

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17120

**PECO Energy Company
Management Efficiency Investigation
Evaluating the Implementation of
Selected Recommendations from the
2022 Management and Operations
Audit**

**Public Meeting of March 12, 2026
3053971-AUD
D-2025-3053971**

STATEMENT OF CHAIRMAN STEPHEN M. DeFRANK

Before the Pennsylvania Public Utility Commission (Commission) is the proposal to release to the public the following two items: (1) the Bureau of Audits' Management Efficiency Investigation of PECO Energy Company (PECO) issued in February 2026; and (2) PECO's Implementation Plan dated February 20, 2026. Today I am voting to release both of these items to the public.

At the outset, I want to commend the Commission's Bureau of Audits for its important work to ensure that jurisdictional utilities are managed and operated in an economic and efficient manner. The Commission's auditing arm is one of the most important mechanisms used under our economic regulatory jurisdiction, and it is an integral component of ensuring that utilities are accountable to ratepayers.

I also want to take this opportunity to highlight the significant concerns I have about several findings of the Management Efficiency Investigation and to urge PECO to take prompt action to address the customer service issues and to reduce the excessive employee overtime hours that underlie my concerns.

First, with respect to customer service, the Management Efficiency Investigation found that: (1) PECO's Customer Information System¹ is causing a degradation in customer service performance metrics;² and (2) PECO's implementation of the new Customer Information System has led to challenges in addressing customers' needs.³ I am concerned that PECO's customer service performance began to decline in 2024, after the then-newly implemented Customer Information System went online, and that these performance issues still persist. As of July 2025, PECO's average speed to answer calls had degraded significantly, increasing to an average of 216 seconds compared to a goal of 18 seconds. The increased call wait time is what likely led to PECO's abandoned call rate increasing to 11.2%, up from the Company's goal of 1.6%.

¹ A Customer Information System is a specialized software solution used by utility providers to manage customer data, billing and services.

² Finding VII-2.

³ Finding VII-3

Additionally, the Bureau of Audits observed multiple PECO inquiries where customers did not receive their bills regularly and had significant unpaid balances. Response times for high bill customer complaints rose from 10 days in 2021 to 27 days as of May 2025. As well, the Commission saw an increase in PECO customers filing informal complaints that the Company did not respond to in a timely manner.

I find these outcomes to be unacceptable. The Bureau of Audits recognized that PECO's integration of a new Customer Information System created unanticipated challenges. PECO completed the implementation in February of 2024, over a year before the Bureau of Audits fieldwork was conducted. Significantly, in the context of PECO's 2024 electric and gas rate cases,⁴ the International Brotherhood of Electrical Workers, Local 614 (IBEW) raised concerns regarding PECO's new Customer Information System, including customer call issues and failure to bill customers. In response, PECO asserted that it had taken material steps to ensure that its customer service representatives received extensive training on the new Customer Information System software and that the Company was in the process of implementing new training. At that time, in acknowledgment that the Customer Information System had only been recently deployed, the Commission provided PECO with an opportunity to investigate and remediate any resulting customer service issues. Unfortunately, given the findings of this investigation, I am disappointed to see that such remediation was not achieved.

Finally, with respect to managing employee overtime, PECO Electric has not materially reduced overtime hours as previously recommended by the Bureau of Audits,⁵ and while PECO Gas reduced overtime hours on a per employee basis, overtime hours per normal hours worked remain above 15%.⁶ I am alarmed that the Bureau of Audits review of PECO's available fatigue reports indicated that certain employees were regularly working in excess 80-90 hours per week on average in a 28-day period, with some employees logging more than 100 hours per week. This too is unacceptable. As the Management Efficiency Investigation rightly indicates, employees working excessive overtime can experience both physical and mental fatigue, which creates unsafe conditions for both employees and customers. I also note that in PECO's 2024 rate cases, when IBEW raised concerns about PECO's workforce planning processes, PECO argued that the Company's 2% employee vacancy rate demonstrated that its workforce planning processes and hiring and retention practices were effective. Given the findings of this investigation, PECO's workforce planning processes and hiring and retention practices do not appear to be effective. I urge PECO to immediately act to address its excessive employee overtime rate.

⁴ *Pa. Public Utility Commission, v. PECO Energy Company-Electric Division*, Docket No. R-2024-3046931 (Opinion and Order entered December 12, 2024); *Pa. Public Utility Commission, v. PECO Energy Company-Gas Division*, Docket No. R-2024-3046932 (Opinion and Order entered December 12, 2024); (collectively PECO's 2024 rate case).

⁵ Finding IV-1.

⁶ Finding V-3.

Given the necessity for PECO to address these matters to improve customer service, prioritize the safety of the Company's employees, and protect ratepayers from unwarranted costs, it is imperative that PECO act expeditiously. I expect PECO to address the customer service and workforce concerns raised by parties in the Company's 2024 rate case before filing another rate case. I will monitor PECO's progress, and the Company will be held accountable for failure to address these matters.

March 12, 2026
Date



Stephen M. DeFrank
Chairman