW-10 at 6–9.** Local 614 recognizes that this is not an inexpensive endeavor. *Id.* By and large, PECO cannot simply hire new employees upon the retirement of current ones. *Id.* For multiple skilled positions, the worker still needs to undergo training. *Id.* Thus, there must be a significant period of overlap between the service periods of retirees and their replacements. *Id.* PECO must spend a substantial amount of money to train employees to ensure that they become fully qualified and at least minimally capable of replacing more seasoned employees. *Id.* In light of these costs, 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 its employees continue to retire, thereby allowing it to continue providing safe and reliable service. *Id.* Without this in-house workforce, PECO will increasingly rely on volatile and expensive contractor expenses in order to discharge its public duties. As further explained below, this is not a solution but really the trade of one problem for another and larger one.

A workforce planning report will help ensure that PECO receives the necessary costs to continue providing safe and reliable service. Such compliance requirements have been used in Arizona on multiple occasions and can be seen in the following decision from the Arizona Corporation Commission: ACC Decision No. 76374, pp. 65–66, 2017 Ariz. PUC LEXIS 46, at **105–107 (Ariz. Corp. Comm’n September 19, 2017). Local 614 believes these proactive filings by PECO will ensure it receives adequate funding.

Moreover, as PECO has admitted it already tracks these numbers, the Union's modest request, in practice, is to request this information be made public and be provided with necessary context.

For these reasons and those discussed in relation to PECO's employee vacancy rate, the Union requests there be an order requiring the following:

PECO shall file and serve a workforce planning report with the Commission and interested Intervenors containing the following information: (i) the identification of each of the specific challenges or issues PECO faces regarding workforce planning; (ii) the specific action(s) PECO is taking to address each challenge or issue; and (iii) an update of the progress PECO has made toward resolving each challenge or issue. The workforce planning report shall be filed annually at the beginning of each calendar year until the conclusion of PECO's next rate case filing and shall be limited to the following job classifications: distribution mechanics (gas), gas design technicians, gas corrosion mechanics, energy technicians that act as gas first responders, plant operation mechanics, customer consultants, and service center clerks.

At a minimum, the workforce planning report shall set forth: (i) the number of employees then currently holding these positions; (ii) the present mean and median ages of PECO's workforce with respect to these job classifications; (iii) the share of retirement-eligible employees, both as a percentage and in absolute terms, in each of these job classifications; (iv) the anticipated hiring level and attrition level for each of these job classifications; (v) the identification of each of the specific challenges or issues PECO faces regarding workforce planning; (vi) the specific action(s) PECO is taking to address each challenge or issue; and (vii) an update of the progress PECO has made toward resolving each challenge or issue. The report shall be submitted April 1st of each year and served on all intervenors in this matter.

Requiring this Report will provide a mechanism by which the Commission and interested parties can track (1) PECO's workforce needs; (2) PECO's hiring efforts; and retention trends; and (3) any challenges posed by the job market. This information will in turn allow the Commission to make better informed decisions regarding PECO's recovery of contract labor and employee costs.

2. Annual Capital and O&M Project Lists

IBEW Local 614 submits that a direct consequence of PECO's poor workforce planning has been its overuse of contracted labor. There are higher costs associated with contracted labor as these are categorized as "capital" expenses. **Exh. IBEW-12 at 5.**

To ameliorate the issue of excessive "capital" costs, Maryland Public Service Commission approved the form of the 2024 Capital and O&M Project Lists and Operation Pipeline Project lists – **Exhibit IBEW-2** in this instant case – in MD PSC Order No. 90480, p. 3 (MD PSC January 23, 2023) (*approving* Baltimore Gas and Electric Company's Minimum Filing Requirements in Case No. 9645 (ML 300339) dated November 30, 2022). These project list reports have enabled BGE - an Exelon sister company of PECO - to track its capital expenses and ensure it reduces them as necessary. **Exh. IBEW-12 at 5.** Thus far BGE has reduced its 2024 capital workplan by \$84 million. The Union requests that PECO be required to file a Capital and O&M Project List Reports in this docket and serve a copy of the same to all parties by May 30th of each year until its next rate application.

3. Annual Reconciliation of Rate Base and Operating Income

In paragraph 19 the Non-Unanimous Settlement, PECO commits to preparing, in its next base rate proceeding, a comparison of its actual expenses and rate base additions for the twelve months ended December 31, 2025, to its projections in this case. While a step in the right direction, IBEW Local 614 submits that this reconciliation report should be required on an annual basis and made available to all interested parties. **See Exh. IBEW-9 at 7; Exh. IBEW-3.** Such a report was approved by the Maryland Public Service Commission in MD PSC Order No. 89482, pp. 3–5, 17, 37–38 (MD PSC February 4, 2020), *affirmed* MD PSC Order No. 89678, p. 3 & n. 4 (MD PSC December 16, 2020), and provides some much-needed transparency to the utilities projected versus actual costs.

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

4. Schedule of Affiliate Transactions

PECO's corporate affiliation with other Exelon companies has raised concerns in other dockets which the Union believes should be proactively addressed here. Specifically, the Union believes this docket would benefit from added transparency moving forward regarding transactions between PECO and other Exelon-affiliated companies. Such reporting will ensure PECO is charging and being charged an appropriate amount. Specifically, the Union wants to ensure that other Exelon companies are not charging PECO inflated costs that do not reflect the value of what is being acquired by PECO and then passing those expenses on to ratepayers.

Of special concern is the contract labor costs for extreme weather-related expenses. When extreme weather, including major storms, and other emergencies result in large-scale damage to PECO's electric or gas delivery systems, PECO must immediately organize crews to safely and reliably repair the damage and stabilize the grid. **Exh. IBEW-8 at 8.** When the damage is so extensive that PECO personnel are insufficient to restore service to customers in a timely fashion contractors and crews from other utilities are generally brought in to support PECO's efforts. *Id.* at 9. The prudence of the costs associated with this supplemental labor needs further review, especially when it is Exelon-affiliated utilities that provide the labor. Those transactions cannot be said to be at arm's length, and thus are prone to be abused.

IBEW Local 614 therefore submits that requiring PECO to produce, on an annual basis, a Summary Schedule Affiliate Transactions report, similar to that of Exh. IBEW-1, would shed some much-needed light on PECO's reliance on, amongst other things, the resources of the other members of the Exelon family of companies. **Exh. IBEW-1.** The Delaware Public Service Commission approved the filing of a similar report, which is an exhibit in this case—**Exh. IBEW-1**—in DE PSC Order No. 5469, p. 8 & Attachment "A," pp. 2–3, 202 P.U.R.4th 53, 2000 Del. PSC LEXIS 116, at **16 & 31 (Del. P.S.C. June 20, 2000).

The Union requests that PECO be required to do the same in this docket and serve a copy of the same to all parties by May 30 of each year until its next rate application.

VI. CONCLUSION

IBEW Local 614 respectfully requests the following relief:

- A. Recovery of PECO's proposed WNA adjustment;
- B. With respect to PECO's CSRs:
 - a. An Order requiring PECO to provide additional and uniform training to both CSRs and CSR supervisors on CCMV and credit collection such that these issues addressed in Section IV(A), *supra* will be minimized;
 - b. An Order requiring PECO to provide training to CSR supervisors regarding the CSRs' role, the programs they use, and navigating PECO's billing system;
 - c. An Order requiring PECO to change its practices regarding CSRs to reduce overtime, increase training, and eliminate write-ups when a CSR is unable to perform mandated overtime;
- C. With respect to PECO's request to recover payroll related expenses:
 - a. An Order adopting OCA's recommendation that a 4% vacancy factor be applied to PECO's payroll expenses, resulting in a reduction of \$1,049,000 to PECO's payroll including adjustments for payroll tax and benefits;
 - b. Recovery of \$635,000 associated with the union employee wage increases on January 1, 2026, and March 1, 2026;
 - c. Recovery of PECO's one-time union contract ratification payment;

- D. An Order requiring PECO to ameliorate the need for post-construction quality audits by conducting the work in-house rather than outsourcing it; and, to the extent PECO continues to outsource the labor for these projects, an Order requiring to hire additional SCCs for the audits and that PECO's Senior Distribution Mechanics who have passed the qualifying test for a foreman be the ones who are first eligible to do this work;
- E. An Order requiring PECO to file and serve on all interested Intervenors, no later than May 30 of the following year and for each year until PECO's next rate base case:
- a. An Annual Workforce Planning Report consistent with that of **Exh. IBEW-4**.
 - b. A Capital and O&M Project List Report consistent with **Exh. IBEW-2**.
 - c. An annual Reconciliation filing consistent with **Exh. IBEW-3**;
and
 - d. A Summary Schedule Affiliate Transactions report consistent with **Exh. IBEW-1**;
- F. Subject to the modifications in Sections V(A)–(J) *supra*, approving PECO's Tariff Gas – Pa. P.U.C. No. 8.

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RESPECTFULLY SUBMITTED this 6th day of September 2024.

LUBIN & ENOCH, P.C.
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