

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

PA Public Utility Commission, et al.
vs.
PECO Energy Company – Electric
Division

Public Meeting of December 12, 2024
3046931-OSA
Docket No. R-2024-3046931, et al.

JOINT STATEMENT OF VICE CHAIR KIMBERLY BARROW
AND COMMISSIONER KATHRYN L. ZERFUSS

Before us for consideration are the Exceptions of the International Brotherhood of Electrical Workers, Local 614 (IBEW), filed on October 22, 2024, to the Recommended Decision (R.D.) of Administrative Law Judges (ALJs) Darlene Heep and Marta Guhl, issued on October 15, 2024, in the PECO Energy Company – Electric Division (PECO Electric or Company) rate proceeding. Also before us is the Joint Petition for Non-Unanimous Settlement (Settlement), filed on August 30, 2024, by PECO Electric, the Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate, the National Railroad Passenger Corporation, Electrify America, LLC, EVgo Services LLC, the Philadelphia Area Industrial Energy Users Group, the Southeastern Pennsylvania Transportation Authority, the Tenant Union Representative Network and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, the City of Philadelphia and Philadelphia Energy Authority (PEA), and Walmart Inc. (collectively, the Joint Petitioners).¹

PECO Electric proposed an overall annual increase of approximately \$464 million or 29.2%. PECO Electric also proposed a one-time credit of \$64 million, resulting in a net increase in annual operating revenues of \$399 million, or approximately 25.1%, in 2025.

In litigating this matter, I&E proposed an overall annual increase in operating revenue of approximately \$328.2 million. In the Settlement, filed on August 30, 2024, the Joint Petitioners agreed to an increase of \$354 million annual operating revenue or 22.3%. As part of the Settlement, PECO Electric also agreed not to file another general rate increase for its electric operations prior to March 16, 2026.

Of note, through the Settlement, PECO Electric agreed to implement the following items which we consider to be beneficial:

- PECO Electric will include an additional **\$1 million** in the Electric LIURP (Low-Income Usage Reduction Program), which will increase the program costs from the as-filed annual budget of **\$6.6 million** to **\$7.6 million**.
- PECO Electric will amend its MEAF (Matching Energy Assistance Funds) program to set maximum grants at **\$1,250** per account. MAEF will no longer be limited to a zero-balance target.

¹ IBEW opposed the Partial Settlement.

- (1) The EV Charging Pilot and EV-FC Pilot Rider will extend through May 31, 2029; (2) the EV-FC Pilot Rider demand credit will be calculated as 30%, rather than 20%, of the measured demand; and (3) the Company agrees to work with stakeholders through its transportation electrification collaborative working group in calendar year 2027 to design and conduct an evaluation of the modified EV-FC Pilot Rider.
- PECO Electric agrees to participate in the Department of Human Services (DHS) data sharing program. Using the data provided by DHS through this program, PECO Electric will participate in a manner consistent with the Commission's June 13, 2024 data sharing order at Docket No. M 2023 3038944. PECO Electric agrees to use data provided by DHS through this program to automatically recertify current CAP (Customer Assistance Program) customers.
- PECO Electric will hold annual meetings with PEA to assist with PEA's development of their outreach plan for low and moderate-income customers who are eligible for PEA's Solar for All program.
- Regarding PEA's Built to Last Program, PECO agrees to identify and work to resolve any program misalignments.

We are pleased to see PECO's work with PEA and we believe that braiding together externally-funded programs such as PEA's, with ratepayer funded universal service programs such as LIURP, and potentially, with Act 129's Energy Efficiency and Conservation program, will realize efficiencies in spending and lower energy bills for customers.

Next, we will highlight some of the issues raised by IBEW in this proceeding. First, IBEW raised concerns with PECO Electric's customer service representatives' (CSRs) handling of the roll out of CC&B program.² Among several calls PECO Electric received from customers regarding the CC&B roll out, IBEW points to issues with: (1) commercial accounts overcharges; (2) failure to bill clients and disconnection of their service due to lack of payment; and (3) failure to follow through with "start service" requests.

IBEW attributes some of the highlighted issues to inadequate training of the CSRs and their supervisors. We acknowledge that PECO Electric's roll out of the CC&B program was in response to and in compliance with the *2022 Audit Report*³ to improve customer service. We also acknowledge the issues identified by IBEW were experienced during the early stages of the

² In February 2024, PECO transitioned to a new customer care and billing software system known as "CC&B."

³ PECO Energy Company Management and Audits Report, issued in July 2022 at Docket No. D-2021-3023906 (*2022 Audit Report*).

rollout. PECO explains that it has taken material steps to ensure that CSRs and CSR supervisors are properly trained on the new system.

PECO Electric has agreed in the Settlement, to investigate any material issues with call handling that were identified in the *2022 Audit Report* that have not been resolved by the actions the Company agreed to take in its Implementation Plan for the 2022 Management Audit. The Company also agreed in the Settlement to file a report on its investigation call center performance within six (6) months of the effective date of the new rates established in this proceeding. However, we believe the CC&B issues identified by IBEW, if found to be true, are separate from the commitments PECO Electric made in the Settlement.

While IBEW's proposed modifications to PECO Electric's CSR and CSR Supervisor training related to the Company's new CC&B System may appear to be premature, we find the issues raised by IBEW worth investigation and recommend that PECO and the Commission take a closer look at this issue.

With regard to IBEW's proposals relating to PECO Electric's personnel vacancy rate, workplace planning, wage increases, and the one-time union contract notification, the ALJs found that many of IBEW's requests seeking relief are beyond the Commission's authority. We disagree.

As highlighted by IBEW, to the extent that areas of employee vacancy affect the calculation of wages and benefits, post-FPFTY (Fully Projected Future Test Year) cost recovery, recovery of certain costs or additional reporting requirements that provides useful information in future rate cases, we do not believe these issues are outside of the Commission's regulatory boundaries. Specifically, with regard to additional reporting, we agree with IBEW that Section 504 of the Code, 66 Pa.C.S. § 504, provides that the Commission can require periodical filing on topics "concerning any matter whatsoever which the Commission is authorized to inquire or to keep itself informed, or which it is required to enforce."⁴ As IBEW rightly indicated, these additional reporting requirements provide a means for the Commission and interested parties "to stay informed of, *inter alia*, PECO's staffing needs and the means it allocates costs among its affiliates[sic]" and inform the parties' assessment of PECO's use of contracted labor and vacancy rates in future rate cases.⁵

Regarding IBEW's proposal that PECO file annual reports involving capital and Operations & Maintenance (O&M) project lists, reconciliation of the rate base and operating income filing, we agree with the ALJs and note that the Commission already has, or will have, access to information regarding PECO Electric's capital and O&M expenditures, rate base, and operating income by way of its annual asset optimization plan, reporting to TUS or during the next base rate case.⁶

⁴ IBEW Exc. at 5-6 (citing 66 Pa.C.S. § 504).

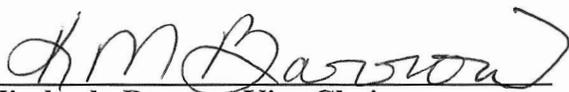
⁵ IBEW Exc. at 6.

⁶ PECO Electric argues IBEW's proposed affiliate transaction report is based on a report by Delmarva Power & Light Company (DPL) filed with the Delaware Public Service Commission (DE PSC) that provides a summary schedule of affiliate transactions between DPL and Exelon, and its subsidiaries, for the year ended 2023, and in Maryland, for Baltimore Gas and Electric (BG&E), an Exelon affiliate company of PECO, which both have a different regulatory framework than the Commission. PECO also argues that the BG&E reports were required as

Further, on the issue of the annual schedule of affiliate transactions report required by IBEW, we agree with the ALJs' recommendation to refer this matter to the Commission's Bureau of Technical Utility Services for further review.

While we would prefer to grant IBEW's Exception Nos. 3, 4, and 5 on balance, we find the proposed Settlement to be in the public interest. That being said, we will take this opportunity to again note the unprecedented recent load growth across the country and in the Commonwealth of Pennsylvania. With this load growth, there should be concurrent rate impacts. The logical expectation of large load growth would be longer periods between rate case filings or even amelioration of rate increases but that remains to be seen. We look forward to a robust vetting of this issue in future filings.

December 12, 2024


Kimberly Barrow, Vice Chair


Kathryn L. Zerfuss, Commissioner

part of the Maryland Public Service Commission's approval of a multi-year rate plan for BG&E, which PECO emphasized that it has not proposed a similar alternative ratemaking structure in Pennsylvania.