



Anthony E. Gay
Vice President & General Counsel
2301 Market Street, S21-1
Philadelphia, PA 19103

www.peco.com
anthony.gay@exeloncorp.com
267-533-1964

October 12, 2026

VIA E-FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

**RE: PECO Energy Company's Reply Comments to Notice of Proposed Rulemaking to Further Amend the Provisions of 52 Pa. Code Chapter 56
Docket No. L-2025-3058767**

Dear Secretary Homsher:

Enclosed for filing with the Commission are the **Reply Comments to Notice of Proposed Rulemaking to Further Amend the Provisions of 52 Pa. Code Chapter 56** of PECO Energy Company in the above reference matter.

Thank you for your time and attention. Please do not hesitate to contact me with any questions.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Anthony E. Gay", is written over a light blue horizontal line.

Anthony E. Gay
General Counsel
PECO Energy Company

(Encl.)

cc:

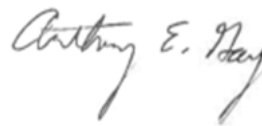
Stephanie A. Wilson (Assistant Counsel) via email: stepwilson@pa.gov
Kriss E. Brown (Executive Deputy Chief Counsel) via email: kribrown@pa.gov
Karen Thorne (Regulatory Review Assistant, Law Bureau) via email: kathorne@pa.gov
Bobbi Anderson (Manager of Regulatory Compliance, Bureau of Consumer Services) via email: robertannd@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Rulemaking to Further Amend the Provisions	:	
	:	Docket No. L-2025-3058767
of 52 Pa. Code Chapter 56	:	

**REPLY COMMENTS OF
PECO ENERGY COMPANY ON
THE NOTICE OF PROPOSED RULEMAKING ORDER**

On behalf of PECO Energy Company



Anthony E. Gay (Pa. No. 74624)
Catherine Nguyen (Pa. No. 308188)
PECO Energy Company
2301 Market Street
Philadelphia, PA 19103
Phone: 267.533.1999
anthony.gay@exeloncorp.com
catherine.nguyen@exeloncorp.com

Dated: October 12, 2026

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	BACKGROUND	1
III.	REPLY COMMENTS.....	3
	A.The Commission Should Decline to Adopt Proposals That Are Outside the Scope of the NOPR.....	3
	B. Out-of-Scope Proposed Revisions to Section 56.1	5
	C. Proposed Revisions to Section 56.2. Definitions	8
	1. Change in Income	9
	2. Significant Change in Circumstances	10
	D. Additional Out-of-Scope Proposed Revisions to Section 56.2.....	12
	E.Proposed Section 56.22 Accrual of Late Payment Charges	13
	F. Proposed Section 56.102 Residential Field Visit Charge	16
	G. Proposed Section 56.153. Public Utility Duties	16
	H. Proposed Section 56.171. General Rule	19
	I. Proposed Section 56.181. Duties Of Parties; Disputing Party’s Duty To Pay Undisputed Portion Of Bills; Public Utility’s Duty To Pay Interest Whenever Overpayment Found.....	20
	J. Proposed Section 56.182. Payment Arrangement Procedures.....	21
	1. 56.182(a) General Rule	21
	2. 56.182(b) Length of payment arrangements	23
	3. 56.182(c) Customer Assistance Programs	26
	4. 56.182(d) Number of payment arrangements	27
	5. 56.182(e) Extension of payment arrangements	29
	6.The Commission Should Adopt the NOPR Revisions to Section 56.182 and Decline Broader Modifications Unsupported by the Current Record.....	31
	K. Proposed Section 56.225. Surcharges For Uncollectible Expenses Prohibited	32
	L. Subchapter L. Section 56.251. Statement of Purpose and Policy	33
IV.	CONCLUSION	34

I. INTRODUCTION

PECO Energy Company (“PECO” or the “Company”) hereby submits its Reply Comments to the Pennsylvania Public Utility Commission (the “Commission”) Notice of Proposed Rulemaking regarding amendments to the regulations at 52 Pa. Code Chapter 56 in the above-referenced matter as set forth in the NOPR Order and NOPR Annex (collectively, “NOPR”).¹ Throughout these Reply Comments, PECO responds to proposals that are properly within the scope of the Commission’s NOPR, while also addressing certain out-of-scope comments to highlight the significant risks associated with the broader expansion of this proceeding advocated by some commenters. Many other proposals fall beyond the bounds of this rulemaking, such as those relating to medical certifications, proposed income ranges, notification requirements before termination, and a summer termination moratorium. Rather than address these numerous proposals individually, PECO joins and supports the Reply Comments of the Energy Association of Pennsylvania (“EAP”) opposing those out-of-scope revisions and urging the Commission to confine this proceeding to the matters properly noticed in the NOPR.²

II. BACKGROUND

On February 19, 2026, the Commission proposed to amend the regulations at 52 Pa. Code Chapter 56 with the express purpose of incorporating the provisions of former Chapter 14 of the Public Utility Code³, including those provisions currently being followed by the Commission via

¹ *Rulemaking to Further Amend the Provisions of 52 Pa. Code Chapter 56, Notice of Proposed Rulemaking Order and Annex*, Docket No. L-2025-3058767 (February 19, 2026) (“NOPR Order” and “NOPR Annex”; collectively, “NOPR”).

² *See, generally*, Energy Association of Pennsylvania (“EAP”) Reply Comments, Docket No. L-2025-3058767.

³ NOPR Order at 1, 10, 12.

its Statement of Policy⁴. The Commission further explained that “the instant rulemaking is not intended as a general review of Chapter 56 of the Commission’s regulations.”⁵

PECO timely filed its comments on August 28, 2026.⁶ The Company expressed support for preserving the former Chapter 14 provisions as proposed in the NOPR and applying those provisions consistent with longstanding Commission and utility practice. The Company also supported the limited scope of this rulemaking effort to facilitate timely adoption of the NOPR proposals and to provide regulatory certainty to both customers and utilities.

Twenty-one other interested parties filed comments in response to the NOPR, including statutory advocates, low-income advocates, other utilities, the Office of Governor Josh Shapiro, and other stakeholders. Several comments exceeded the limited scope of the rule making (*i.e.*, the preservation of former Chapter 14 provisions) and instead proposed extensive changes to Chapter 56.⁷ As EAP cautions in its Reply Comments, these commenters seek to reject substantive elements of the NOPR Annex, propose dozens of new requirements affecting nearly every

⁴ See, *Sunset of Chapter 14, Title 66 of the Pennsylvania Public Utility Code*, Docket No. M-2024-3052328, Statement of Policy (entered December 24, 2024) (“Statement of Policy”).

⁵ NOPR Order at 12. PECO acknowledges that Vice Chair Kimberly Barrow issued a separate statement on February 19, 2026, expressing disappointment with the scope of the proceeding and identifying topics that the Vice Chair would have appreciated seeking comments on.

⁶ PECO Comments, Docket No. L-2025-3058767.

⁷ See, e.g., Office of Consumer Advocate (“OCA”) Comments at 19 (“OCA proposes additional amendments to Chapter 56 beyond those identified in the Commission’s Notice of Proposed Rulemaking”); Joint Comments of the Low Income Advocates (Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) and the Tenant Union Representative Network (“TURN”)(together, “the Low Income Advocates”) at 3-4 (“Below, the Low Income Advocates offer comprehensive recommendations to improve the regulations contained in Chapter 56 governing utility collections and terminations practices to better address utility unaffordability, implement prevention-based policies, and promote regular payment.”); Office of Small Business Advocate Comments at 13 (“OSBA recommends amending § 56.1 to expressly include Small Commercial Business customers within the Statement of Purpose and Policy because the fundamental protections embodied in Chapter 56 are equally important to Small Commercial Businesses that depend upon continuous and affordable utility service to operate.”).

subchapter of Chapter 56, yet do not include cost analyses even though the proposals would shift costs onto a broader group of residential customers.⁸ For the reasons explained in further detail herein, PECO urges the Commission to reject proposals that are unrelated to the incorporation of former Chapter 14 provisions or seek to expand the scope of this rulemaking.

III. REPLY TO COMMENTS

A. The Commission Should Decline to Adopt Proposals That Are Outside the Scope of the NOPR.

For the reasons stated in PECO's Comments and herein, PECO urges the Commission to maintain the narrow purpose of this rulemaking and to reject any proposals outside the scope of the NOPR. To provide stakeholders with needed clarity and certainty, the Commission should complete this rulemaking promptly and refrain from considering proposals that extend beyond the scope of the issues presented in this proceeding.

Under the Commonwealth Documents Law (45 P.S. §§ 1102–1208), the Commission and other Commonwealth agencies must give public notice of their intention to promulgate, amend, or repeal an administrative regulation by publication in the Pennsylvania Bulletin of a notice of proposed rulemaking.⁹ The law requires the agency to review and consider written comments submitted in response to the proposed regulations and may make modifications to the published proposed text when finalizing the regulations as long as such modifications “do not enlarge its original purpose.”¹⁰ Modifications which enlarge the original purpose of a proposal, however, must be republished prior to final adoption by the agency.¹¹

⁸ Reply Comments of EAP at Section I.

⁹ 45 P.S. § 1201; *see also* 1 Pa. Code § 7.1.

¹⁰ 45 P.S. § 1202; *see also Brocal Corp. v. Com., Dep't of Transp.*, 528 A.2d 114, 116 (1987)(finding that further notice was not required for revised regulations “because the final regulations did not enlarge the ‘original purpose’ of the proposed regulations.”); *Marcellus Shale Coal. v. Dep't of Env'tl. Prot.*, 216 A.3d 448, 495–96 (Pa. Cmwlth. 2019) (where notice provided that the proposed amendments to the existing oil and gas regulations included “new requirements” for “site restoration”, the final regulation inclusion of a post-drilling site restoration plan did not enlarge the original purpose of the proposed regulation).

¹¹ 45 P.S. § 1202.

The NOPR was clear that the purpose of the rulemaking proposal was to integrate provisions of former Chapter 14 into the Commission’s Chapter 56 regulations. The NOPR Order expressly stated that “the instant rulemaking is not intended as a general review of Chapter 56 of the Commission’s regulations.”¹² Despite the clear statement of the limited scope of the rulemaking, parties made wide-ranging Chapter 56 proposals that were unrelated to the preservation of former Chapter 14 provisions, including expanding Chapter 56 to include an entirely new customer class (Small Commercial Business customers) and doubling the income threshold for certain Chapter 56 protections to 300% of the Federal Poverty Level (“FPL”).

PECO urges the Commission to reject all proposals that seek to implement new changes to Chapter 56 that are unrelated to the preservation of former Chapter 14 provisions. Declining to adopt such out-of-scope proposals in the final rulemaking order is consistent with the Commonwealth Documents Law and in accordance with Commission practice. For example, in its 2024 Revised Final-Form Rulemaking Order regarding hazardous liquid public utility safety standards, the Commission expressly declined to alter the definition of “hazardous liquid” to include carbon dioxide. Citing the Commonwealth Documents Law (45 P.S. § 1202), the Commission found that the proposal would impermissibly enlarge the purpose of the rulemaking because it would have the effect of creating regulations regarding carbon dioxide.¹³ Adopting proposals in this proceeding that reflect a general review of the Chapter 56 regulations, such as those which would create new regulations governing Small Commercial Business customers,

¹² NOPR Order at 12.

¹³ *Rulemaking Regarding Hazardous Liquid Pub. Util. Safety Standards at 52 Pa. Code Chapter 59*, Docket No. L-2019-301267 (Revised Final Form Rulemaking Order entered Apr. 25, 2024) at 77.

would impermissibly enlarge the expressly narrow scope of this rulemaking proceeding, and should not be permitted.

B. Out-of-Scope Proposed Revisions to Section 56.1

The NOPR did not include any proposals regarding Section 56.1 (Statement of Purpose and Policy). While PECO maintains its objections to exceeding the scope of the NOPR as stated above, we address the OSBA’s recommendation to amend Chapter 56 to include Small Commercial Business customers, as this proposal is representative of attempts to unacceptably broaden the scope of this NOPR proceeding.

Section 1921(a) of the Statutory Construction Act provides that the object of all statutory interpretation “is to ascertain and effectuate the intention of the General Assembly.”¹⁴ Pennsylvania law recognizes that the plain language of the statute generally provides the best indication of legislative intent.¹⁵ In order to glean legislative intent, it is appropriate to consider, among other factors:

- The goal, or object, to be attained by the legislation;
- The former law, if any, including other statutes upon the same or similar subjects;
- The consequences of a particular interpretation.¹⁶

The Commission has long distinguished between residential and commercial customer classes, reflecting the different circumstances, risks, and regulatory considerations applicable to each. In executing its duty to enforce, execute, and carry out the intent of the legislature with regard to standards and billing practices for *residential* public utility service, the Commission established

¹⁴ 1 Pa. C.S. §1921(a).

¹⁵ *Hommrich v. Commonwealth*, 344 A.3d 121, 131 (Pa. Cmwlth. 2025).

¹⁶ 1 Pa. C.S. §§ 1921(c)(4)-(6).

Chapter 56, which has been in effect for nearly 50 years.¹⁷ The title of Chapter 56 is “CHAPTER 56. STANDARDS AND BILLING PRACTICES FOR *RESIDENTIAL* PUBLIC UTILITY SERVICE”.¹⁸ The current Section 56.1 states:

This chapter establishes and enforces uniform, fair and equitable *residential* utility service standards governing eligibility criteria, credit and deposit practices, and account billing, termination and customer complaint procedures. This chapter assures adequate provision of *residential* utility service, to restrict unreasonable termination of or refusal to provide that service and to provide functional alternatives to termination or refusal to provide that service. Every privilege conferred or duty required by this chapter imposes an obligation of good faith, honesty and fair dealing in its performance and enforcement. This chapter will be liberally construed to fulfill its purpose and policy and to insure justice for all concerned.¹⁹

The OSBA recommends amending Section 56.1 to add an entirely new non-residential customer class: Small Commercial Businesses.²⁰ First, this proposal should be rejected because it falls well outside the scope of the Commission’s stated objectives in this proceeding.²¹ This rulemaking is directed toward codifying former Chapter 14 consumer protections applicable to residential customers under Chapter 56, and not toward reconsidering categories of customers to whom Chapter 56 has applied for the past 50 years. OSBA’s proposal would effectively redefine

¹⁷ See Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 56 to Comply with the Provisions of 66 Pa.C.S. Chapter 14; General Review of Regulations, Docket No. L-00060182 (Revised Final Rulemaking Order entered June 13, 2011). The final-form regulations became effective upon publication in the Pennsylvania Bulletin on October 8, 2011. 41 Pa.B. 5473 (October 8, 2011). See also NOPR Order at 1-5, citing to 6 Pa.B. 162 (January 31, 1976) (interim PUC regulations prohibiting certain utilities from terminating service to any *residential* premises without PUC approval).

¹⁸ 52 Pa. Code § 56.1 (emphasis added).

¹⁹ *Id.* (emphasis added).

²⁰ Comments of OSBA, *passim*.

²¹ NOPR Order at 9, 12 (stating that the instant rulemaking will instill a consistent regulatory framework and help to ensure clarity for public utility operations and allow *consumer households* to budget for essential public utility services). (Emphasis added.)

the scope and application of Chapter 56 and create uncertainty regarding the extent to which numerous existing provisions would apply to commercial accounts. Thus, doing so contradicts the Commission's stated goal of providing certainty about the application of Chapter 56 after the sunset of Chapter 14.

Additionally, examination of the object of the long-standing Chapter 56 regulations, the law of the former Chapter 14, and the consequences of OSBA's proposal, confirm that the proposed expansion would be an alteration of the legislative intent and, therefore, not appropriate for this Commission proceeding. Both the former Chapter 14 and current Chapter 56 demonstrate that the relevant statutory and regulatory provisions are focused on *residential* utility customers. Adding a non-residential customer class would constitute an unwarranted departure from that framework and the intent underlying it. Finally, regardless of how liberally Section 56.1 is construed, interpreting it to encompass a non-residential customer class would constitute fundamental alteration and require a comprehensive overhaul of Chapter 56's scope, coverage, and regulatory structure.

While PECO recognizes the important role that small businesses play in Pennsylvania's economy, extending Chapter 56's purpose and protections to small commercial businesses would constitute a significant policy change with broad legal, operational, and financial implications that have not been, and should not be, examined in this proceeding. PECO respectfully submits that expansion of credit and collections protections beyond those explicitly established for residential customers is appropriately considered by the General Assembly as a major policy change and further believes that parties who have proposed expansions of eligibility for regulatory protections should provide data that quantify the costs of these proposed expansions to the broader customer

base to enable thorough analysis in that forum. Accordingly, the Commission should reject all proposed amendments to add a customer class of Small Commercial Business to Chapter 56.

C. Proposed Revisions to Section 56.2. Definitions

The NOPR proposed the adoption of two terms into Section 56.2 (Definitions).²² The terms and definitions for “change in income” and “significant change in circumstances” were the only additions proposed by the Commission. PECO supported the proposed addition of these definitions, provided they are utilized solely in proposed Section 56.182. The OCA does not oppose either definition proposed in the NOPR.²³

As discussed in the NOPR, the former Chapter 14 and current Chapter 56 provisions reflect legislative priorities of providing alternatives to termination or refusal to provide service by a public utility, while also eliminating opportunities to avoid the timely payment of public utility bills by customers who are capable of timely paying for service.²⁴ This policy hoped to reduce the need for rate increases resulting, in part, from public utility bill delinquencies.²⁵ While PECO recognizes that certain aspects of Chapter 56 may warrant further review to meet these policy goals, PECO cannot support the additional proposed revisions to “change in income” and “significant change in circumstances” which appear to decrease incentives for timely collections and increase opportunities for delinquencies by creating additional and longer payment arrangements. As noted in the Reply Comments of EAP, these proposals all shift costs onto the remainder of the residential customer class yet are made without cost analyses or data supporting their effectiveness²⁶. PECO further notes that increased delinquencies, in the absence of additional

²² NOPR Annex at 1-2.

²³ Comments of OCA at 3-4.

²⁴ NOPR Order at 1, 2, and 6 (citing to 56 Pa. Code § 56.1(a) and former 66 Pa.C.S. § 1402).

²⁵ *Id.*

²⁶ *See, e.g.,* Reply Comments of EAP at Section I and III(A)(4). PECO again respectfully asserts that cost analyses are not appropriate for this proceeding.

mechanisms to recover such delinquencies, could result in a greater frequency of utility requests to increase their rate bases.

***I.* Change in Income**

The Low Income Advocates and the Office of the Governor recommend broadening the proposed definition of “change in income.” The Office of the Governor proposes reducing the required income-change thresholds from 10% to 5% for households at or below 300% of the FPL, and from 20% to 10% for households above 300% of the FPL.²⁷ The Low Income Advocates further recommend that the Commission recognize a “change in income” to include a decrease or increase in income of 5% or more for households *at any income level* or, alternatively, modify the percentages consistent with the Low Income Advocates’ recommendation described above.²⁸

The thresholds set in the former Chapter 14 strike an appropriate balance between recognizing meaningful changes in a customer’s financial circumstances and ensuring that payment arrangement modifications are reserved for circumstances that materially affect a customer’s ability to pay. Adjusting the thresholds as proposed by the Low Income Advocates and the Office of the Governor could reduce the effectiveness of the Commission’s framework without any evidence showing that the existing thresholds are unworkable.²⁹

a. Proposed Revisions Would Result in Significant Expansions of Eligibility for Chapter 56 Protections and Substantially Broaden Their Application.

Moreover, PECO is concerned that proposals to expand income-based eligibility thresholds to 300% of the FPL – or even to all residential customers – do not include meaningful consideration of the resulting program costs, operational impacts, or mechanisms for cost recovery in the

²⁷ Comments of the Office of the Governor at 3.

²⁸ Joint Comments of the Low Income Advocates at 30-31.

²⁹ See also Reply Comments of EAP at Section III(A)(3).

discussion. For example, PECO estimates that increasing the eligibility threshold for a Chapter 56 protection from 150% of the FPL to even 200% of the FPL within its service territory could translate to a 31.6% increase in customers receiving special protections; this constitutes 26% of PECO's customer base. If the increase to 300% of the FPL were proportional, this could constitute at least 38% of PECO's customer base. Therefore, even assuming only a portion of newly eligible customers would utilize such protections, the expansion to a large number of new households would substantially increase the universe of customers eligible for waivers of late payment and disconnection fees, payment arrangement modifications, and seasonal termination protections.

b. Significant Expansion of Eligibility for Chapter 56 Protections Would Have Material Operational and Cost Implications.

While PECO recognizes and supports efforts to assist customers experiencing genuine affordability challenges, any significant expansion of eligibility necessarily carries financial consequences. Increased eligibility for protections would be expected to increase program administration expenses. As a matter of policy, the Commission should carefully evaluate who will bear those costs and whether such outcomes are equitable before adopting a dramatic expansion of eligibility. If the Commission considers these proposals, it should also ensure that utilities have a clear and reasonable opportunity to recover all prudently incurred costs associated with any expanded affordability programs and should fully weigh the impact that increased program costs may have on the broader customer base. For the above reasons, PECO supports adoption of the definition as proposed in the NOPR.

2. Significant Change in Circumstances

The Office of the Governor and the Low Income Advocates recommend expanding the definition of "significant change in circumstance" beyond the specific events identified in the former Chapter 14 and the NOPR. They argue that the proposed definition is too narrow and fails

to account for circumstances that may affect a customer's ability to maintain a payment arrangement even where household income remains unchanged. The Office of the Governor proposes replacing the enumerated list with a broader qualitative standard, while retaining the listed events only as non-exclusive examples.³⁰ Similarly, the Low Income Advocates seek to broaden the definition to encompass additional circumstances, including the onset of chronic or acute illness not resulting in a significant loss of household income, and recommend removing the requirement that utilities verify a customer's qualifying change in circumstances.³¹

PECO disagrees with these proposals. The former Chapter 14's proposed definition appropriately identifies discrete, objectively verifiable events that sufficiently signal when it is appropriate to revisit or modify an existing payment arrangement. Expanding the definition to encompass a broad range of non-specified circumstances, or general financial hardships, would diminish the clarity of the proposed framework for both customers and utilities, and also lead to subjective and inconsistent administration. PECO also opposes eliminating the requirement that qualifying circumstances be verified. Verification helps ensure that payment arrangement modifications are based on substantiated changes in circumstances and supports the consistent administration of the Commission's rules. The definition of "significant change in circumstance" must appropriately balance flexibility for customers experiencing significant life events with the need for clear, administrable, and uniformly applied standards. Furthermore, these substantive revisions are incorporated from former Chapter 14 into proposed Section 56.182.³² While framed as modifications to definitional language, such changes would materially expand the

³⁰ Comments of the Office of the Governor at 3-4.

³¹ Joint Comments of the Low Income Advocates at 32-33.

³² Comments of OSBA at 18-22; Comments of Office of the Governor at 2-3.

circumstances under which customers would qualify for payment arrangement extensions and additional payment arrangements.

The Commission's approach appropriately identifies material changes in income while maintaining clear and administrable standards for evaluating requests for additional payment arrangement relief. Proponents advocate for changes in Section 56.2, which will impact payment arrangements covered in Section 56.182, without providing supporting data for the implicated cost impacts of lower payments, longer terms, default rates, or treatment of resulting uncollectible debt, which would be borne by other customers. Accordingly, PECO supports adoption of the definitions proposed in the NOPR and does not support adoption of further revisions proposed.

D. Additional Out-of-Scope Proposed Revisions to Section 56.2

PECO reiterates its objections to expanding the scope of this proceeding beyond the changes proposed in the NOPR and provides another example of how additional comments fundamentally break from the subject matter of this rulemaking, and from the legislative intent of the former Chapter 14 as reflected in Chapter 56. OSBA proposes extensive revisions to numerous existing definitions in Section 56.2, including "Applicant," "Basic Services," "Customer," "Medical Certificate," "Occupant," and "Premises or Affected Premises," all of which have historically been tied to *residential* services.³³ It also proposes the addition of a new defined term, "Small Commercial Business Consumer."³⁴ These proposals are intended to support OSBA's broader recommendation to extend Chapter 56 protections to an entirely new class of customers. The fact that such extensive revisions are required underscores that OSBA is not proposing a *clarification* of existing protections but rather a major restructuring of the chapter. The NOPR did not propose adoption of, or revisions to, these additional definitions, nor did it seek comment on

³³ Comments of OSBA at 14-18.

³⁴ Comments of OSBA at 14-18.

the creation of a new commercial customer category within Chapter 56. OSBA seeks to reopen and substantially modify foundational definitions that govern the scope and operation of the chapter, raising significant policy, legal, and implementation questions that were not identified in the NOPR. PECO opposes the proposed definitional revisions because they do not merely clarify existing language but are representative of commenters' efforts to inappropriately broaden Chapter 56's scope and application through this proceeding. Accordingly, the Commission should decline to adopt any proposed definitional amendments beyond the NOPR proposals and limit any revisions to the specific changes identified in the NOPR.

E. Proposed Section 56.22 Accrual of Late Payment Charges

The NOPR proposed modifying the existing regulation at Section 56.22 (relating to accrual or late payment charges) to incorporate language regarding the waiver of improperly assessed late payment charges formerly found in Section 1409 of the Code, previously codified at 66 Pa.C.S. Section 1409, and eliminate a citation to the former Section 1409.³⁵ PECO supports the proposed amendment and agrees that late payment charges should be waived when they have been improperly assessed.³⁶

The OCA recommends a modification to the Commission's proposed Section 56.22(d) by replacing "only" with "also" in the last sentence.³⁷ PECO is concerned that this revision is not only a technical clarification but would result in broadening the customer group eligible for Commission-ordered waivers. PECO opposes the proposal as it will alter the substantive application of the provision.

³⁵ NOPR Annex at 2-3.

³⁶ Comments of PECO at 4.

³⁷ Comments of OCA at 4.

The Low Income Advocates propose mandatory waivers for residential customers with household incomes up to 300 % of the FPL³⁸, and the OCA proposes to eliminate late payment charges for customers participating in payment arrangements or Universal Service programs³⁹. PECO believes the financial measures and the Commission's existing affordability framework appropriately balance customer assistance objectives with the importance of encouraging timely payment and maintaining equitable cost allocation among customers.

PECO recognizes that many customers continue to face affordability challenges and appreciates the Commission's ongoing efforts to ensure that customers experiencing financial hardship have access to meaningful assistance and flexible payment options. PECO shares the goal of promoting energy affordability and supports programs that help customers maintain essential utility service while managing their financial obligations. Importantly, CAP participants are not assessed late payment charges, reflecting the program's role in providing targeted support to customers with the greatest financial need. PECO provides a comprehensive portfolio of affordability and payment assistance options tailored to customers' financial circumstances. For customers at or below 150% of the FPL, PECO offers CAP, LIURP, budget billing, extended payment agreements of up to five years, and access to additional assistance resources such as LIHEAP and MEAF. CAP participants are not assessed late payment charges, reflecting the program's targeted support for customers with the greatest financial need. For customers with household incomes above 150% of the FPL and up to 300% of the FPL, PECO provides a range of flexible payment options that do not require participation in assistance programs, including budget billing, preferred due dates, 21-day payment extensions, reduced minimum payment

³⁸ Joint Comments of the Low Income Advocates at 35.

³⁹ Comments of OCA at 41-43.

options ranging from 40% to 70% of the outstanding balance, and payment arrangements tailored to the customer's circumstances. For larger arrearages, PECO also offers significant payment agreements that allow eligible customers with balances exceeding \$1,000 to pay one-third of the balance upfront and the remaining balance over 11 months.

The proposed expansion of late payment charge waivers beyond CAP customers is not necessary given these existing protections and could undermine the effectiveness of current arrearage management tools. Late payment charges are one component of a broader collections framework designed to encourage customers to actively manage their accounts and prevent the accumulation of larger unpaid balances. While PECO does not assess late payment charges for CAP customers, requiring the waiver of such charges for non-CAP customers entering into Deferred Payment Arrangements would remove an established element of the payment arrangement framework, despite the fact that those customers already benefit from extended repayment terms and increased flexibility in resolving outstanding balances.

Similarly, requiring utilities to waive late payment charges for customers with household incomes up to 300 % of the FPL would significantly expand eligibility beyond existing low-income assistance programs and beyond the scope of this rulemaking. Such a proposal would require utilities to establish new processes for collecting, verifying, maintaining, and administering income-eligibility information for a substantially larger customer population. Utilities would also incur additional administrative costs, including increased staffing needs to support income verification activities and customer outreach. If considering such an expansion, the Commission should evaluate both the operational implications and financial impacts.

Absent an evaluation of eligibility-verification requirements, customer communication needs, business process modifications, data-management obligations, and necessary billing system

and information technology changes, the Commission lacks a sufficient record to assess the full costs and consequences of the proposed requirements. Not only is PECO not in a position to reliably quantify those impacts, it also respectfully asserts that assessing such costs in this proceeding would constitute impermissible enlargement of the purpose of this rulemaking (*i.e.*, the preservation of former Chapter 14 provisions). Accordingly, PECO supports retaining the Commission's proposed adoption of Section 56.22 and recommends the Commission decline to adopt broader mandatory waiver requirements that could undermine payment incentives, increase program complexity, and shift costs among customer groups.

F. Proposed Section 56.102 Residential Field Visit Charge

This proposed section would create a new regulation at Section 56.102 to incorporate the residential field visit charge for a city natural gas distribution operation formerly found in Section 1414(b) of the Code, previously codified at 66 Pa.C.S. § 1414(b). PECO does not make further comments on the proposed regulation at this time because it would not apply to PECO.

G. Proposed Section 56.153. Public Utility Duties

The NOPR proposes creating a new regulation at Section 56.153 to incorporate certain public utility duties regarding customer or applicant contact for payment arrangements formerly found in Section 1410.1 of the Code.⁴⁰ PECO supports the language proposed in the NOPR and supports inclusion of a Universal Service referral requirement, but requests that PECO and other utilities continue to have flexibility regarding referral processes and procedures. PECO's processes are consistent with the proposed amendments, and therefore the Company does not anticipate any incremental costs or cost savings associated with the NOPR provisions.

⁴⁰ NOPR Annex at 3.

Several parties recommend expanding the proposed requirements. First, the Low Income Advocates support the proposed section and further recommend requiring utilities to perform incoming screening for customers or applicants at the time service is established *and on an annual basis thereafter* in order to increase participation in assistance programs and percent arrearage accumulation.⁴¹ PECO appreciates the intent underlying the Low Income Advocates' proposal and agrees that early identification of customers who may be eligible for assistance can help improve awareness of available affordability programs. At the same time, PECO believes utilities should retain flexibility to design and administer referral and screening processes that reflect their existing customer interactions, enrollment procedures, and operational practices. Utilities have developed customer outreach and enrollment processes tailored to their operations and customer interactions, and maintaining flexibility will allow utilities to continue implementing effective referral practices while promoting consistency for customers and avoiding unnecessary administrative complexity.

PECO already incorporates affordability-related discussions into customer interactions and obtains financial information from customers seeking assistance, which helps connect customers with appropriate programs and payment options. For example, when a new customer enters PECO's territory, they are provided with a welcome package that includes information regarding available assistance programs and how to contact PECO to learn more or apply. Also, when customers contact the Company regarding a past-due balance, express affordability concerns, or inquire about Universal Service programs, PECO evaluates income information to identify potential CAP eligibility, establish appropriate payment arrangements, and inform customers of other available assistance programs and external grant opportunities. By contrast, PECO does not believe it is necessary or appropriate to require utilities to collect income information from all new

⁴¹ Joint Comments of the Low Income Advocates at 37-40.

or moving customers, or during customer interactions unrelated to affordability concerns. Such a requirement could result in requests for sensitive personal information in circumstances where customers may not expect or feel comfortable providing it. Such a requirement also could be viewed by customers as intrusive because it would require utilities to request sensitive financial information from customers whose interactions with the utility are unrelated to affordability or assistance programs.

Moreover, prescriptive screening requirements may not account for the different methods utilities currently use to connect customers with assistance programs and could require changes to established processes without a clear record demonstrating corresponding customer benefits. PECO currently serves approximately 1.5 million residential customers, of whom roughly 140,000 are verified low-income customers. Requiring PECO to screen the remaining 90 percent of its residential customers (nearly 1.4 million customers), regardless of whether they have expressed affordability concerns or sought assistance, would impose significant administrative costs and operational burdens with limited incremental benefit.

Mandatory screening requirements for all new and moving applicants would necessitate additional costs associated with eligibility verification, customer outreach, data collection, and systems modifications beyond existing practices. A responsible assessment would depend on details that are not addressed in the proposed regulation, including the specific screening requirements, data retention obligations, customer communication protocols, workflow changes, and any necessary information technology modifications. PECO is not currently in a position to reliably estimate such costs.

Next, OSBA proposes requiring utilities to provide information regarding payment plans and assistance options to small commercial business customers when discussing overdue balances

or payment arrangements.⁴² For the reasons set forth above, PECO opposes expanding Section 56.153 to include requirements specific to small commercial business customers, as such matters fall outside the scope of the proposed residential regulations.

Finally, the OCA proposes adoption of former Section 1410.1(4), which provided: “Report to the commission on an annual basis the number of medical certificates and renewals submitted and accepted in the service territory.” PECO agrees with the OCA’s observation that medical certificate requirements are already addressed elsewhere in the Commission’s regulations⁴³, including Section 56.231, and therefore does not believe additional revisions to Section 56.153 are necessary for that purpose.

H. Proposed Section 56.171. General Rule

The NOPR seeks to modify the existing regulation at Section 56.171 (relating to general rule) to incorporate certain language regarding public utility contact prior to the filing of certain formal complaints formerly found in Section 1410 of the Code, previously codified at 66 Pa.C.S. § 1410, and modifying the title of the section.⁴⁴ The OCA supports the Commission’s proposed amendment to Section 56.171 but notes that the Section 56.171(b) requirement to first contact the utility should not apply to formal complaints challenging a proposed base rate increase.⁴⁵ PECO continues to support the Commission’s proposed revision as discussed in its Initial Comments and also agrees with OCA’s observation that the customer-contact requirement should be understood as applying to formal complaints involving matters governed by Chapter 56. Because proposed base rate increases are reviewed through separate Commission proceedings governed by the Public

⁴² Comments of OSBA at 6-7.

⁴³ Comments of OCA at 6.

⁴⁴ NOPR Order at 11; NOPR Annex at 7-8.

⁴⁵ Comments of OCA at 7.

Utility Code and the Commission's procedural regulations, such matters are outside the intended scope of Section 56.171(b).

I. Proposed Section 56.181. Duties Of Parties; Disputing Party's Duty to Pay Undisputed Portion of Bills; Public Utility's Duty to Pay Interest Whenever Overpayment Found

PECO supports the Commission's proposed clarification and agrees that customers should remain responsible for paying charges that are not in dispute while an informal or formal complaint is pending.⁴⁶ The OSBA did not oppose the NOPR's proposal.⁴⁷ The OCA does not object to the Commission's proposed language.⁴⁸ The Low Income Advocates generally do not object to the Commission's proposed clarification requiring payment of subsequent undisputed bills but advocate for a revision to Section 56.181(2) that would eliminate the role of the consumer services representative in determining the disputed amount and leave that determination exclusively to the customer.⁴⁹

As PECO explained in its Initial Comments, expressly requiring payment of subsequent non-disputed bills promotes appropriate payment discipline by ensuring that customers remain engaged with their current obligations while preserving their ability to dispute charges in good faith.⁵⁰ This approach also supports customer affordability by helping to prevent the accumulation of additional arrearages during the complaint process, which benefits both customers and utilities. PECO further does not support the Low Income Advocates' proposal to revise Section 56.181(2) by removing the phrase "the consumer services representative determines."⁵¹ The cited language

⁴⁶ Comments of PECO at 6.

⁴⁷ OSBA Comments at 8.

⁴⁸ OCA Comments at 8.

⁴⁹ Joint Comments of the Low Income Advocates at 41-42.

⁵⁰ Comments of PECO at 6-7.

⁵¹ Joint Comments of the Low Income Advocates at 41-42.

is longstanding and was not proposed for revision in this rulemaking. Moreover, allowing a customer to unilaterally define the amount in dispute could effectively permit payment of undisputed charges to be withheld for the duration of a complaint proceeding simply by characterizing the entire bill as disputed. Such a result would be inconsistent with the purpose of the provision, which is to preserve a customer's ability to challenge disputed charges while ensuring that undisputed amounts remain payable during the pendency of the dispute. Maintaining the existing language appropriately balances customer protections with that longstanding principle.

J. Proposed Section 56.182. Payment Arrangement Procedures

The NOPR proposes creating a new regulation at Section 56.182 to incorporate the payment arrangement procedures formerly found in Section 1405(a)-(e) of the Code, previously codified at 66 Pa.C.S. § 1405(a)-(e), and modifying the existing heading under which this section falls. PECO supports the proposed adoption to the extent it is consistent with language in former Chapter 14 of the Code as it specifically relates to the Commission's ability to establish payment arrangements between a public utility, customers, and applicants within the limits established by Section 56.182. As EAP stated in its Reply Comments, the revisions proposed maintain the balance of protecting vulnerable customers against the interests of customers who pay their bills on time.⁵²

1. 56.182(a) General Rule

PECO supports the Commission's proposed adoption of Section 56.182(a) as proposed in the NOPR and believes the proposed rule appropriately preserves important customer protections while maintaining a balanced framework for managing arrearages and promoting successful payment outcomes.

⁵² Reply Comments of EAP at 3.

The Low Income Advocates, OCA, and Office of the Governor, among others, submitted comments recommending changes to the proposed framework for Commission-issued payment arrangements and advocating for additional flexibility for residential customers experiencing financial hardship. Specifically, the Low Income Advocates oppose the NOPR proposal unless it includes more flexible and affordable payment arrangements, which they argue are necessary to reduce service terminations and uncollectible debt.⁵³ Similarly, the OCA argues that the former Chapter 14 framework resulted in a substantial percentage of defaults and, therefore, recommends that the Commission provide additional flexibility in the lengths and levels of payment arrangements, and recommended changes not only to Commission-issued payment arrangements, but all payment arrangements.⁵⁴ The Office of the Governor likewise proposes modifications beyond the NOPR which it believes will improve customer participation and completion rates.⁵⁵ Among other things, commenters' recommendations included limiting monthly installment amounts to 20% of a customer's average monthly bill with corresponding extended repayment terms, broader accommodations for additional or modified payment arrangements following a default, allowing CAP participants to enter into payment arrangements for CAP arrearages, and establishing arrearage forgiveness opportunities for households with incomes below 300% of the FPL.⁵⁶

PECO appreciates the concerns raised by commenters regarding customer affordability challenges and supports efforts to assist customers who are experiencing financial hardship. However, PECO does not support replacing the Commission's proposed framework with broad

⁵³ Joint Comments of the Low Income Advocates at 42-57.

⁵⁴ Comments of OCA at 8-15.

⁵⁵ Comments of the Office of the Governor at 5-6.

⁵⁶ Comments of the Office of the Governor at 6.

new payment arrangement requirements or affordability mechanisms, absent a more developed record regarding their practical implementation and customer impacts.

2. **56.182(b) Length of payment arrangements**

Commenters question whether existing payment arrangement parameters sufficiently address affordability challenges and generally urge the Commission to provide greater flexibility in the length and structure of payment arrangements than is reflected in the proposed regulation. The fact that customer debt levels have increased or involuntary terminations have increased does not, by itself, demonstrate that existing payment agreement terms are inadequate or that longer repayment periods would be more effective. PECO continues to offer customers a range of flexible payment arrangement options, and payment agreements remain an important tool used by customers to manage outstanding balances.

a. **Data does not show a correlation between longer payment terms and lower default rates.**

The Low Income Advocates recommend eliminating the proposed payment arrangement limits or, alternatively, expanding repayment flexibility by extending repayment periods, capping monthly payments, and preserving the Commission's discretion to tailor arrangements to individual customer circumstances.⁵⁷ Yet PECO's internal analyses found that default rates are generally comparable across term lengths, with no consistent evidence that longer-term agreements produce better customer outcomes. An internal analysis of default performance for payment agreements performed in 2023 indicates that customer payment behavior does not materially improve as agreement length increases. For example, agreements issued in 2022 exhibited default rates ranging from approximately 31%–38% across all term lengths, while

⁵⁷ Joint Comments of the Low Income Advocates at 46-55.

historical cohorts show similar patterns. This suggests that extending payment agreement terms beyond current levels, including terms greater than 60 months, is unlikely to materially improve agreement completion rates or reduce default risk.

- b. **Default rates for customers within 0 to 150% of the FPL have improved significantly over time and are now generally within the range of other income-level segments.**

PECO's internal analysis also indicates that the relationship between income level and default performance has changed since the COVID period. Historically, customers within 0-150% of the FPL defaulted at materially higher rates than other customer segments. For agreements issued in 2018 and 2019, the default rate for these customers was approximately 16 percentage points higher than non-low-income customers. However, for agreements issued in 2021 and 2022, the default rate for customers within 0-150% of the FPL improved substantially and is now within the range of other income-level segments. This improvement likely reflects the impact of increased participation in customer assistance programs.

- c. **If customers with lower monthly payments and longer terms ultimately default at similar rates, the accumulated aged receivables would increase bad debt expense and could result in increased write-offs.**

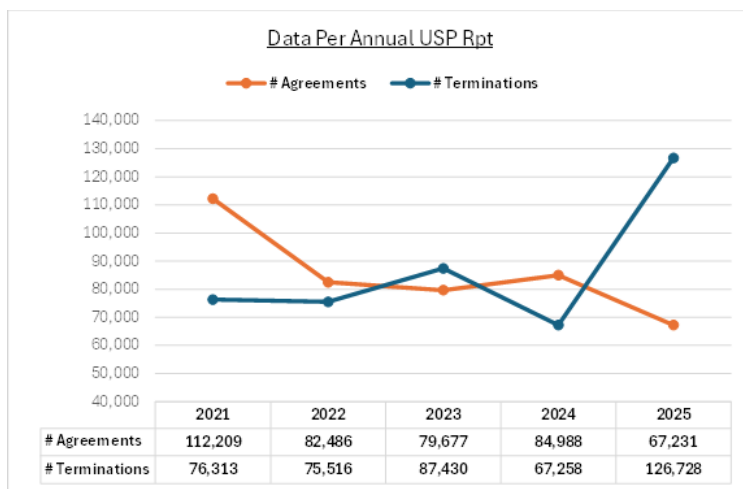
While longer repayment terms may lower monthly installment amounts, they would also extend the collection period, resulting in higher Accounts Receivable balances. Because the analysis does not demonstrate a corresponding improvement in customer payment performance as term length increases, the primary effect of extending terms would be to delay collections rather than improve ultimate recoveries. However, if customers ultimately default at similar rates, the aged receivables accumulated under longer-term agreements would become subject to a full reserve, increasing bad debt expense and potentially resulting in larger write-offs. In this scenario, any short-term improvement in bad debt performance would largely reflect delayed default

recognition rather than a meaningful improvement in collection outcomes. Increased bad debt expense would ultimately increase costs that are borne by all PECO customers, including low-income customers.

d. **The data does not demonstrate a direct relationship between payment agreement activity and termination activity.**

Commenters have not provided support for the proposition that extending payment agreement terms beyond current limits would materially improve customer payment behavior, reduce defaults, or increase successful agreement completion. To the contrary, the data does not demonstrate a direct relationship between payment agreement activity and termination activity. As shown in data submitted by PECO to the Commission as part of its annual Universal Service Programs and Collections Performance data reporting, payment agreement volumes and termination levels do not move in tandem.⁵⁸

Figure 1.



⁵⁸ See generally PA PUC Universal Service Programs and Collections Performance Reports (“USP Reports”)(Available online: <https://www.puc.pa.gov/filing-resources/reports/universal-service-programs-and-collections-performance-reports/>).

Figure 1 includes data submitted by PECO in the 2023 and 2024 USP Reports, as well as 2025 which has not yet been reported. The data contradicts any assumption that extending repayment periods would reduce terminations or improve customer outcomes. Rather, the lack of correlation suggests that terminations are influenced by a variety of factors beyond payment agreement availability or term length.

e. **Chapter 56 relates to residential customers and should not address Small Commercial Business customer payment arrangements.**

OSBA likewise proposes expanded payment arrangement options, but specifically for Small Commercial Business customers. OSBA recommends permitting payment arrangements of up to two years for customers with prior defaults and payment arrangements ranging from two to five years for customers without prior defaults.⁵⁹ OSBA argues that longer repayment periods would provide additional flexibility for small businesses experiencing payment difficulties. With respect to OSBA's proposal, PECO notes that Chapter 56 governs residential utility service and consumer protections. Accordingly, while PECO provides payment arrangements and assistance options to qualifying small business customers through existing processes where appropriate, PECO does not support expanding Section 56.182(b) to include requirements specifically applicable to Small Commercial Business customers because such matters are outside the scope of the proposed residential regulations.

3. **56.182(c) Customer Assistance Programs**

Section 56.182(c) addresses the availability of payment arrangements for CAP participants and, in particular, the treatment of arrearages incurred while a customer is enrolled in a CAP. The Low Income Advocates oppose the NOPR to the extent it limits the availability of payment

⁵⁹ Comments of OSBA at 8-9.

arrangements for CAP participants and they recommend broader access to payment arrangements for customers with CAP-related arrearages.⁶⁰ The Low Income Advocates contend that restrictions on payment arrangements for CAP customers could increase the likelihood of service terminations and result in higher levels of uncollectible debt. To address those concerns, the Low Income Advocates propose alternative regulatory language that would permit additional payment arrangement opportunities for CAP participants with outstanding balances.⁶¹

Such recommendations are appropriately addressed in individual utility Universal Service and Energy Conservation Plan (“USECP”) proceedings. PECO’s USECP does not allow granting new payment arrangements while on CAP as that program should be providing affordable bills per the individual customer’s energy burden; therefore, allowing for additional payment arrangements would disincentivize CAP payments. CAP programs provide participating customers with significant bill assistance and other affordability protections that are specifically designed to help customers maintain service and avoid the accumulation of unmanageable arrearages. The Commission’s proposed regulation appropriately recognizes the unique nature of those programs while preserving the integrity of the broader affordability framework. Accordingly, PECO supports adoption of the NOPR’s proposed provision and does not support revisions that would broadly expand payment arrangement eligibility for CAP-related arrearages.

4. 56.182(d) Number of payment arrangements

The Low Income Advocates⁶² appear to argue that the Commission should permit utilities to offer additional or extended payment arrangements whenever a customer demonstrates “good cause,” rather than restricting such arrangements through specific regulatory requirements or

⁶⁰ Joint Comments of the Low Income Advocates at 48-49.

⁶¹ Joint Comments of the Low Income Advocates at 52-58.

⁶² Joint Comments of the Low Income Advocates at 48-51.

eligibility criteria. The Low Income Advocates⁶³ further appears to contend that utility-issued payment arrangements and restoration payment requirements are insufficiently protective of customers and should be revised to provide greater flexibility and affordability for customers experiencing payment difficulties.

PECO disagrees with The Low Income Advocates recommendation that the Commission replace the proposed payment arrangement framework with a broad “good cause” standard or otherwise require expanded payment arrangement obligations beyond those contained in the NOPR. The former Chapter 14 framework appropriately balances customer protections with the need for consistent and administrable collection practices. Establishing defined eligibility standards and payment arrangement parameters promotes transparency, predictability, and equitable treatment among similarly situated customers. By contrast, a subjective “good cause” standard could result in inconsistent application, customer confusion, and disputes regarding what circumstances qualify for additional accommodations. The NOPR’s proposed framework provides both utilities and customers with clear expectations and reduces the potential for uneven outcomes.

PECO also disagrees with the Low Income Advocates’ assertions that utility-issued payment arrangements and restoration payment requirements are categorically inadequate.⁶⁴ The proposed regulations already include substantial customer protections and provide customers with multiple opportunities to avoid service termination and restore service. Expanding mandatory payment arrangement requirements beyond those proposed in the NOPR could undermine payment discipline, increase administrative burdens, and contribute to higher uncollectible balances. Such costs are ultimately borne by all customers in an impacted customer class.

⁶³ *Id.* at 53-58.

⁶⁴ Joint Comments of the Low Income Advocates at 53-55.

Furthermore, requiring utilities to offer additional extended arrangements based on broad discretionary criteria may diminish the effectiveness of payment arrangements as a collections tool while creating operational challenges in administering and monitoring individualized plans. The NOPR's proposed approach appropriately recognizes the need to assist customers experiencing hardship while preserving incentives for timely payment and maintaining financial stability necessary for utilities to continue providing safe and reliable service.

For these reasons, PECO recommends retaining the objective standards reflected in the NOPR and avoiding open-ended subjective requirements that could create uncertainty, inconsistent implementation, or increased costs without a corresponding demonstration of improved customer outcomes.

5. 56.182(e) Extension of payment arrangements

The Low Income Advocates oppose the proposed limitations in Sections 56.182(e), which would generally permit only one subsequent payment arrangement absent a defined change in income and would limit extensions following a significant change in circumstance.⁶⁵ They recommend that the Commission retain broader discretion to grant additional payment arrangements for good cause shown, reinstate defaulted payment arrangements, and extend arrangements for a reasonable period of time rather than limiting extensions to six months.

PECO disagrees with the Low Income Advocates' proposal to permit additional payment arrangements and to allow reinstatement of previously defaulted payment arrangements for an undefined reasonable period of time. The Commission's proposed limitations appropriately recognize that payment arrangements are intended to facilitate the timely resolution of arrearages, not provide for successive extensions of unpaid balances. While the proposed rule affords

⁶⁵ Joint Comments of the Low Income Advocates at 52-53.

customers additional opportunities for relief when specified changes in circumstances occur, the commenters have not demonstrated that broader authority to grant repeated or reinstated payment arrangements is necessary. Maintaining reasonable limits on the number and duration of payment arrangements helps ensure that such arrangements remain effective tools for arrearage resolution while balancing the interests of customers and the utility system as a whole.

PECO further notes that proposals to permit repeated payment arrangement extensions or reinstatements should be evaluated in conjunction with appropriate safeguards to ensure continued customer engagement in the repayment process. Payment arrangements are most effective when they balance flexibility with meaningful progress toward arrearage reduction. To the extent the Commission considers expanding the number or duration of payment arrangements beyond those proposed in the NOPR, it should also consider whether minimum payment requirements, continued compliance obligations, or other objective measures are necessary to ensure that payment arrangements remain focused on resolving outstanding balances rather than indefinitely postponing collection activity.

In addition, PECO is concerned that replacing the proposed objective eligibility standards with a broader and more subjective standard, such as a generalized “good cause” or qualitative change-in-circumstances test, could undermine the predictability and consistency that the proposed regulations are intended to provide. Clear and objective criteria allow utilities to administer payment arrangements uniformly and enable customers to understand the requirements that apply to them. Open-ended standards may increase disputes regarding eligibility determinations and encourage case-by-case challenges that result in inconsistent outcomes among similarly situated customers.

PECO also submits that any expansion of payment arrangement eligibility should be accompanied by consideration of mechanisms that address situations involving repeated noncompliance with previously granted arrangements. Customers experiencing genuine financial hardship should continue to have access to reasonable payment options and available assistance programs. However, a framework that permits repeated defaults, reinstatements, and extensions without clearly defined limitations risks diminishing the effectiveness of payment arrangements as a collection and arrearage-management tool. Such an approach may ultimately increase administrative costs and delay resolution of outstanding balances without corresponding evidence that it improves long-term payment success.

Accordingly, PECO supports the Commission's proposed approach in Sections 56.182(e) and recommends that the Commission retain the objective eligibility criteria and extension limitations set forth in the NOPR. The proposed framework appropriately balances customer assistance with the need for effective arrearage management, consistent administration, and the equitable treatment of all customers.

6. The Commission Should Adopt the NOPR Revisions to Section 56.182 and Decline Broader Modifications Unsupported by the Current Record.

In conclusion, with regard to Section 56.182, PECO recognizes and shares the goal of improving payment arrangement success rates and acknowledges the affordability challenges many customers face. However, proposals such as mandatory payment caps, significantly extended repayment periods, expanded eligibility for successive payment arrangements and arrearage forgiveness could have substantial operational, billing, customer communication, account administration, and system implications that cannot be fully evaluated on the current rulemaking record. The details of these proposals have not been sufficiently developed in this

proceeding, and PECO is therefore not in a position to reliably estimate their implementation costs, operational impacts, or potential effects on CAP administration and existing business processes. Accordingly, PECO continues to support the Commission's proposed language while remaining committed to providing customers with access to existing affordability programs, payment arrangements, and other tools designed to help customers maintain utility service and manage outstanding balances. To the extent commenters seek modifications affecting Commission-established payment arrangements on a case-by-case basis, PECO does not oppose maintaining flexibility that allows the Commission to consider individual customer circumstances when exercising its existing authority.

K. Proposed Section 56.225. Surcharges For Uncollectible Expenses Prohibited

The OCA and the Low Income Advocates support codifying the prohibition on automatic surcharges for uncollectible expenses formerly found in Section 1408.⁶⁶ The NOPR proposed a new Section 56.225⁶⁷ that would incorporate into the regulations the former Chapter 14 prohibition on the recovery of uncollectible expenses through customer surcharges. PECO agrees that the addition is consistent with language in former Chapter 14 of the Code. PECO does not object to the retention of Section 56.225 as proposed. However, as discussed in its Comments, PECO encourages the Commission to provide flexibility for utilities to recover the cost of increased arrearages through surcharge mechanism options if the scope of the current rulemaking effort expands beyond preserving former Chapter 14 provisions. In adopting the proposed Section 56.225, the Commission should preserve its ability to evaluate the need for such tools when circumstances warrant, such as to benefit the overall regulatory framework and to address impacts

⁶⁶ Comments of OCA at 15; Joint Comments of the Low Income Advocates at 58.

⁶⁷ NOPR Annex at 5.

on customer arrearages, utility uncollectibles, and cost recovery.⁶⁸ Furthermore, PECO agrees with the observation of the EAP that the Commission should not simultaneously loosen the standards that limit uncollectible expenses and foreclose the mechanisms that would allow utilities to recover the resulting costs in a timely manner.⁶⁹

L. Subchapter L. Section 56.251. Statement of Purpose and Policy

The NOPR proposes removing reference to former Chapter 14 because it no longer exists.⁷⁰ Neither the Low Income Advocates, OCA, OSBA, nor the Office of the Governor oppose this update. However, the Low Income Advocates propose further amendments such as additional ways to certify a customer's status as a survivor of domestic violence, and to add provisions to mirror another law enacted by the General Assembly regarding Unemployment Compensation. These changes would require broad policy analysis and possible incorporation of additional definitions, certification mechanisms, and procedural requirements derived from other statutory frameworks that are not the subject of this rulemaking.

PECO recognizes the serious and sensitive circumstances faced by customers experiencing domestic violence and supports maintaining meaningful protections for those individuals. At this time, however, PECO does not support modifying the current certification and documentation requirements used to establish domestic violence status. PECO believes the existing framework has provided a clear, objective, and workable process for determining eligibility and applying the associated protections. While PECO appreciates the goal of providing flexibility in the certification process, expanding the range of acceptable documentation could make verification more difficult and may lead to less consistent administration of these protections. It could also place utilities in

⁶⁸ Comments of PECO at 3, 7.

⁶⁹ Reply Comments of EAP at 23-24.

⁷⁰ NOPR Order at 23.

the position of evaluating highly sensitive personal circumstances that are outside their traditional role and expertise.

PECO believes the current requirements continue to strike an appropriate balance between ensuring access to important customer protections and maintaining objective, administrable eligibility standards. The existing framework remains sufficient to support customers experiencing domestic violence while allowing those protections to be applied consistently and effectively. Accordingly, PECO supports the adoption of revisions only as proposed in the NOPR Annex and reiterates its request that the Commission complete this rulemaking promptly and refrain from considering proposals that extend beyond the scope of the issues presented in this proceeding.

IV. CONCLUSION

PECO appreciates the opportunity to offer these replies to other party comments.

Respectfully submitted,



Anthony E. Gay (Pa. No. 74624)
Catherine Nguyen (Pa. No. 308188)
PECO Energy Company
2301 Market Street
Philadelphia, PA 19103
Phone: 267.533.1999
anthony.gay@exeloncorp.com
catherine.nguyen@exeloncorp.com

Dated: October 12, 2026