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November 17, 2017

Chairman Gladys M. Brown  
Vice Chairman Andrew G. Place  
Commissioner John F. Coleman Jr.  
Commissioner David Sweet  
Commissioner Norman Kennard  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Dear Commissioners:

Thank you for your November 1, 2017 letter regarding the Commission's fourteenth "Prepare Now" campaign. As the public utility with the largest low-income population in Pennsylvania, PECO manages the largest and most comprehensive Universal Services program in the Commonwealth, and therefore appreciates the Commission's ongoing leadership in this area.

PECO continues to use a mix of traditional and innovative outreach methods to inform customers about its low-income programs. For example, PECO's Customer Assistance Program (CAP) provides monthly credits to approximately 124,000 low-income households.

Heading into this winter season, our eligible low-income customers will continue to benefit from PECO's new Customer Assistance Program (CAP), which was implemented October 2016. This new program helps makes energy service even more affordable for our low-income customers.

PECO started our Defacto Heating Pilot in October 2017. This pilot was a part of the CAP settlement of 2015. With this pilot, PECO will provide both previously identified and newly identified Defacto Heating customers with measures required to restore their primary heating source. This effort will continue for three (3) consecutive program years ending September 2020.

For the winter of 2017/2018, PECO will pursue many of the measures discussed in your November 1, 2017 letter.

1. Again this year, PECO continues to leverage methods to expand our Low-Income Home Energy Assistance Program (LIHEAP) outreach. Activities include comprehensive key stakeholder engagement, earned media, paid advertising (radio, outdoor, and digital), coordination and staffing of community events, application

completion assistance, direct mail, bill inserts targeting CAP customers, and telephone outreach. As you will see in our response to Question 5, PECO continues to assist customers by leveraging multiple grant programs to assist them with maintaining or restoring service prior to the end of year.

2. All customers who report an income of 150% or lower of the Federal Poverty Level are referred to CAP as well as to LIHEAP during the LIHEAP season. The determination of whether a customer is eligible for CAP is incorporated into the process of establishing service and handling all credit related calls, including customer requests for payment arrangements and contacts in response to termination notices. PECO's outreach has resulted in approximately 124,000 enrollments in CAP as of October 2017.

3. PECO restores service to customers who were cut out for non-payment upon first-time enrollment into CAP. The first-time enrollee's arrearage is also set aside and forgiven if the customer makes full, on-time payments of their new, CAP bills during a period of months.

4. PECO remains committed to helping all of our customers manage their energy bills through a variety of means. PECO implemented a new CAP Fixed Credit Option (FCO) program in October 2016. This program was jointly developed to make energy service more affordable for our low-income customers.

PECO also provides an additional payment arrangement when LIHEAP Crisis grant amounts are insufficient to pay the customer's entire balance. In addition, PECO has implemented a "Minimum Payment Option" which provides the customer the option of paying less than the full balance while offering them an additional 16 days to pay off the remaining balance.

During field visits for the Winter Survey, we provide information to encourage our customers to call us to see if they are eligible for our CAP program. PECO's Call Centers will also refer low-income customers with extenuating circumstances to the PECO Universal Services CARES team who will see what other options might be available to them this winter.

5. PECO continues to conduct numerous community outreach sessions, each year, to ensure low-income community awareness of the important programs PECO provides to help make energy service more affordable for customers, including CAP, MEAF (PECO's Hardship Fund), LIHEAP, LIURP, and CARES. In 2017, PECO has significantly increased donations to local programs to assist customers who need help paying their utility bills. Specific highlights from 2017 include:

- PECO's annual MEAF fundraiser in October 2017 generated over \$55,000, which PECO matched dollar-for-dollar to bring the total to approximately \$110,000.
- PECO continues to promote the company's "PECO Smart Gift of Energy" program. This year-round program allows a third party to pay the PECO bill of "someone special." Last year, the majority of gifts took place during the holiday season. PECO will again promote the Smart Gift of Energy program during the

upcoming holiday season through earned media, direct customer communication, and paid advertising (radio and digital).

6. PECO's current procedures enable consumers to contribute to the company's Hardship Fund via several methods, including automatic payments and online payments. PECO continues to promote Matching Energy Assistance Fund (MEAF) by utilizing a brochure specifically for MEAF donations (one-time or on-going). As in years past, PECO's automatic payment system allows customers to continuously make contributions to MEAF. Customers may elect to contribute to MEAF through a check off box on their bill. With the check-off box, customers can choose to make a one-time donation to MEAF or become an on-going contributor via their monthly bill payments.

7. PECO is not limiting low-income terminations in the months prior to the winter season. In PECO's experience, when terminations are limited in the fall, low-income customers decrease their utility bill payments and become irretrievably behind on their accounts, resulting in a long-term crisis of payment and loss of service the next spring – at a time when assistance from government agencies is less available. PECO believes that the better policy is to enrich its Universal Services programs to assist needy customers and to provide flexibility to low-income customers on non-termination issues, all as described elsewhere in this letter.

The approach is to be more proactive with terminations in the spring, allowing customers more time to receive the assistance needed and to catch up on their arrearages. As an additional measure to help customers, PECO will restore service to any verified occupied property that was terminated, not yet restored and with total arrearages less than \$350 with the permission of the customer. PECO will also restore service to customers who bring their balance at or below \$350. Further, as part of PECO's field visits during the Winter Survey process, PECO is leaving behind information on eligibility to all of its Universal Services programs, as well as contact information for LIHEAP (both Cash and Crisis) and the aforementioned restoration policy.

8. PECO currently waives security deposits for all customers with verified income levels of 250% or less of the Federal Poverty Level. PECO also continues to waive security deposits for all of its CAP customers. If a new customer has no unpaid balance, PECO will bill the security deposit in three installments.

9. PECO accepts most combinations of LIHEAP grants and Hardship Fund grants as sufficient funds to turn on or reconnect service for a low-income customer. PECO works with the Department of Human Services LIHEAP Crisis program to coordinate its efforts with the agency's requirements.

10. PECO provides written and verbal information on home heating safety to all Low-Income Usage Reduction Program (LIURP) customers. PECO conducts thousands of LIURP audits every year. Each audit includes a review of home heating options and safety. If needed, repairs can be conducted while meeting LIURP requirements, Under LIURP, PECO will also conduct home heating repairs at no cost to the customer for homeowners.

Other measures PECO uses to educate its customers include the company's in bill newsletter, website, advertising, social media, and earned media. Safety information relating to theft of service also is included in the winter survey materials left behind after the field visit.

11. PECO promotes its budget billing programs through direct customer communication, the company's website, earned media, social media and Universal Services brochures. There are approximately 246,000 PECO customers currently enrolled in budget billing. PECO also allows the designation of third parties to be notified prior to customer termination upon request.

12. PECO has an active education and outreach program to assist its customers, including its low-income customers, in conservation efforts. PECO pursues this program through its LIURP audits and program, in bill newsletter and bill inserts, website, social media, earned media, and Universal Services brochures. As part of PECO's low-income weatherization program, the approximate 11,000 customers who receive these services each year are given extensive education on how they can continue to reduce their energy usage which has been a mainstay of PECO's LIURP program.

Also, as part of PECO's Act 129 EE&C Plan, more than 71,000 eligible low-income customers have received an energy audit with the installation of energy saving measures, plus nearly 11,000 eligible low-income customers have received a new ENERGY STAR® refrigerator replacing their old inefficient unit, and more than 2,344,000 energy efficient light bulbs have been installed or distributed since the program launched in January 2010. In addition, representatives from PECO's Universal Services program and the Act 129 EE&C program have participated in multiple outreach events together to educate low-income customers on the programs available to them as well as what they can do to lower their energy usage.

Again, PECO thanks the Commission for its leadership in this important effort.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'P' followed by a series of loops and a long horizontal flourish extending to the right.