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October 28, 2024

VIA eFILING

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

**Re: Pennsylvania Public Utility Commission v.
PECO Energy Company – Gas Division
Docket No. R-2024-3046932**

Dear Secretary Chiavetta:

Enclosed for filing in the above-referenced matter are the **Replies of PECO Energy Company to Exceptions** (“Reply Exceptions”).

As evidenced by the Certificate of Service, copies of the Reply Exceptions are being served upon the Administrative Law Judges, all parties of record, and the Office of Special Assistants, as instructed in the Secretarial Letter dated October 15, 2024.

If you have any questions, please do not hesitate to contact me directly at 215.963.5384.

Very truly yours,



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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC
UTILITY COMMISSION**

v.

**PECO ENERGY COMPANY –
GAS DIVISION**

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DOCKET NO. R-2024-3046932

CERTIFICATE OF SERVICE

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

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Dated: October 28, 2024

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**PECO ENERGY COMPANY –
GAS DIVISION**

Docket No. R-2024-3046932

**REPLIES OF
PECO ENERGY COMPANY
TO EXCEPTIONS**

**To the Recommended Decision of
Administrative Law Judges
Darlene Heep and Marta Guhl**

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I. INTRODUCTION

On October 22, 2024, PECO Energy Company (“PECO” or “the Company”) filed with the Pennsylvania Public Utility Commission (the “Commission” or the “PUC”) Exceptions to the Recommended Decision (“RD”) of Administrative Law Judges Darlene Heep and Marta Guhl (the “ALJs”) issued on October 15, 2024. PECO’s Exceptions are narrowly focused on the single item reserved for litigation by the Joint Petition for Partial Non-Unanimous Settlement (“Settlement”) filed on August 30, 2024 – PECO’s proposed Weather Normalization Adjustment (“WNA”) – and the ALJs’ recommendation that the Commission’s Bureau of Technical Utility Services (“TUS”) consider a possible new annual filing requirement for affiliate transactions.

Local 614 of the International Brotherhood of Electrical Workers, AFL-CIO (“IBEW”) is the only party that opposed the Settlement and continues to advance inconsistent positions it took during this proceeding.¹ PECO hereby replies to the Exceptions filed by IBEW. IBEW’s Exceptions largely repackage arguments that were fully addressed in PECO’s Main Brief and Reply Brief, which the Commission is urged to review in light of the page limit on Reply Exceptions.² These Reply will address only the key errors in IBEW’s Exceptions regarding the RD recommending approval of the Settlement.³

¹ For example, IBEW asserts that the revenue increase agreed to in the Settlement is too low, but also proposed to apply a higher vacancy rate, which would lower the Company’s permitted payroll expense. *See* IBEW Exceptions, p. 6; IBEW Main Br., p. 9.

² In its Exception No. 11, IBEW contends that the Commission should approve PECO’s proposed WNA, which is consistent with the WNAs the PUC approved for other gas utilities. PECO supports IBEW Exception No. 11 for the reasons set forth in the Company’s Exceptions (pp. 4-18).

³ The ALJs recommended one modification to the Settlement – that PECO provide TUS and IBEW a copy of a report the Company agreed to file regarding its investigation of unresolved material issues (if any) from a 2022 audit report on call handling as part of the Company’s efforts to address concerns and improve performance related to the Company’s call center and customer service performance (the “Settlement Report”). PECO does not oppose this modification.

II. REPLIES TO EXCEPTIONS

A. The ALJs Applied the Appropriate Standard of Review and Burden of Proof for the Settlement (IBEW Exceptions 1-3, 10)

IBEW argues that the ALJs applied the wrong standard to review the rates, terms, and conditions of the Settlement.⁴ Seizing upon a single sentence in the RD, IBEW alleges that the ALJs believed they were bound by Commission policy to approve the Settlement notwithstanding the objections of IBEW.⁵

IBEW distorts the ALJs' meaning by quoting this single sentence out of context. The ALJs' recommendation came only after they weighed the evidence and considered the competing arguments of the settling parties and IBEW, which is documented in the 27 pages of the RD containing an analysis of the settling parties' positions and IBEW's objections to the Settlement (pp. 48-75). Contrary to the false impression created by IBEW's Exceptions, the ALJs did not review the Settlement as if it were unanimous, but instead addressed all the contested issues and concluded that IBEW's objections to the Settlement should be rejected.

The ALJs' methodology and conclusions are consistent with the standards for reviewing non-unanimous settlements that the Commission concisely restated in approving a non-unanimous settlement and rate increase in the 2020 base rate proceeding of Pennsylvania-American Water Company:

We agree with PAWC that the applicable standard of review is the same for approval of a settlement, whether the settlement is total or partial, including a nonunanimous settlement, and that substantial evidence supports the ALJ's recommendation to adopt the Settlement. As previously noted, here, the ALJ's review of the terms of Settlement under the applicable standard of review, was conducted based upon a fully developed record. Based upon the entire record, we find that the Settling Parties have sustained their

⁴ IBEW Exceptions, pp. 2-4, 10-11.

⁵ *Id.*, pp. 3-4, 11 (*citing* RD, p. 73).

burden as to both substantial evidence in support of the proposed rate increase, and, as to the finding that the Settlement is reasonable and in the public interest.⁶

In this proceeding, the ALJs set forth and applied those same standards (*see* RD, pp. 35-36) and found that the settling parties met their burden with substantial evidence to establish that the terms, rates, and conditions reflected in the Settlement are reasonable and in the public interest, and that IBEW's proposals were not supported by substantial evidence. In short, IBEW's contention that the ALJs focused only on the Settlement while allegedly ignoring the arguments advanced by IBEW in its briefs and the testimony of its witness James Glenn is directly contradicted by the ALJs' detailed analysis of all the record evidence and IBEW's positions.

IBEW's Exceptions (p. 4) also challenge the ALJs' interpretation of Section 315(a), which states that, in rate cases, "the burden of proof to show that the rate involved is just and reasonable shall be upon the public utility."⁷ IBEW's suggestion that the ALJs determined that Section 315(a) forecloses IBEW's proposals relating to employee training, reporting requirements and workforce planning, simply because those topics were not addressed in PECO's initial filing, grossly mischaracterizes the RD. The ALJs correctly set forth the burden of proof applied by the Commission in accordance with Pennsylvania law.⁸ As the ALJs observed, Section 315(a) "cannot reasonably be read to place the burden of proof on the utility with respect to an issue the utility did not include in its general rate case filing and which, frequently, the utility would oppose."⁹ Section 332(a) establishes a burden of proof separate

⁶ *Pa. P.U.C. v. Pa.-Am. Water Co.*, Docket No. R-2020-3019369 (Opinion and Order entered Feb. 25, 2021), p. 40; *see also id.*, pp. 38-39; *Pa. P.U.C. v. Phila. Gas Works*, Docket No. R-2020-3017206 (Opinion and Order entered Nov. 19, 2020), pp. 14-15.

⁷ 66 Pa.C.S. § 315(a).

⁸ *See* RD, pp. 32-34, 74.

⁹ RD, p. 34 (*citing Pa. P.U.C. v. Metro. Edison Co.*, Docket No. R-00061366 (Opinion and Order entered Jan. 11, 2007)).

from that in Section 315 for a party proposing a rule or order on an issue the utility did not include in its initial rate case filing – which IBEW has done – to present substantial evidence demonstrating the reasonableness of its proposals.¹⁰ As the ALJs found, and discussed further in Sections II.B. to II.D. below, IBEW failed to meet its burden.

B. The ALJs Correctly Found That IBEW’s Proposals Calling for Additional Customer Service Representative (“CSR”) Training and Reduced CSR Overtime Requirements Are Not Supported by Substantial Evidence (IBEW Exception 4)

In its Exceptions (p. 5), IBEW argues that the ALJs did not afford enough weight to Mr. Glenn’s concerns about the level of training and call handling support to CSRs during the rollout of PECO’s new customer information system (“CIS”) known as “CC&B.” Contrary to IBEW’s contention, the ALJs clearly set forth IBEW’s position and were persuaded by the detailed testimony of Company witness Jacqueline F. Golden concerning PECO’s robust training efforts and other actions to ensure that CSRs can perform well and are satisfied in their positions.

The record evidence fully supports the ALJs’ conclusion that the “solutions” described on pages 6-8 of IBEW’s Main Brief (incorporated by reference into its Exceptions) are not necessary and do not warrant modification of the Settlement. Mr. Glenn’s recommendations include: (1) training for CSRs and supervisors regarding the use of CC&B (with credit and collections functionality); (2) periodic training for supervisors regarding the role of CSRs and best practices for supporting them; (3) allowing CSRs to access PECO’s legacy CIS during implementation of CC&B; (4) faster training of new hires so they can handle more than “stop/start” and emergency calls; and (5) no additional evaluations of CSRs while PECO implements its new CIS.¹¹ As discussed in PECO’s Main Brief (pp. 20-23) and Reply Brief (pp.

¹⁰ *Pa. P.U.C. v. NRG Energy, Inc.*, 233 A.3d 936, 950-51 (Pa. Commw. Ct. 2020).

¹¹ *See* IBEW St. 1-R, pp. 7-10.

11-15),¹² Ms. Golden refuted each of IBEW witness Glenn's allegations about the adequacy of training and pressure on CSRs during PECO's CIS transition. In her surrebuttal testimony, Ms. Golden explained why IBEW's CSR-related recommendations are not appropriate or needed to address Mr. Glenn's concerns:

- On February 20, 2024, PECO deployed CC&B to replace its existing CIS, which was permanently shut down on July 16, 2024. PECO St. 10-SR, p. 5.
- CSRs, along with their supervisors and coaches, received three different, industry-standard training modules on PECO's new CIS, and the first module of the extensive training occurred two years prior to going live with CC&B. All the materials from those trainings, including job aids, video demonstrations and answers to frequently asked questions, are available to CSRs on a 24/7 basis via the New Horizons Resource Hub. *Id.*, pp. 2-3.
- PECO's training program received positive feedback from CSRs. *Id.*, pp. 3-4.
- Coaches completed the same extensive training on PECO's CIS and have been readily available to support CSRs with call handling and assist with addressing billing matters using CC&B in real time. *Id.*, p. 5.
- A CSR's job responsibilities include mandatory overtime when required to assist customers. Recognizing the challenges CSRs faced during PECO's CIS upgrade, the Company did not hold CSRs accountable for scorecard performance with respect to CC&B for nearly four months after the launch date. PECO has made significant progress resolving CC&B implementation issues, and most CSRs have reached a proficiency level that should have reduced stress levels and has enabled them to return to a nearly fully remote work environment as of the end of June 2024. *Id.*, pp. 6-7.

The ALJs did not ignore the concerns regarding CSR issues expressed by IBEW's witness, and Mr. Glenn's recommendations to address those concerns. After reviewing the voluminous record in this case, the ALJs concluded that an additional requirement that PECO provide the Settlement Report to IBEW (which PECO agreed to do in its Exceptions) is an appropriate and sufficient response to the CSR issues raised by Mr. Glenn based on PECO's testimony regarding

¹² See also PECO Main Br. Appendix A, pp. 6-7 (Proposed Findings of Fact Nos. 31-40).

the completion of the CC&B roll out, the Company's ongoing training programs, and increasing CSR proficiency in the new billing environment.

C. The ALJs Correctly Concluded That IBEW Did Not Provide a Valid Basis for Any Change in PECO's Construction Audit Processes (IBEW Exception 6)

In its Exception No. 6 (pp. 7-8), IBEW claims that the RD did not appropriately consider its recommendations that: (1) PECO bring all construction work "in house" instead of outsourcing labor to "ameliorate the need for post-construction quality audits"; and (2) PECO hire additional senior contract coordinators ("SCCs") to conduct audits, with Senior Distribution Mechanics receiving preference for such audit work, if the Company continues outsourcing construction labor.¹³ IBEW further suggests that the ALJs acted improperly by recommending approval of safety-oriented Settlement terms while also finding IBEW's audit proposals to be an unwarranted intrusion on PECO's management discretion.¹⁴ IBEW's position should be rejected.

As explained in the RD (p. 52), the Commission has recognized that it has limited authority to interfere in the internal management of a utility and will intervene only where the evidence demonstrates an abuse of managerial discretion and the public interest has been adversely affected.¹⁵ With respect to construction audit issues, PECO provided detailed record evidence concerning its existing post-construction quality auditing practices and explained that the Company regularly evaluates the ratio of SCCs to contractor crews and believes its existing

¹³ See IBEW Main Br., pp. 13-14 (describing IBEW's proposals).

¹⁴ IBEW Exceptions, pp. 7-8.

¹⁵ See *Pa. P.U.C. v. Columbia Water Co.*, Docket No. R-2008-045157 (Opinion and Order entered June 10, 2009), p. 39 ("The Commission, as a creation of the General Assembly, has only the powers and authority granted to it by the General Assembly. The General Assembly did not grant the Commission the authority to act as a super board of directors for a public utility. Determining the employment practices and compensation of its directors, officers and employees is within the managerial discretion of a public utility.").

SCC coverage levels are adequate.¹⁶ PECO witness Amy E. Hamilton, Vice President of Gas Operations, explained that bringing all construction work “in-house,” as IBEW recommends, is not efficient or practical because the number of projects throughout a given year can fluctuate due to weather and competing demands, which may require workforce reductions if the number of projects does not justify retention of full-time equivalent employees.¹⁷ The Company’s continued use of subcontractors for construction work provides important flexibility and allows the Company to implement a balanced approach to staffing given the “lumpy” nature of this work.¹⁸ Moreover, increased labor costs associated with hiring additional PECO foremen and first line supervisors to monitor the in-house crews would potentially offset cost savings realized from reducing the number of subcontractors.¹⁹ Finally, as Ms. Hamilton explained, Mr. Glenn’s proposed hiring preference for the role of SCC is not appropriate, because SCC job postings are open to any qualified individual, including Senior Distribution Mechanics.²⁰

In this case, the ALJs analyzed the IBEW audit-related proposals, along with the other changes to PECO’s employment practices recommended by Mr. Glenn, and found that those proposals concerned matters generally within the internal management of a utility. Based on the record evidence, the ALJs properly determined that IBEW failed to demonstrate an abuse of managerial discretion by PECO or that PECO’s staffing practices have or will have a negative impact on the public interest.

¹⁶ PECO St. 1-R, pp. 15-16.

¹⁷ PECO St. 1-SR, pp. 2-3; Tr. 799-800.

¹⁸ PECO St. 1-SR, p. 3; Tr. 792-93.

¹⁹ PECO St. 1-SR, p. 3; Tr. 802.

²⁰ PECO St. 1-SR, p. 3.

In short, the record evidence supports the ALJs' conclusion that IBEW failed to provide a valid basis to impose its desired construction audit process changes. The fact that the ALJs' recommended approval of safety-oriented Settlement terms agreed to by the settling parties (*see* RD, pp. 72-73), which were supported by record evidence,²¹ does not obligate the ALJs to accept the unsupported IBEW proposals that would intrude upon PECO's managerial discretion.

D. The ALJs Properly Rejected IBEW's Recommendations to Impose Unnecessary Reporting Requirements Regarding PECO's Hiring Plans and Expenditures (IBEW Exceptions 5, 7-9)

1. Workforce Planning and Reporting (IBEW Exceptions 5, 7)

IBEW supports the full \$111 million of rate relief set forth in PECO's initial filing²² and emphasizes the importance of supporting costs associated with bargaining unit employees. IBEW further challenges the 2% vacancy factor presented by PECO in this proceeding and continues to recommend that PECO be required to file an annual workforce report similar to Exhibit IBEW-4 to ensure that PECO is making appropriate hiring decisions for the continued provision of safe and reliable gas service. IBEW claims that the ALJs' consideration of its workforce-related concerns was "cursory" and that "no legal authority" was provided for rejection of the workforce planning report proposal.²³

While PECO has agreed to a lower rate increase under the Settlement, IBEW provided no evidence that PECO would not be meeting its contractual obligations under its collective bargaining agreement. The agreed-upon rate increase in the Settlement effectively resolved the different positions among several of the settling parties (PECO, the Office of Consumer

²¹ *See, e.g.*, PECO Statement in Support of the Settlement ("SIS"), pp. 30-31; I&E SIS, pp. 12-14.

²² *See, e.g.*, IBEW Main Br., p. 4.

²³ IBEW Exceptions, pp. 6-7.

Advocate, and the Commission’s Bureau of Investigation and Enforcement) about the appropriate vacancy rate.²⁴

The concept of just and reasonable rates, like the associated concept of a “fair return,” are not exact values and both exist within a “constitutional range of reasonableness.”²⁵ As long-standing Commission precedent discussed in the RD (pp. 73-74) establishes, one important way to identify an outcome that is within the acceptable “range” of just and reasonable rates is through the settlement process. In that way, parties with differing interests engage in an adversarial process to scrutinize the evidence supporting a rate request and agree to a reasonable overall result based on robust negotiations. Accordingly, the ALJs fully considered IBEW’s claims regarding PECO’s vacancy rate and concluded that IBEW did not provide substantial evidence to conclude that the rate increase reflected in the Settlement is not just and reasonable or would jeopardize PECO’s ability to provide safe and reasonable gas service.

The RD (pp. 51-54) also properly considered and rejected IBEW’s proposal for additional monitoring of PECO’s workforce processes. The ALJs’ assessment of the proposal was not improper or without legal basis as IBEW suggests. Rather, the ALJs reviewed the record evidence and found that IBEW failed to establish that such monitoring was necessary. The report touted by IBEW as a model (Exhibit IBEW-4) was required by the Arizona Commerce Commission due to specific workforce challenges experienced by Arizona Public Service Company.²⁶ Here, the record evidence established that PECO has robust hiring practices

²⁴ See PECO St. 2-R, pp. 1-3; PECO St. 3-R, p. 8; I&E St. 1, pp. 13-15; I&E St. 1-SR, pp. 8-13; OCA St. 1, pp. 8-9; OCA St. 1-SR, p. 3.

²⁵ See *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 312-16 (1989); *Pa. P.U.C. v. Pa. Gas & Water Co.*, 424 A.2d 1213, 1219 (Pa. 1980)

²⁶ See Arizona Public Service Co., Annual Workforce Planning Compliance Report Decision 76295, Docket Nos. E-01345A-16-0036/E-01345A-16-0123 (May 29, 2020), p. 3 (“For many years, APS has been focused on our aging workforce and managing the attrition levels that result from aging workers.”); see also Tr. 797 (“I will point out that in the workforce planning that you provided as IBEW-4, if you look at the cover letter to that

in place that have resulted in PECO successfully meeting its workforce needs year over year. As explained by Company witness Marissa Humphrey, PECO plans years in advance to ensure that it has enough fully trained and experienced employees.²⁷ As noted in the RD (p. 54), PECO offers competitive wage and benefit packages for its employees and its current and historic 2% vacancy rate (when adjusted for COVID-19 pandemic impacts) demonstrates that PECO's current hiring and retention practices are effective.²⁸ Moreover, the Company fully anticipates meeting its hiring goals in 2025.²⁹ The ALJs properly relied on this testimony in determining that IBEW did not establish a need to require PECO to submit an annual workforce report that involves business planning³⁰ that should remain within the Company's managerial discretion.

2. Capital and Operating and Maintenance (“O&M”) Project List Reports and Annual Reconciliation of Rate Base and Operating Income (IBEW Exception 8)

IBEW takes exception to the ALJs' rejection of IBEW's proposal to require PECO to file a report similar to the one identified as Exhibit IBEW-2. Exhibit IBEW-2 was filed on February 12, 2024, by Baltimore Gas and Electric Company (“BGE”) with the Public Service Commission of Maryland (“Maryland PSC”) providing a list of projects with schedules, by project, capital and O&M contingencies identified as remaining in BGE's multi-year plan budget. IBEW also

workforce planning report, it is clear, because it's quoted from the order requiring it, that the reason it was required was APS was having challenges and issues filling their positions. And the whole purpose of this report was to inform the Commission on what APS was doing to rectify that situation. PECO does not have that situation.”).

²⁷ PECO St. 2-R, pp. 2-4.

²⁸ PECO St. 1-R, p. 22; PECO St. 1-SR, p. 4; Tr. 778-79, 795-97.

²⁹ PECO St. 2-R, pp. 2-4.

³⁰ IBEW attempts to downplay the intrusion of its proposal by stating “[w]orkforce planning *reports* are just that, reports.” IBEW Exceptions, p. 9 (emphasis in original). However, as IBEW explained in its Main Brief (p. 16), it is seeking information about specific workforce challenges, PECO's plans or actions to address specific challenges, and progress updates. Such information is clearly part of business planning processes within PECO's managerial discretion.

takes exception to the ALJs' rejection of IBEW's proposal to require PECO to file an annual report similar to the one identified as Exhibit IBEW-3. Exhibit IBEW-3 was filed by BGE on April 1, 2024 with the Maryland PSC, providing a reconciliation of BGE's actual distribution rate base and operating income over a specified period compared to the amounts approved by the Maryland PSC in BGE's prior rate case, and BGE's actual capital expenditures and O&M expenses in a capital workplan that was filed separately with the Maryland PSC.³¹

The ALJs' recommendation (RD, pp. 55-57) is fully supported by record evidence that such reports are inapplicable, duplicative or unnecessary. First, the BGE reports identified by IBEW as models were prepared in relation to a multi-year rate plan that involves certain reconciliation obligations for capital, O&M, rate base and operating income. PECO does not have, nor is it seeking approval of multi-year rates in this proceeding. Thus, as Ms. Hamilton testified at the evidentiary hearing, reports like Exhibit IBEW-2 and Exhibit IBEW-3 are inapplicable and unnecessary.³² Second, the Commission already has (or will have) access to information about PECO's capital and O&M expenditures, rate base and operating income. The Company files an annual asset optimization plan ("AAOP"), which provides information regarding capital project expenditures and capital work that it completed compared with the Long-Term Infrastructure Improvement Plan ("LTIP"). The AAOP also provides forecasts for capital spending and workplans for future LTIP years.³³ PECO will also report to TUS on its actual capital expenditures, plant additions, and retirements in the future test year and fully

³¹ See IBEW Main Br., pp. 17-18 (describing the reporting proposals); see also Surrebuttal Testimony of IBEW Witness James Glenn (describing the model reports).

³² Tr. 779-82; PECO Main Br., pp. 31-35.

³³ See 52 Pa. Code § 121.6; see also Tr. 781-82; PECO Main Br., p. 33.

projected future test year³⁴ and the Company's actual expenditures will be subject to review during its next base rate case.³⁵

3. Schedule of Affiliate Transactions (IBEW Exception 9)

At the surrebuttal stage of this proceeding, IBEW witness Glenn proposed affiliate transaction reporting that is not required by the Public Utility Code or the Commission's regulations.³⁶ The annual report recommended by IBEW in this case is based on a report by Delmarva Power & Light Company ("DPL") that was filed with the Delaware Public Service Commission ("DE PSC") providing a summary schedule of affiliate transactions between DPL and Exelon and its subsidiaries for the year ended 2023.³⁷ The ALJs did not adopt IBEW's proposal, but recommended that TUS "review the efficacy" of the proposed report,³⁸ even though no party had asked for such consideration by TUS and therefore the possibility was not able to be addressed in testimony.

PECO took exception to the ALJs' alternative recommendation (*see* PECO Exception No. 2) and IBEW's Exception No. 9 continues to push for IBEW's original reporting proposal. The Commission should reject both IBEW's proposal and the ALJs' alternative for two principal reasons.

³⁴ PECO St. 3-R, pp. 5-6; Tr. 781.

³⁵ At the conclusion of its Exception, IBEW proposes a new "alternative" whereby "the information" be made available directly to the intervening parties on the same timeline it is made available to TUS. While the scope of "the information" requested by IBEW is unclear, the Commission should reject the "alternative," as it was improperly raised for the first time during Exceptions with no opportunity for responsive testimony from PECO or any other party. *See Pa. P.U.C. v. Columbia Gas of Pa., Inc.*, 245 PUR 4th 1 (2005) ("IOGA first raised its opposition . . . on Exception. . . . As such, we will deny IOGA's Exceptions on this issue.").

³⁶ *See* IBEW St. 1-SR, p. 5.

³⁷ *See* IBEW Main Br., pp. 18-19.

³⁸ RD, pp. 56-57, 93.

First, as explained in PECO’s Main Brief (pp. 34-35), the report proposed by IBEW was developed in response to a different regulatory framework. The Delaware Code of Conduct requires DPL – the only electric distribution company in Delaware – to, among other things, report to the DE PSC, on an annual basis, all affiliated companies, contracts entered into with affiliated companies, transactions undertaken with affiliates without written contract, and data regarding affiliate transaction costs.³⁹ Second, the Commission already has extensive oversight over the affiliate transactions of Pennsylvania utilities. PECO’s affiliate agreements are subject to PUC review and approval,⁴⁰ and PECO’s affiliate transactions are periodically audited by the Commission pursuant to Section 516 of the Code.⁴¹ These transactions are also subject to review in PECO’s base rate cases.⁴² If the Commission believes that annual reporting regarding affiliate transactions, similar to those required in Delaware, is necessary, that obligation should be established through a generic, statewide proceeding and be applicable to all utilities.

³⁹ See *In the Matter of the Application of Delmarva Power & Light Co., d/b/a Conectiv Power Delivery, For Approval of a Cost Acctg. Manual and a Code of Conduct*, Docket No. 99-582, 2000 WL 1035896 (Del.P.S.C.), 202 P.U.R. 4th 53 (Order No. 5469 June 20, 2000)

⁴⁰ 66 Pa.C.S. § 2102.

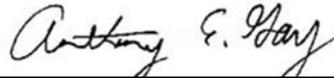
⁴¹ See, e.g., Management and Operations Audit of PECO Energy Company, Docket No. D-2021-3023906 (issued July 2022).

⁴² Tr. 782-83, 788.

III. CONCLUSION

For the reasons set forth above, the Commission should deny Exception Nos. 1 to 10 filed by IBEW and, instead, grant the Company's Exceptions, along with IBEW Exception No. 11, and adopt the Recommended Decision with the modifications described therein.

Respectfully submitted,



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