

**PENNSYLVANIA PUBLIC UTILITY COMMISSION**  
**Harrisburg, Pennsylvania 17120**

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

**Public Meeting of December 12, 2024**  
**3046932-OSA**  
**Docket No. R-2024-3046932, et al.**

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

Before us for consideration are the Exceptions of PECO Energy Company – Gas Division (PECO Gas or Company) and 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 Gas rate proceeding. Also before us is the Joint Petition for Non-Unanimous Partial Settlement (Partial Settlement),<sup>1</sup> filed on August 30, 2024, by PECO Gas, the Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate, the Office of Small Business Advocate, the Philadelphia Area Industrial Energy Users Group, the Southeastern Pennsylvania Transportation Authority, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and Walmart Inc. (collectively, the Joint Petitioners).<sup>2</sup>

PECO Gas proposed an overall annual increase of approximately \$111 million or 23.1%. In litigating this matter, I&E proposed an overall annual increase in operating revenue of approximately \$75.1 million. In the Partial Settlement, filed on August 30, 2024, the Joint Petitioners agreed to an increase of \$78 million annual operating revenue or 16.2%. As part of the Settlement, PECO Gas also agreed not to file another general rate increase for its electric operations prior to March 16, 2026.

Of note, through the Partial Settlement, PECO Gas agreed to implement the following items:

- PECO Gas will include an additional **\$500,000** in the Gas LIURP (Low-Income Usage Reduction program), which will increase the program costs from the as-filed annual budget of **\$3.15 million** to **\$3.65 million**.
- PECO Gas will amend its MEAF (Matching Energy Assistance Funds) program to set maximum grants at **\$1,250** per account.

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<sup>1</sup> The Partial Settlement reserved one issue for litigation – PECO Gas’ proposal to implement a Weather Normalization Adjustment.

<sup>2</sup> IBEW was the only party that opposed the Partial Settlement. Additionally, University of Pennsylvania (UPenn) authorized the Joint Petitioners to represent that they do not oppose the Partial Settlement.

- PECO Gas will increase the budget for natural gas Energy Efficiency and Conservation Program (EE&CP) measures by **\$350,000** from **\$2.727 million** per year to **\$3.077 million** per year.
- PECO Gas will extend its Neighborhood Gas Pilot Rider (NGPR) through December 31, 2029 and update the Net Present Value modeling used in the NGPR to better reflect implementation experience.
- PECO Gas will implement its proposed modifications to the Small Business Grant Program and Gas Customer Safety Program.
- PECO Gas agrees to participate in the Department of Human Services (DHS) data sharing program. Using the data provided by DHS through this program, PECO Gas will participate in a manner consistent with the Commission’s June 13, 2024 data sharing order at Docket No. M 2023 3038944. PECO Gas agrees to use data provided by DHS through this program to automatically recertify current CAP (Customer Assistance Program) customers.

The Joint Petitioners found the settled overall increase of \$78 million to be reasonable, especially when compared to I&E’s litigated overall increase of \$75.1 million.

While we agree that the above terms are in the public interest, we also would like to highlight some of the issues raised by IBEW in this proceeding. First, IBEW raised concerns with the Company’s customer service representatives’ (CSRs) handling of the roll out of CC&B program.<sup>3</sup> Among the several calls the Company received from customers regarding the CC&B roll out, IBEW points to issues with: (1) overcharged commercial accounts with previously non-existent distribution and transmission charges; (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 the PECO Gas roll out of the CC&B program was in response to and in compliance with the *2022 Audit Report*<sup>4</sup> to improve customer service. We also acknowledge the issues identified by IBEW were experienced during the early stages of the roll out and PECO’s explanation that it has taken material steps to ensure that CSRs and CSR

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<sup>3</sup> In February 2024, PECO transitioned to a new customer care and billing software system known as “CC&B.”

<sup>4</sup> PECO Energy Company Management and Audits Report, issued in July 2022 at Docket No. D-2021-3023906 (*2022 Audit Report*).

supervisors are proficient with the CC&B software, and are supported and satisfied in their positions.

Further, we note PECO Gas' agreement to investigate any material issues with call handling that were identified in the *2022 Audit Report* that have not been resolved by the actions PECO Gas agreed to take in its Implementation Plan for the 2022 Management Audit. We also note PECO Gas' agreement in the Partial Settlement to file a report on its investigation into 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 Gas made in the Partial Settlement.

While IBEW's proposed modifications to PECO's CSR and CSR Supervisor training related to the Company's new CC&B System may appear to be premature, we believe there is a need for further review of PECO's CSRs and CSR Supervisors' response to the issues raised by IBEW in this matter. We find the issues raised by IBEW concerning and recommend a critical look or investigation into PECO Gas' handling of these issues.

With regard to IBEW's proposals relating to the Company's vacancy rate, workplace planning, wage increases, and the one-time union contract notification, and the ALJs' finding 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."<sup>5</sup> 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.<sup>6</sup>

With regard to 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 the Company'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.<sup>7</sup>

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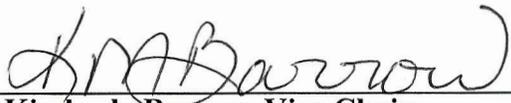
<sup>5</sup> IBEW Exc. at 8-9 (citing 66 Pa.C.S. § 504).

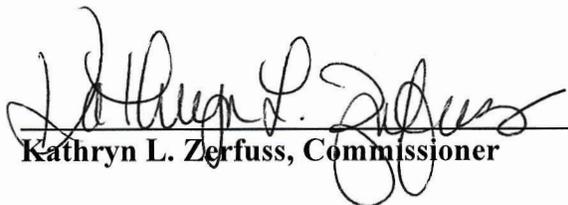
<sup>6</sup> Id. at 9.

<sup>7</sup> PECO Gas 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

However, 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, as their expertise can determine whether or not such reporting is necessary, outside the confines of this proceeding.

December 12, 2024

  
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Kimberly Barrow, Vice Chair

  
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Kathryn L. Zerfuss, Commissioner

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framework than the Commission. PECO also argues that the BG&E reports were required as 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.