



An Exelon Company

**Richard G. Webster, Jr.**  
Director  
Rates and Regulatory Affairs

Telephone 215.841.4000 ext 5777  
Fax 215.847.6208  
www.exeloncorp.com  
dick.webster@exeloncorp.com

PECO Energy Company  
2301 Market Street, 515  
Philadelphia, PA 19103

Mail To: 8699  
Philadelphia, PA 19101-8699

February 28, 2012

**RECEIVED**

FEB 28 2012

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Dear Secretary Chiavetta:

PECO Energy Company is hereby submitting to the Pennsylvania Public Utility Commission an original and three copies of its Universal Services Three Year Plan (2013 to 2015).

If you have any questions please do not hesitate to contact me at 215-841-5777.

Please acknowledge receipt of the foregoing on the enclosed copy of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Webster", followed by a long horizontal flourish.

Enclosures

cc: Grace McGovern, Bureau of Consumer Services  
David Mick, Bureau of Consumer Services

**PECO Energy Company  
Universal Services  
Three-Year Plan  
2013 to 2015**

**RECEIVED**

FEB 28 2012

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Prepared by:  
Patricia King  
Manager, Universal Services  
February, 28, 2012**

PECO Energy Company  
Universal Services  
Three-Year Plan  
2013 – 2015  
Table of Contents

<u>Section</u>		<u>Page</u>
I.	Introduction	3
II.	Needs Assessment	6
III.	PECO's Universal Services Department	7
	1. Customer Assistance Program (CAP) Rate	8
	2. Low Income Usage Reduction Program (LIURP)	21
	3. Matching Energy Assistance Fund (MEAF)	25
	4. Customer Assistance and Referral Evaluation Services Program (CARES)	28
	5. Education-Outreach Programs	30
	6. External Grant Program Administration (i.e. LIHEAP)	31
IV.	Collection Strategy	33
V.	Cost Recovery	34
VI.	Budget	35
VII.	Universal Services Organization Charts	36
VIII.	Use of Community-Based Organizations	41
	Attachment A – Community Based Organizations	42

## I. INTRODUCTION

The Universal Services' programs offered by PECO Energy Company ("*PECO*" or "*the Company*") are designed to assist low-income residential customers receive the continued provision of the service in exchange for reduced monthly payments based on total household size and gross income. The Company's Universal Services' staff identifies low-income residential customers and provides them with reduced utility payments and access to other private and public resources.

PECO has a rich history of supporting local, community-based organizations (*See Attachment A*) and providing needed services to its low-income customers. PECO is pleased to submit the following Universal Services Plan for 2013 - 2015 in accordance to 52 Pa. Code §54.74.

PECO's Customer Assistance Program (CAP) began in 1984 in which all participants paid one set minimum charge each month. Twelve years later, by 1996, PECO had enrolled approximately 30,000 customers into CAP. During 1996, PECO also implemented a new pilot CAP Rate, initially limited to 10,000 customers, in which participants would be placed into various rate discount tiers based upon their household income levels. By early 1998, the pilot CAP Rate became fully subscribed up to the 10,000-customer limit. As part of its 1998 Electric Restructuring Settlement, PECO transferred 30,000 customers from the CAP program that incorporated one set monthly charge to the CAP Rate tiered program and expanded participation on an "open enrollment basis" to those who qualified with an "initial maximum participation level" of 100,000. Participation in the tiered CAP Rate program grew to about 83,000 customers by March 2000. In that month, PECO also entered into the PECO/Unicom Merger Settlement, in which it agreed to continue the CAP Rate as an "open enrollment program" with a "provisional maximum participation level" of 125,000. Under the terms of the PECO/Unicom Merger Settlement, PECO would recover \$383 per customer, in excess of 90,000 electric CAP Rate customers and \$200 for each gas CAP Rate customer in excess of 17,500, through its Universal Service Fund Surcharge. By 2005, CAP Rate participation increased to approximately 103,000 customers, making PECO's program the largest Universal Services program in Pennsylvania.

In 2003, further modifications to PECO's CAP Rate were made pursuant to PECO's petition for approval of consensus modifications to its Universal Service Program. The Pennsylvania Public Utility Commission ("Commission" or "PUC") approved the consensus modifications (Consensus Plan) at Docket Nos.: R-00027870, M-00001418 (Order Entered April 8, 2003). The Consensus Plan added three new levels to PECO's CAP Rate for customers with total household gross income levels at or below 50% of the Federal Poverty Level (FPL). The three levels (CAP Rates A, B and C) were implemented in 2004. Under the terms of the Consensus Plan, an independent evaluator was charged with: (1) evaluating whether the Company's CAP Rates provide an affordable payment consistent with the Commission's Policy Statement, (2) analyzing energy burdens as a percentage of household income and (3) reviewing the effects of the

modifications in the Consensus Plan. The independent evaluation was completed May 1, 2006. In that report, the independent evaluator rated PECO's Universal Services' programs as follows:

- LIURP – Excellent;
- CAP Rate – Very Good;
- MEAF – Satisfactory; and
- CARES – Satisfactory

The evaluation is required every 6 years and PECO is currently in the process of its second program evaluation.

In 2008, PECO made two significant enhancements to its CAP program. First, in PECO's Gas Base Rate proceeding at Docket No. R-2008-2028394, PECO agreed to expand its gas CAP Rate program into a four-tier program with discounts applied to the full natural gas bill, rather than to just the distribution portions of the natural gas bill as had previously been the case. Greater natural gas discounts were also negotiated. Second, in PECO's 2007 – 2009 Three-Year Plan proceeding at Docket No. M-00061945, PECO agreed to make significant enhancements to its electric CAP program.

Effective January 1, 2011, as a result of the Petition of PECO Energy Company for Approval of Its Default Service Program and Rate Mitigation Plan (DSP) case (Docket No. P-2008-2062739), PECO introduced 2 new CAP electric and 2 new CAP gas tiers - CAP tiers D1 and E1, which are more targeted to benefit specific income levels. The 7 new electric and gas CAP tiers replaced the old 5 and 4 CAP tiers respectively. The additional two CAP Rate tiers address affordability via a more targeted discount by reducing FPL ranges from 50 percentage points to 25 percentage points in CAP Rates D & E (*i.e. the former CAP Rate D was 51%-100% and is now 51%-75% for the new CAP Rate D and 76%-100% for CAP Rate D1. Similarly, the former CAP Rate E was 101%-150% and is now 101%-125% for the new CAP Rate E and 126%-150% for CAP Rate E1*).

PECO's Universal Services Program contains six components

- Customer Assistance Program (CAP) Rate
- Low Income Usage Reduction Program (LIURP)
- Matching Energy Assistance Fund (MEAF)
- Customer Assistance and Referral Evaluation Services (CARES)
- Education-Outreach Programs
- External Grant Program Administration (e.g. LIHEAP)

As with all aspects of its operations, the Company is continuously looking for opportunities to improve or optimize its efforts. PECO's commitment to the six components of Universal Services is well established and evident in its business operations:

- PECO has continued to streamline the CAP enrollment process and enhance the CAP outreach program. Currently, participation in the PECO CAP Rate program had increased to approximately 138,000 customers adding more than 100,000 customers over the past 15 years.
- PECO has continued to make investments and refinements to its CAP call center operations. These enhancements have improved fax and mail capabilities as well as processing and response time.
- PECO will offer a payment agreement for all LIHEAP crisis customers regardless of payment agreement eligibility.
- PECO has reached more low-income customers through outreach to state and local agencies. PECO also increased the total number of LIHEAP grants available for its customers to over \$20 million in three consecutive years (*LIHEAP Funding Year 2009, 2010 and 2011*). While federal funding for LIHEAP is subject to change annually, PECO is committed to helping customers leverage the available LIHEAP benefits. Pending changes to the federal allocation of LIHEAP in the federal budget, PECO anticipates customers continuing to receive more than 6% of the Pennsylvania share each LIHEAP season.
- The Company continues to explore and develop opportunities to improve efficiencies in program operations. Such efficiencies help increase customer participation and satisfaction. One such efficiency has resulted from coordinating with the Department of Public Welfare (“DPW”) and using DPW data to identify and verify CAP Rate program eligibility and participation. By using DPW data, PECO can enroll and re-certify more customers into CAP Rate.
- The performance of PECO’s Universal Services programs were rated very highly by APPRISE, Inc., the independent evaluator commissioned to evaluate and report on the successes of PECO’s Universal Services programs to the Commission. This assessment was completed in 2006 and was reviewed with PECO’s 2007-2009 Three-Year Plan. The report showed PECO in a very favorable light. The next scheduled assessment will occur in 2012. APPRISE will conduct the 2012 Universal Services program evaluation. PECO expects the evaluation to be completed in October 2012.

One of the barometers PECO uses to validate its performance relative to Universal Services is the Universal Services Advisory Committee (USAC). The USAC was established to provide PECO with guidance and feedback during the implementation and subsequent expansion of the Universal Services programs, in particular the expansion of the state-approved LIURP program. The USAC meets four times per year to review program information and provides PECO with feedback on program performance and customer impacts. PECO considers recommendations from the USAC when making policy and procedural changes.

## II. NEEDS ASSESSMENT

PECO utilizes data from the U.S. Census Bureau and its Customer Information System to determine the possible number of low-income customers in its service territory that may qualify for the Company's Universal Services programs.

According to the most recent (2010) U.S. Census data, approximately 325,000 households who live in PECO's service territory have income at or below 150% of the Federal Poverty Level (FPL) and 437,000 households have income at or below 200% of the FPL.

<b>PECO Service Territory Poverty Chart</b>		
<b>County</b>	<b>Households &lt; 150% FPL</b>	<b>Households &lt; 200% FPL</b>
Bucks	25,000	39,000
Chester	19,000	30,000
Montgomery	34,000	52,000
Philadelphia	215,000	265,000
Delaware	32,000	50,000
York <sup>1</sup>	750	1,175
<b>Total</b>	<b>325,750</b>	<b>437,175</b>

Utilizing the 2010 U.S. Census data, the Company has a population of 437,000 households that may be eligible to receive LIURP, CARES or MEAF grants. These statistics represent 31% of PECO's total residential population that is eligible for all Universal Service Programs while 23% of PECO's residential customers may be eligible only for the CAP Rate<sup>2</sup>.

<sup>1</sup> York County – The total population for York County is 166,600 households. PECO has 4,700 customers in York County. The total number of households at or below 150% FPL in York County is 26,823, or 16%. Of the 4,700 PECO customers in York County, 750 (or 16%) would be CAP Rate eligible. Using this same methodology, 1,175 or 25% households would be 200% FPL.

<sup>2</sup> Not all household in the table above are direct customers of PECO (i.e. apartment buildings), therefore, not all low-income households in the table above are eligible for PECO's CAP program.

### III. PECO's UNIVERSAL SERVICES DEPARTMENT

PECO has a full staff of experienced Universal Services' employees that have supported the Company's low-income programs since the first 3-year plan was submitted in 2002. PECO is also able to successfully administer Pennsylvania's largest Universal Services' program by using experienced vendor resources.

PECO's Universal Services department consists of 10 staff members, including the manager of Universal Services, analysts, program support representatives, and CARES administrators. A complete organization chart is found in Section VII.

Universal Service analysts act as leads in managing day-to-day operations of their assigned programs. The Universal Service program staff handles quality control and general program support functions, while the CARES administrators handle duties related to CARES.

PECO's Universal Services department manages the following four vendors / call centers - CAP Rate; LIURP Vendor; LIHEAP Hotline; and the MEAF Fuel Hotline.

**CAP Call Center:** The CAP Call Center handles low-income residential customer inquiries for the purpose of determining income eligibility, processing of applications, re-certifications, making referrals, dissemination of information and processing of payment arrangements primarily for CAP Rate. This call center is equipped to handle all aspects of PECO's Universal Service Programs and employs approximately 50 employees including supervisors, call consultants and back office personnel. CAP Call Center back-office personnel are responsible for processing CAP Rate applications received via fax, U.S. mail and internet via the Universal Services' website.

**LIURP:** is a usage reduction program that targets low-income residential customers who are identified as having high usage. The main source of identifying LIURP eligible households is through PECO's internal Customer Information Management System (CIMS). Additional streams of intake include direct contact from customers or by indirect referrals from a wide range of community based organizations and social service agencies. Referrals are also received from the CARES unit, which identifies high usage associated with medical conditions and / or treatment.

**LIHEAP Hotline:** PECO also manages its own LIHEAP Hotline. LIHEAP is an important tool in managing low-income energy assistance. The LIHEAP Hotline enables customers to get direct assistance with LIHEAP eligibility and completing their application. The LIHEAP Hotline has approximately 12 employees.

**MEAF Call Center:** is the intake center for all customers and CBO (Community Based Organization) contacts and inquiries related to MEAF enrollment and donations. This call center is partially responsible for solicitation and outreach for MEAF donor strategies. The PECO MEAF Call Center has approximately 6 employees.



## **1. CAP RATE**

### **A. Program Description**

CAP Rate is a discounted, residential, tariff rate for PECO's low-income, residential customers, whose total household income levels are at or below 150% of the FPL. A customer's past due balance amount does not factor into PECO's eligibility determination. Enrolling eligible customers into the CAP Rate program allows many customers to avoid service terminations and maintain consistent payment patterns.

PECO identifies potential CAP Rate enrollees through a variety of means such as, customer telephone inquiries; when a customer receives energy assistance grants; referrals from community groups, other utilities or state agencies; public outreach sessions, community workshops and PECO or advocate-sponsored events for low income customers. After PECO identifies potential CAP Rate enrollees, it asks these customers if they are interested in receiving information about Universal Services programs, and provides information and applications to those who are interested.

Working with DPW, PECO established certain circumstances under which it would accept low income verifications performed by DPW and use them to enroll customers into the CAP Rate program. When the FPL requirements that are set for LIHEAP enrollment are equal to or less than the FPL requirements that are set for CAP Rate enrollment, PECO will rely upon income verifications already performed by DPW; otherwise referred to as "data of the commonwealth". When this circumstance exists, PECO will automatically enroll qualified customers into its CAP Rate program at the highest CAP Rate tier, currently CAP Rate E1. PECO will also mail a CAP acceptance notification letter to each new CAP Rate customer that is automatically enrolled into the program. The letter serves 2 purposes. First, it notifies the customer they are now enrolled in CAP Rate (*and explains what their responsibilities are for continued enrollment*), and second, it encourages the customer to provide their total household proof of income to PECO, which helps ensure that they will be enrolled in the most affordable CAP rate for their specific total household gross income.

## Residential Electric CAP Rates

*CAP Rate Overview effective January 1, 2012* – CAP Rates and their associated discounts for the period effective January 1, 2012 are included in the charts below:

### CAP RATE A - Electric

CAP TIER	FPL %	CAP Electric Rate (CIMS Rate Description)	CAP Electric Residential & Electric Residential Heating Discount %	Maximum Discount	Monthly Bill Minimum/ Additional Usage
CAP A	0-25% (With extenuating circumstances)*  Income Verification is required <u>annually</u>	CAP Opt A Electric Residential Service	Flat Rate \$12.00	Up to 1,000 kWh	> than 1,000 kWh CAP D Rate Structure
		CAP Opt A Electric Residential Heating Svc	Flat Rate \$30.00	Up to 2,000 kWh (Winter: October - June)	> than 2,000 kWh CAP D Rate Structure (Winter: October - June)
			Flat Rate \$30.00	Up to 1,000 kWh (Summer: July - September)	> than 1,000 kWh CAP D Rate Structure (Summer: July - September)

\* *Extenuating circumstances are defined in PECO's Electric Service Tariff*

CAP Rate A residential electric customers will be required to pay a total monthly bill of \$12 for all usage up to 1000 kWh. Monthly usage of 1001 kWh and above will be at CAP Rate D.

CAP Rate A will be limited to an enrollment level of 7,500 customers.

Additionally, CAP Rate A customers and PECO CARES administrators shall work in a cooperative effort to maximize the amount of government or private financial assistance available to the customer.

Finally, CAP Rate A customers will be required to re-certify their eligibility for service under CAP Rate A on an annual basis.

**CAP RATE B – Electric:**

CAP TIER	FPL %	CAP Electric Rate (CIMS Rate Description)	Discount %	Maximum Discount Amount	Monthly Bill Minimum
CAP B	0-25% (Without extenuating circumstances)  Income Verification is required <u>every two years</u>	CAP Opt B Electric Residential Service	Nominal 93% applied to total bill	\$102.66	\$12.00 (650 kWh) (Winter: October - May)
			Nominal 93% applied to total bill	\$103.53	\$12.00 (650 kWh) (June)
			Nominal 93% applied to total bill	\$118.87	\$12.00 (750 kWh) (Summer: July - September)
		CAP Opt B Electric Residential Heating Svc	Nominal 88% applied to total bill	\$85.57	\$30.00 (650 kWh) (Winter: October - May)
			Nominal 88% applied to total bill	\$98.48	\$30.00 (650 kWh) (June)
			Nominal 88% applied to total bill	\$113.08	\$12.00 (750 kWh) (Summer: July - September)

*Note: CAP Rate B customers who exceed the aforementioned limits are billed on the full Rate R*

**CAP RATE C – Electric:**

CAP TIER	FPL %	CAP Electric Rate (CIMS Rate Description)	Discount %	Maximum Discount Amount	Maximum Discount kWh
CAP C	26-50%  Income Verification is required <u>every two years</u>	CAP Opt C Electric Residential Service	Nominal 86% applied to total bill	\$94.94	650 kWh (Winter: October - May)
			Nominal 86% applied to total bill	\$95.74	650 kWh (June)
			Nominal 86% applied to total bill	\$109.83	750 kWh (Summer: July-September)
		CAP Opt C Electric Residential Heating Svc	Nominal 77% applied to total bill	\$74.87	650 kWh (Winter: October - May)
			Nominal 77% applied to total bill	\$86.17	650 kWh (June)
			Nominal 77% applied to total bill	\$98.65	750 kWh (Summer: July-September)

*Note: CAP Rate C customers who exceed the aforementioned limits are billed on the full Rate R.*

*Note: The maximum discounts for RH are lower than R because in 2012, the RH rate is still subsidized and will not be fully phased out until 2013.*

**CAP RATE D – Electric:**

CAP TIER	FPL %	CAP Electric Rate (CIMS Rate Description)	Discount %	Maximum Discount Amount	Maximum Discount kWh
CAP D	51-75%  Income Verification is required <u>every two years</u>	CAP Opt D Electric Residential Service	Nominal 70% applied to total bill	\$72.27	650 kWh (Winter: October - May)
			Nominal 70% applied to total bill	\$77.92	650 kWh (Summer: June-September)
		CAP Opt D Electric Residential Heating Svc	Nominal 49% applied to total bill	\$47.65	650 kWh (Winter: October - May)
			Nominal 49% applied to total bill	\$54.84	650 kWh (Summer: June-September)

*Note: CAP Rate D customers who exceed the aforementioned limits are billed on the full Rate R.*

*Note: The maximum discounts for RH are lower than R because in 2012, the RH rate is still subsidized and will not be fully phased out until 2013.*

**CAP RATE D1 – Electric:**

CAP TIER	FPL %	CAP Electric Rate (CIMS Rate Description)	Discount %	Maximum Discount Amount	Maximum Discount kWh
CAP D1	76-100%  Income Verification is required <u>every two years</u>	CAP Opt D1 Electric Residential Service	Nominal 63% applied to total bill	\$69.55	650 kWh (Winter: October - May)
			Nominal 63% applied to total bill	\$70.13	650 kWh (Summer: June-September)
		CAP Opt D1 Electric Residential Heating Svc	Nominal 36% applied to total bill	\$35.01	650 kWh (Winter: October - May)
			Nominal 36% applied to total bill	\$40.29	650 kWh (Summer: June-September)

*Note: CAP Rate D1 customers who exceed the aforementioned limits are billed on the full Rate R.*

*Note: The maximum discounts for RH are lower than R because in 2012, the RH rate is still subsidized and will not be fully phased out until 2013.*

**CAP RATE E – Electric:**

CAP TIER	FPL %	CAP Electric Rate (CIMS Rate Description)	Discount %	Maximum Discount Amount	Maximum Discount kWh
CAP E	101-125%  Income Verification is required <u>every two years</u>	CAP Opt E Electric Residential Service	Nominal 39% applied to total bill	\$43.05	650 kWh (Winter: October – May)
			Nominal 39% applied to total bill	\$43.41	650 kWh (Summer: June-September)
		CAP Opt E Electric Residential Heating Svc	Nominal 3% applied to total bill	\$2.92	650 kWh (Winter: October – May)
			Nominal 3% applied to total bill	\$3.36	650 kWh (Summer: June-September)

*Note: CAP Rate E customers who exceed the aforementioned limits are billed on the full Rate R.*

*Note: The maximum discounts for RH are lower than R because in 2012, the RH rate is still subsidized and will not be fully phased out until 2013.*

**CAP RATE E1 – Electric:**

CAP TIER	FPL %	CAP Electric Rate (CIMS Rate Description)	Discount %	Maximum Discount Amount	Maximum Discount kWh
CAP E1	126-150%  Income Verification is required <u>every two years</u>	CAP Opt E1 Electric Residential Service	Nominal 27% applied to total bill	\$29.81	650 kWh (Winter: October – May)
			Nominal 27% applied to total bill	\$30.06	650 kWh (Summer: June-September)
		CAP Opt E1 Electric Residential Heating Svc	Nominal 0% applied to total bill	\$0.00	650 kWh (Winter: October – May)
			Nominal 0% applied to total bill	\$0.00	650 kWh (Summer: June-September)

*Note: CAP Rate E1 customers who exceed the aforementioned limits are billed on the full Rate R.*

*Note: The maximum discounts for RH are lower than R because in 2012, the RH rate is still subsidized and will not be fully phased out until 2013.*

**Note: Electric Rates will be adjusted annually based on market prices**

## Residential Gas CAP Rates and Discount

PECO provides the following discounts in its natural gas CAP program effective 12/1/2011:

### CAP Rate A – Gas:

CAP TIER	FPL%	CAP Gas Residential & Gas Residential Heating Discount %	CAP Gas RATE (CIMS Rate Description)	Maximum Discount	Monthly Bill Minimum
CAP A	0-25% (With Extenuating Circumstances)  Income Verification is required <u>annually</u>	Nominal 79% applied to total bill	CAP Option A Gas Residential Service	Total bill	\$10.00
			CAP Option A Gas Residential Heating Svc	Total bill	\$25.00

### CAP Rate B – Gas:

CAP TIER	FPL%	CAP Gas Residential & Gas Residential Heating Discount %	CAP Gas RATE (CIMS Rate Description)	Maximum Discount	Monthly Bill Minimum
CAP B	0-25% (Without Extenuating Circumstances)  Income Verification is required <u>every two years</u>	Nominal 79% applied to total bill	CAP Option B Gas Residential Service	Total bill	\$10.00
			CAP Option B Gas Residential Heating Svc	Total bill	\$25.00

### CAP Rate C – Gas:

CAP TIER	FPL%	CAP Gas Residential & Gas Residential Heating Discount %	CAP Gas RATE (CIMS Rate Description)	Maximum Discount	Monthly Bill Minimum
CAP C	26-50%  Income Verification is required <u>every two years</u>	Nominal 69% applied to total bill	CAP Option C Gas Residential Service	Total bill	\$10.00
			CAP Option C Gas Residential Heating Svc	Total bill	\$25.00

**CAP Rate D – Gas:**

CAP TIER	FPL%	CAP Gas Residential & Gas Residential Heating Discount %	CAP Gas RATE (CIMS Rate Description)	Maximum Discount	Monthly Bill Minimum
CAP D	51-75%  Income Verification is required <u>every two years</u>	Nominal 29% applied to total bill	CAP Option D Gas Residential Service	Total bill	\$10.00
			CAP Option D Gas Residential Heating Svc	Total bill	\$25.00

**CAP Rate D1 – Gas:**

CAP TIER	FPL%	CAP Gas Residential & Gas Residential Heating Discount %	CAP Gas RATE (CIMS Rate Description)	Maximum Discount	Monthly Bill Minimum
CAP D1	76-100%  Income Verification is required <u>every two years</u>	Nominal 14% applied to total bill	CAP Option D1 Gas Residential Service	Total bill	\$10.00
			CAP Option D1 Gas Residential Heating Svc	Total bill	\$25.00

**CAP Rate E – Gas:**

CAP TIER	FPL%	CAP Gas Residential & Gas Residential Heating Discount %	CAP Gas RATE (CIMS Rate Description)	Maximum Discount	Monthly Bill Minimum
CAP E	101-125%  Income Verification is required <u>every two years</u>	Nominal 0% applied to total bill	CAP Option E Gas Residential Service	Total bill	\$10.00
			CAP Option E Gas Residential Heating Svc	Total bill	\$25.00

**CAP Rate E1 – Gas:**

CAP TIER	FPL%	CAP Gas Residential & Gas Residential Heating Discount %	CAP Gas RATE (CIMS Rate Description)	Maximum Discount	Monthly Bill Minimum
CAP E1	125-150%  Income Verification is required <u>every two years</u>	Nominal 0% applied to total bill	CAP Option E1 Gas Residential Service	Total bill	\$10.00
			CAP Option E1 Gas Residential Heating Svc	Total bill	\$25.00

**Note: Gas rates will be adjusted quarterly based on natural gas market prices**

**B. Eligibility Criteria and Program Requirements for CAP Rate**

1. Eligibility Criteria: A customer with a verified total household gross income at or below 150% of the FPL is eligible for PECO's CAP Rate program. The CAP Rate discount is dependent upon the FPL tier of the household. There are 14 CAP Rates (*7 electric and 7 gas*) available to PECO's low-income customers.

2. Program requirements:

- Complete a CAP Rate application, or be previously approved through fuel assistance or state agency requirements
- Provide social security numbers for all household members
- Provide proof of gross income for all household members. PECO may also consider the income of household members who have not reached the age of majority. If a customer or any household member 18 years of age or older claims no income, the customer or household member must provide a notarized letter (*a sworn statement*) asserting they have no income.
- Customers with multiple accounts qualify for CAP Rate only at one premise.
- Provide PECO permission to verify their income with state agencies
- Pay their CAP Rate bills on time and in full each month, or late charges will be assessed on past-due amounts and service may be terminated
- Participate in energy reduction and conservation programs offered by PECO (i.e. LIURP) if identified as high-usage per LIURP usage guidelines
- CAP Rate customers cannot have an alternate generation supplier. Customers with an active alternate generation supplier at the time of enrollment must agree to drop the supplier. If a current CAP Rate customer insists on enrolling in an alternate supplier, they will be removed from CAP Rate.
- Agree to re-certification for the respective cycle based on CAP rate tier (*every 2 years for CAP Rates B – E1 or every year for CAP Rate A*)
- CAP Rate customers are encouraged to apply for a Low Income Home Energy Assistance Program (*LIHEAP*) grant each LIHEAP season
- Report any change in household income to PECO right away

3. Application Process – In order to be considered for CAP Rate, the customer is required to complete an application process. The customer must provide PECO with permission to contact state agencies to verify income. PECO may use the Pennsylvania Department of Public Welfare (DPW), the Pennsylvania Department of Revenue and the Matching Energy Assistance Fund (MEAF) agencies for income verification. *If the agency is unable or unwilling to verify the customer's income, then the customer must complete a CAP application which includes proof of household gross income. The income certification process is an integral part of the CAP Rate process. Due to multiple levels of discounts, it is imperative that the Company obtains accurate income information to enroll the customer in the most advantageous rate.*



4. CAP Recertification: CAP Rate customers must re-certify their income eligibility and are informed of this during the initial intake process. Customers in CAP Rates B, C, D, D1, E and E1 must re-certify every 2 years. Customers on CAP Rate A must re-certify annually.

The re-certification process begins 30 days before a customer's 2 year CAP Rate anniversary. The customer receives a letter that they have completed 1 or 2 years, (*1-year for CAP rate A – 2 years for all other CAP rates*), of participation in the CAP program and income verification for re-certification is now required to remain on the program.

This initial letter informs the customer of documentation necessary to maintain eligibility. The customer must submit a completed CAP Rate application along with their total gross household income verification. The information requested on the application allows the Company to complete additional validation, if necessary, but more importantly provides accurate demographic data that is used to complete the yearly Annual Universal Services Programs and Collections Performance Report required by 52 Pa. Code §54.75.

For a customer who is due for re-certification and has received utility assistance such as LIHEAP, the customer's income information may automatically be validated if the utility assistance was based upon identical income parameters and if the income verification process of the agency or entity giving that other assistance is acceptable to PECO. The customer could then be re-certified and may not be required to provide a completed CAP Rate application.

When the customer responds to the initial re-certification letter, with complete documentation and remains eligible for CAP Rate, they will receive a letter confirming that the processes have been completed. This letter reaffirms the Universal Service program requirements and customer obligations.

If the customer responds with incomplete or inadequate information, PECO will send a letter requesting the missing information. The customer will continue to receive the CAP Rate until re-certification is complete, subject to the 45-day removal process described below.

If there is no response from the customer to the initial CAP re-certification letter, a second letter is sent 15 days later requesting the necessary income information and explaining the risk of being removed from CAP Rate.

If the re-certification process is not completed within 45 days after the re-certification date, the customer will lose the benefit of the CAP Rate discount. If that occurs, a CAP Rate removal letter will be mailed to the customer advising the customer they no longer qualify for CAP rate. The removal letter also advises the customer they are now eligible to shop. The account will then be removed from the CAP Rate and returned to standard residential rates.

5. Pre-program Arrearages: PECO's Pre-Program Arrearage (PPA) component is a key element of the CAP Rate program. It is designed to achieve the goal of improving customer payment. PECO will forgive all pre-program arrearages (*the delinquency before your first time enrollment on CAP Rate*) if the customer pays his/her new, discounted CAP Rate bill on time and in full each month. The requirement to pay the bill monthly is intended to establish a positive payment history for the customer enabling them to remain current or out of the collection process. This process was enhanced in the Gas Base Rate case so that, beginning April 1, 2009, payments will count towards meeting the forgiveness goal on a twelve month pro rata basis. For each month in which the CAP customer pays their bill in full and on time, one-twelfth of their pre-program arrearage will be forgiven. The forgiveness component is intended to provide a fresh start for the customer and allowing the customer to begin timely payments under a reduced rate. A CAP customer will be eligible for preprogram arrearage forgiveness at the time of their initial enrollment only.

6. CAP Rate program arrearages: Every PECO customer is subject to PECO's credit and collection policy, which includes termination. CAP customers, pursuant to provisions in chapter 56.100 are not subject to termination between December 1<sup>st</sup> and April 1<sup>st</sup>. Customers who accumulate CAP Rate program arrearages will be offered one payment agreement. Customers with payment agreements will be placed on a budget if they are in CAP tiers A, B or C. The budget payment is encouraged but not required for customers in CAP tiers D, D1, E & E1. If the customer experiences a decrease in household FPL such that they go down a CAP tier, they are eligible for another payment agreement each time they go down a tier. Also, if the customer is approved for a LIHEAP crisis grant, they will get another payment agreement regardless of payment agreement history.

7. Dismissal from CAP Rate: Customers may be dismissed by PECO from CAP Rate for the following reasons; over income guidelines, failure to meet program requirements, failure to accept program services, failure to participate in a LIURP audit, failure to complete the recertification process, fraud, theft of service, or other misappropriations of service.

8. Policies for Fraud, Theft of Service and Other Misappropriations of Service: PECO will conduct an investigation of any CAP Rate account if it becomes aware of the potential of fraud, theft of service or other misappropriations of service. In the course of reviewing CAP Rate applications for enrollment or re-certification, action may be taken to review potential fraud (*e.g., validate suspected occupants, investigate inconsistent household / demographic information provided during the application process, theft of service, "name-game", etc.*). As part of PECO's standard revenue protection practices, customer information may be analyzed for potential fraud. Fraud includes, but is not limited to, misrepresentation of the customer's identity for the purpose of obtaining utility service or CAP Rate, misrepresentation of income or occupant information, tampering with PECO's equipment or otherwise obtaining service illegally. PECO will follow its normal practices for investigation of fraud, theft of

service, and other misappropriations of service which may result in some or all of the following - back billing, removal from CAP and termination. Once an account is removed for fraud, application is denied, theft of service, or other misappropriations of service, the customer will not be eligible for CAP Rate for one full year from the time of removal. Customers will also be held liable for some or all of the following including account arrearages (*forgiven or not forgiven*) pre-program arrearages and related account collection fees. PECO views theft of service as a serious public safety issue. In cases of theft of service, the customer is placing both his/her household as well as the community at large in unsafe conditions. For this reason, PECO will not tolerate theft of service.

9. Enrollment Limits: There is currently no enrollment limit for the CAP Rate program.

10. Phase out of Rates RH (Residential Heating) and OP (Off Peak). PECO will phase out electric rates RH and OP for all customers, including CAP customers, over the next 2 years (2012 & 2013). To help our customers manage the change, the phase out will occur in 2 stages – 50% reduction in 2012 and 50% reduction in 2013.

To help manage the phase out for CAP customers, PECO proactively reached out to an independent evaluator – APPRISE to conduct an affordability study to determine the appropriate rates for CAP customers taking into account the 50% RH phase out that occurred on January 1, 2012. 1<sup>st</sup> quarter 2012 CAP rates were adjusted accordingly for those customers to ensure we continue to meet affordability targets. PECO will conduct another proactive APPRISE study in December 2012 to determine the appropriate CAP rates for January 2013 which will take into account the total phase out of rate RH in 2013.

The two proactive studies mentioned above are in addition to the annual study which is conducted every June to determine the appropriate rates for the next 12 month period.

CAP rate OP customers will see an average total bill increase of 5% in 2012 as a result of the phase out of rate OP.

### C. Projected Enrollment Levels

PECO's CAP Rate program remains an open enrollment program. For the purposes of this plan, PECO projects its CAP Rate enrollment levels will be:

2013	142,000 customers
2014	144,000 customers
2015	146,000 customers

**D. CAP Rate Program Budget**

See Section VI

**E. Plans to use Community Based Organizations**

PECO will continue to utilize the service of the community-based organizations to promote its Universal Service CAP Rate programs. A list and description of the main community based organizations are listed in Attachment A.

**F. Explanation of any differences between this plan and previous 3 year plan**

Changes between this plan and the previous 3-year plan;

- Additional discounts are being offered, for both natural gas and electric CAP customers, pursuant to settlements in the Gas Base Rate case, the Three-Year Plan proceeding, and the DSP Settlement.
- Additional CAP tiers have been added to the natural gas CAP Rate and, post-2010, to the electric CAP Rate.
- CAP Rate customers who receive a LIHEAP grant, in years in which income eligibility for LIHEAP is equal to or less than CAP eligibility will be automatically enrolled into PECO's highest CAP Rate tier in existence at that time.
- References to LIURP Advisory Council have been updated to reflect Universal Services Advisory Committee.
- CARES "caseworkers" changed to "administrators" to reflect current titles.
- CAP customers cannot have an alternate generation supplier. Customers with an active alternate generation supplier at the time of enrollment into CAP must agree to drop the supplier. This is in best interest of customer given significant discount currently offered by CAP Rate program.
- The following verbiage added to program requirements is consistent with CAP program practices and guidelines and are designed to protect the integrity of the program.
  - Social Security numbers required for all household members.
  - Proof of income required for all household members. PECO may also consider the income of household members who have not reached the age of majority. If a customer or any household member 18 years of age or

older claims no income, the customer or household member must provide a notarized letter (*a sworn statement*) asserting they have no income, This requirement helps to protect the integrity of the CAP Rate program.

- Customers who have multiple accounts can receive the CAP Rate discount at one premise only.
  
- In Policies for Fraud, Theft of Service and Other Misappropriations of Service  
Deleted section, removed following reference: “The customer will have the opportunity to provide proof that fraud, theft of service, and other misappropriations of service did not occur. If no proof is provided, the customer will be removed from CAP Rate.” Reason – Customers can go through normal dispute process.
  
- CAP enrollment levels updated to reflect new projections for 2013-2015.

## **2. LOW INCOME USAGE REDUCTION PROGRAM (LIURP)**

### **A. Program Description**

LIURP is a usage reduction program for low income residential customers with household gross income at or below 200% of the FPL and high usage as defined under LIURP eligibility criteria below.

LIURP assistance includes direct weatherization and conservation measures as well as in-home education that promote usage reduction for the recipient. PECO will also refer LIURP participants to CAP Rate, MEAF and other appropriate low-income programs.

LIURP pre-treatment usage levels have continued to decrease during the past three program years and the company anticipates this trend will continue as the highest of the high users are targeted. Therefore, based on program experiences, the following program elements were added to the list of LIURP measures:

- Stand alone residential freezer as part of the appliance swap;
- Chimney Cap to protect and prevent animals and other objects from clogging the chimney- safety measure;
- Gas modulator for heaters;
- Increase efficiency above current federal guidelines for heat pumps and boilers.

The company will continue to review and test energy efficient measures that are appropriate for the LIURP program.

### ***Act 129 - LEEP Component***

The General Assembly charged the Pennsylvania Public Utility Commission (PUC) with implementing Act 129 and guiding consumers and electric utilities toward achieving the legislation's overall goals of reducing energy consumption and peak electric demand. PECO's Act 129 plan was approved in December 2009. PECO's Act 129 plan has many components one of which focus on the low income population. The low income component has been title Low Income Energy Efficiency Program- (LEEP). LEEP was implemented in January 2010.

The LEEP program is designed to mirror the LIURP program therefore the program is seamless to the customer. The eligibilities and measure are the same as LIURP. The anticipated usage reduction is reported as deem saving for each measure in accordance with Act 129 and the company's approved plan.

## **B. Eligibility Criteria**

Low-income residential customers whose household incomes are at or below 200% of the FPL are eligible for LIURP. Special consideration is given to CAP rate households.

LIURP applicants must have household monthly average usage levels that exceed 600 kWh per month for electric base load, or that exceed 1,400 kWh per month for electric heat, or exceed 50 Ccf per month for gas heat. CAP Rate customers with monthly average usage at or above 500 kWh are targeted for LIURP.

LIURP is required for CAP customers who are deemed high users as defined by LIURP standards. CAP customers who refuse a LIURP audit will be removed from CAP after a series of two letters.

PECO's LIURP program is available to eligible residential customers any month of the calendar year. There is no restriction on receiving services during the non-heating season.

PECO will implement an additional method for identifying customers who are eligible for its LIURP and non-LIURP weatherization programs. That new procedure is described in paragraph 74 of the DSP Settlement, which states that:

74. Beginning in 2010, PECO will generate a list by March 31 of each year identifying those CAP customers that individually received benefits in the prior calendar year greater than the then-applicable maximum CAP benefit amount, as set forth at 52 Pa. Code § 69.265(3)(v), as that amount may be revised by the Commission from time-to-time. The list will include the customer's usage, discount level, and CAP tier. Customers who appear on this list will be given priority in PECO's LIURP program and in PECO's expenditure of the non-LIURP low-income weatherization funds described below.

## **C. Projected Enrollment Levels**

The number of customers who receive LIURP services is determined annually. The projected enrollment levels are based on the average cost per audit serviced in the current program year plus anticipated cost increases. The average cost per audit is applied to the annual program budget less anticipated administrative costs to determine the projected enrollment levels for the upcoming program year.

PECO anticipates the LIURP program will serve a consistent number of customers in the next three years. For the preceding three years, PECO's LIURP Program serviced 9010 in 2009, 9,508 in 2010, and 7,788 in 2011. PECO projects the number of

customers that will receive LIURP services will average 7,800 per year in calendar years 2013 to 2015. The reason for the decrease number of audits is attributable to the increased cost of measures.

**D. LIURP Program Budget**

The anticipated LIURP total program budget for each program year is \$7,850,000 beginning in 2013. The Commission, as part of its electric and gas restructuring proceedings has approved PECO's LIURP budget. (PUC Docket Nos. R-00973953, P-00971265 and R-00994787) The budget for the electric LIURP program is \$5,600,000.00. The budget for the gas LIURP program is \$2,250,000. The administrative costs will not exceed the standards set in Chapter 58, Residential Low Income Usage Reduction Program and our LIURP commitment in the Commission approved settlement agreement.

In the DSP Settlement, PECO agreed to increase its annual spend on non-LIURP low-income weatherization and conservation programs. The provisions of that new spending commitment are found in paragraph 75 of the DSP Settlement, which states that:

75. Effective January 1, 2010, PECO will increase its annual spend on electric low-income weatherization and conservation programs, beyond its current expenditure of \$5.6 million on its LIURP program, as follows:

2010 -- \$1.0 million additional spend

2011 -- \$1.5 million additional spend

2012 -- \$2.0 million additional spend

2013 -- \$2.5 million additional spend

This incremental spend will be recovered via the USFC adjustment as approved in the Joint Petition of Settlement of Docket # P-2008-2062739 beginning January 1, 2010. To the extent included in PECO's approved energy efficiency and conservation plan under Act 129, PECO will be given credit for any associated usage reduction in meeting its requirements under 66 Pa. C.S. § 2806.1(c).

**E. Plans to Use Community-Based Organizations**

The company does not propose to utilize community-based organizations in the delivery of LIURP services.



**F. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

The gas LIURP budget has increased from \$875,000 per year to \$2,250,000 per year since the previous Three-Year Plan.

The LIURP program has experienced market increases in the cost per measure and therefore anticipates a decrease in the projected number of LIURP audits that will be performed during the next three years.

Added new pre-treatment measures based on program experience

Added language to account for Act 129 usage reduction efforts - LEEP

Added language to account for the 4 year DSP spend for additional usage reduction efforts.

Added a usage tracking mechanism to identify potential LIURP customers

### 3. MATCHING ENERGY ASSISTANCE FUND (MEAF)

The information provided in this section reflects the current procedures and policies for the administration of the Matching Energy Assistance Fund (MEAF).

#### A. Program Description

The Matching Energy Assistance Fund (MEAF) is PECO's hardship fund program. There are two components, MEAF contributors and MEAF grants.

- **Contributors** – Ratepayers or interested parties can pledge donations through monthly bill payment, MEAF brochure, or the PECO website ([www.peco.com](http://www.peco.com)). Donations can be either a one time or recurring donations, which can be added to the customer's bill.
- **Grants** – Residential customers whose income is at or below 175% of the FPL, have not previously received a MEAF grant in the past 24 months and are in imminent danger of service termination or their services have been terminated are eligible.

The maximum MEAF grant is five hundred dollars (\$500) per commodity. The grant must eliminate the total amount due, excluding pre-program arrearage as well as bills not yet due. If the grant amount does not bring the bill to zero, the customer will be required to make a payment and/or solicit other third party grants to satisfy the remaining total amount due before receiving the MEAF grant.

PECO will continue its MEAF fundraising. PECO will continue to utilize MEAF bill inserts as a vehicle for customer outreach and contribution solicitation. The bill insert has enabled the program to maintain a consistent level of donations from PECO's customers. In addition, customers have the ability to contribute to MEAF via a check off box on their bill stub. Recently, PECO developed a MEAF brochure that is used in solicitation mailings, outreach events and potential donor events. PECO will also continue to explore and implement other fundraising events, including the annual golf outing which will benefit MEAF agencies.

The following is a list of the county fuel fund agencies used for MEAF intake:

#### **Utility Emergency Services Fund (UESF)**

Philadelphia County  
One Penn Center at Suburban Station  
1617 JFK Boulevard, Suite 840  
Philadelphia, PA 19103  
Telephone: 215-972-5170  
Fax: 215-972-5174  
[www.uesfacts.org](http://www.uesfacts.org)

**Montgomery County Action Development Commission – Project Reach**

Montgomery County  
113 E. Main Street  
Norristown, PA 19401  
Telephone: 610-277-6363  
Fax: 610-277-2123  
[www.cadcom.org](http://www.cadcom.org)

**Chester County**

Torres Credit Services  
Telephone: 1-800-403-6806

**Bucks County Opportunity Council, Inc.**

Bucks County  
100 Doyle Street  
Doylestown, PA, 18901  
Telephone: (215) 345-8175  
Fax: (215) 345-8573  
[www.bcoc.org](http://www.bcoc.org)

**Community Action Agency of Delaware County**

Delaware County  
1414 Meetinghouse Road  
Boothwyn, PA 19061  
Telephone: 610-874-8451  
Fax: 610-874-8476  
[www.caadc.com](http://www.caadc.com)

**Mason-Dixon Cares**

York County  
5 Pendryus Street, Suite 2  
Delta, PA 17314  
Telephone: 717-456-5559  
Fax: 717-456-6508

**B. Eligibility Criteria**

A residential customer must meet the income eligibility of 175% of the FPL and demonstrate an emergency need, (*i.e. service is in imminent danger of termination or has been terminated*). The customer is also required to be a resident within the county where they are applying for a MEAF grant. PECO has established a MEAF intake site in each of the 6 counties within its service territory. A customer may only receive a MEAF grant once in a 24-month period. The customer's balance must be brought to zero. This can be accomplished via the MEAF grant, customer co-payments and/or other grants.

**C. Projected Enrollment Levels**

Due to the unpredictability of customer donations and additional amounts from fundraising efforts, PECO uses historical records to project enrollment levels.

**D. Matching Energy Assistance Fund (MEAF) Program Budget**

See Section VI.

**E. Plans To Use Community-Based Organizations**

PECO uses the county fuel fund agencies to administer MEAF. The county fuel fund agencies are members of the Universal Service Advisory Committee. (See Section A and Attachment A)

**F. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

PECO increased the maximum MEAF grant from \$500 per customer to \$500 per commodity.

A customer can only receive a MEAF grant once in a 24-month period. Language was omitted in the last 3-year plan; however, this is an on-going program requirement.

The customer's balance must be brought to zero. Language was omitted in the last 3-year plan; however, this is an on-going program requirement.

MEAF brochure and website downloadable application developed for enrollment and solicitation purposes.

List of MEAF agencies updated

#### **4. CUSTOMER ASSISTANCE AND REFERRAL EVALUATION SERVICES PROGRAM (CARES)**

##### **A. Program Description**

The Company's CARES program is a referral and information service designed to assist low-income customers with special needs and / or extenuating circumstances that hinders their ability to pay their utility bill. When appropriate, eligible customers receive temporary protection from termination of service and specific education and referral information for energy and non-energy related assistance.

CARES services will continue in conjunction with PECO's Universal Services programs.

The goal of the CARES component of Universal Services is to educate and inform PECO customers of available resources such as, energy and non-energy assistance, budget counseling and housing assistance. This is to maximize the ability of customers to pay their energy bills.

There are two components to PECO's CARES program. PECO maintains an extensive referral network of community organizations, government agencies, and social service agencies that assists low-income customers. The second component is an in-house assistance program that includes three CARES administrators. CARES administrators assist customers on a personal basis with the identification of grant assistance and direct referrals. CARES administrators work with individual customers to ensure the customer receives the assistance they are eligible for based upon their income and circumstances and will provide direct follow-up to the customer as appropriate. Follow-up may be conducted with the agency accepting the CARES referral.

##### **B. Eligibility Criteria**

Customers who are low-income, special needs and have extenuating circumstances.

##### **C. Projected Enrollment Levels**

PECO anticipates that it will continue the same enrollment level for its referral component to CARES.

CARES support and referrals are integrated and designed to ensure the customer receives ample opportunity to receive benefits.

Direct CARES services are also provided from a variety of sources. PECO receives direct CARES referrals annually from outside social service agencies, Bureau of Consumer Services (BCS); Community Based Organizations (CBO's), as well as PECO's Call Center and Customer Service employees. These customers are evaluated for enrollment in PECO Universal Service Programs such as: health usage and CAP Rate A.

**D. CARES Program Budget**

See Section VI

**E. Plans to Use Community-Based Organizations**

PECO will continue to use the services and referrals from community-based organizations to assist in the enrollment of low-income residential customers into the CARES program. See Appendix A for agency referrals.

**F. Explanation of any Differences Between This Plan and Previous 3 Year Plan**

- Removed verbiage regarding home visits for CARES follow-up
- Changed CARES caseworkers to CARES administrators

## **5. UNIVERSAL SERVICES EDUCATION-OUTREACH PROGRAMS**

### **A. Program Description**

PECO's Universal Services' Outreach and Education Strategy have been enhanced to communicate directly and indirectly to all customers in its service territory. It has been designed to create a consistent and far reaching awareness of program benefits, provide tools for a streamlined and complete enrollment process, and maintain PECO's image to its customers as a complete community partner. PECO utilizes several methods for outreach including solicitation and direct enrollment when performing the following:

- LIURP recipients are referred directly to the LIURP call center for evaluation
- LIHEAP recipients are automatically enrolled in CAP Rate when they receive cash or crisis grants and the LIHEAP income eligibility is equal to or less than CAP income eligibility.
- MEAF recipients are referred to the MEAF hotline for evaluation
- Universal Services Website provides a description and contact information for CAP, LIURP, MEAF, LIHEAP and CARES. The website also provides a printable CAP application

### **PECO conducts two types of outreach events:**

- 1) PECO provides train-the-trainer sessions to educate service providers and staff members of community organizations and health providers such as NECs, CBOs, and legal service organizations.
- 2) Direct Customer Outreach – PECO conducts outreach in the communities with PECO's service territories to increase customer's awareness of and access to its low-income programs. In some cases, at these events, PECO representatives will provide assistance with LIHEAP and CAP applications.

Outreach events are considered important and are scheduled and prioritized accordingly.

## **6: UNIVERSAL SERVICES EXTERNAL GRANT PROGRAM ADMINISTRATION (E.G. LIHEAP, ETC.)**

Universal Services continues to manage external grant administration and assist community based organizations; neighborhood energy centers, hospitals and other agencies that provide financial assistance to low-income residential customers in energy related crisis. The programs Universal Services' provide includes access to the company's fuel fund hotline. The hotline provides information and referral assistance to agency representatives that assist with resolving crisis needs.

Examples of grant programs that PECO will help to support include but are not limited to:

### Pennsylvania Low Income Home Energy Assistance Program (LIHEAP)

There are three components to LIHEAP: Cash, Crisis (along with Crisis Exception Program) and weatherization assistance. Recipients can allocate their LIHEAP payment to any utility, oil or gas company that serves them. The Cash program provides a direct payment to a vendor, such as PECO. The Crisis program allocates funding for emergencies including purchasing home heating fuel, preventing service from being shut off, or reinstating service that has been shut off for non-payment. The weatherization program provides funding for winter emergencies including repairing leaking pipes and broken furnaces. Funding for the LIHEAP program is appropriated by Congress under the Labor/Health and Human Services Appropriations. The federal funding (and subsequent state funding) is subject to change each year

- Grants are based on household size and income, type of fuel used and county of residence. LIHEAP recipients are automatically enrolled in CAP Rate when they receive cash or crisis grants and the LIHEAP income eligibility is equal to or less than CAP income eligibility.
- Late charges are suspended on LIHEAP recipient accounts from the time the grant is received until end of LIHEAP season.
- PECO has established a crisis process criteria and threshold for each LIHEAP Crisis season to determine if a Crisis grant will be accepted on behalf of customer and service restored. (Threshold is determined each LIHEAP Season). The threshold for Funding Year 2012 is \$4,000.
- LIHEAP recipients that receive a Crisis grant are eligible to have any remaining balance, after grant posting, set-up on payment agreement, which is not to exceed 60 months.
- PECO will set a maximum arrearage each year for LIHEAP Crisis only or PECO will continue to annually review the size of LIHEAP grants in order to



establish a threshold for acceptance. The ceiling will be annually established in order to give customers the best opportunity for success with an affordable payment agreement.

- PECO conducts a Winter Survey each year in which the system generates a list of customers that were terminated and not restored in the given year. PECO then calls customers identified in the Winter Survey; in which PECO confirmed that the property is occupied, in an effort to have these customers apply for LIHEAP Cash and Crisis Exception Program to have their service restored.
- Every February PECO conducts an “Expedited mailing” to customers that have been identified as being Crisis eligible. The mailing will include a termination notice with a termination date of April 1, 20XX. The mailing will also include an explanation letter informing the customer that they are LIHEAP crisis eligible and what they need to do to apply for a LIHEAP Crisis grant. In the explanation letter, customers are asked to call PECO’s LIHEAP Hotline **1-800-34-HELP-4 (1-800-344-3574)** for more information. The termination notices are an important part of LIHEAP Crisis and our customers will need a notice of termination in order to apply for Crisis.
- LIHEAP grants are posted to customer accounts in the following order:
  - Past due balance
  - Current charges
  - Credit to account

If there is a credit to the account, PECO will check to see if the customer has an unbilled balance set aside on a payment agreement. If the customer has an unbilled balance, PECO will add the excess credit to the unbilled amount and re-calculate the agreement such that the monthly agreement payments are less. The remaining number of agreement payments will remain the same.

## **IV. COLLECTION STRATEGY**

PECO's collection strategy for CAP Rate customers is not materially different from its standard collection strategy and procedure. PECO's strategy is to begin collection action as soon as a customer becomes past due to enable the customer to bring the account current as soon as possible so that he/she will not be placed in a "catch-up" situation that is not manageable. A CAP Rate customer who does not pay the bill will be subject to termination for non-payment after all proper notice procedures are followed.

While PECO does not maintain a distinct set of different collection rules for CAP Rate customers, the Company does have a significant number of benefits and safeguards designed solely for low-income customers.

- PECO will not charge a deposit for low-income customers with incomes below 150% of FPL. PECO will charge a deposit regardless of income level if it is a post bankruptcy account.
- CAP Rate customers are provided more than one payment agreement while on CAP Rate. If there is a verifiable drop in CAP Rate tier, an additional payment agreement is permitted.
- Customers at or below 150% FPL will be placed on a payment agreement and have a 60-month payback window. Customers between 151% - 250% FPL placed on a payment agreement have a 24-month payback window.
- PECO does not terminate service to confirmed low-income customers (250% FPL or below) during the winter period (December 1<sup>st</sup> – April 1<sup>st</sup>).

## **V. COST RECOVERY**

The Commission has proposed that utilities' Three-Year Plan filings should incorporate a utility's CAP rules into its tariff, and that the cost recovery mechanisms for its low income programs should be included in the Three-Year Plan filing.

PECO's CAP program rules are materially incorporated in its existing CAP Rate Tariffs, which have been previously approved by the Commission.

As to cost recovery, PECO's CARES costs, LIHEAP administrative costs and MEAF administrative costs are included in its existing base rates. MEAF matching contributions are funded by shareholders and cost recovery is not obtained.

PECO's electric LIURP spend of \$5.6 million annually is also deemed incorporated in its existing base rates.

PECO recovers its gas LIURP spend of \$2.25 million in base rates.

PECO's CAP Rate costs are recovered as follows and are based upon the Default Service Plan settlement. For electric CAP Rate costs, PECO recovers \$80.7 million through its base rates. This was set using targets of 90% affordability for CAP tiers A, B & C and 88% affordability for Tiers D, D1, E & E1. Adjustments to that amount up or down will be implemented through its Electric USFC from time-to-time as adjustments are made to the benefits flowing to customers.

For natural gas CAP rate costs, PECO recovers \$9.65 million through its base rates. This was set using targets of 90% affordability for CAP Tiers A, B & C and 88% affordability for Tiers D, D1, E & E1. Adjustments to that amount, up or down, will be implemented through its gas USFC from time-to-time as adjustments are made to the benefits flowing to customers.

## VI. BUDGET

Universal Service Cost Description	2013 Projected Costs	2014 Projected Costs	2015 Projected Costs
Internal and Contract Staffing	\$1,588,478	\$1,635,605	\$1,684,403
Outreach & Administration	\$672,421	\$675,493	\$675,493
Consumer Education	\$33,471	\$34,475	\$34,475
Computer Programming	\$85,000	\$85,000	\$85,000

Note: These costs are embedded in the individual program costs below.

MEAF Annual Cost	\$1,314,927	\$1,339,476	\$1,345,623
CARES Annual Cost	\$357,426	\$367,483	\$377,898
LIURP Annual Expense	\$7,850,000	\$7,850,000	\$7,850,000

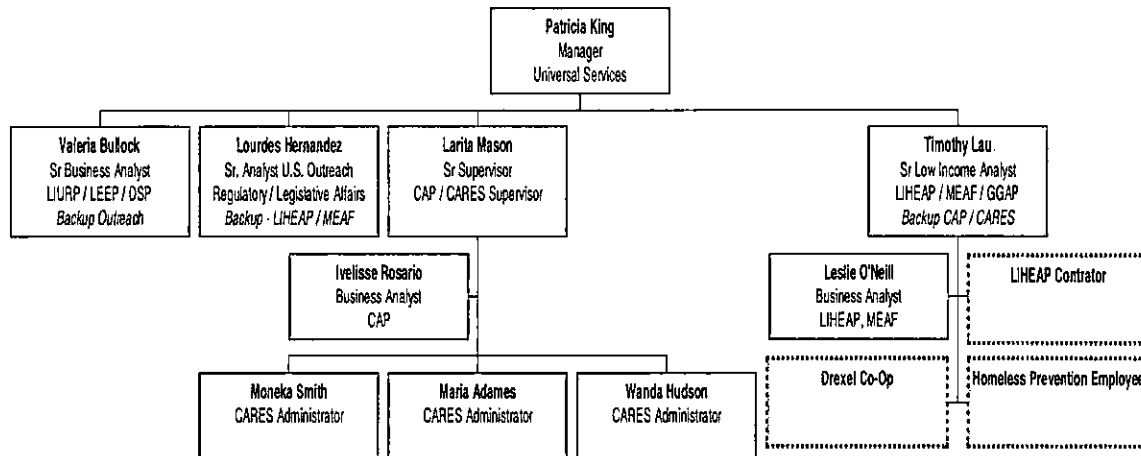
PPA Set-Aside <sup>3</sup>	\$18,600,000	\$17,800,000	\$17,800,000
CAP Operation and Maintenance Expense	\$2,986,879	\$3,073,404	\$3,088,486
CAP Credits (Shortfall)	\$89,470,000	\$90,820,000	\$92,900,000
Total CAP Rate Costs <sup>4</sup>	\$111,056,879	\$111,693,404	\$113,788,486

<sup>3</sup> PECO estimates that the entire customer balance for CAP Rate customers (pre-program arrearages) prior to their enrollment into CAP Rate is uncollectible.

<sup>4</sup> Total CAP Rate Costs = PPA Set-Aside+CAP Operation and Maintenance Expense+CAP Credit (Shortfall).

## VII. UNIVERSAL SERVICES ORGANIZATION CHART

### A. PECO's Universal Services Department

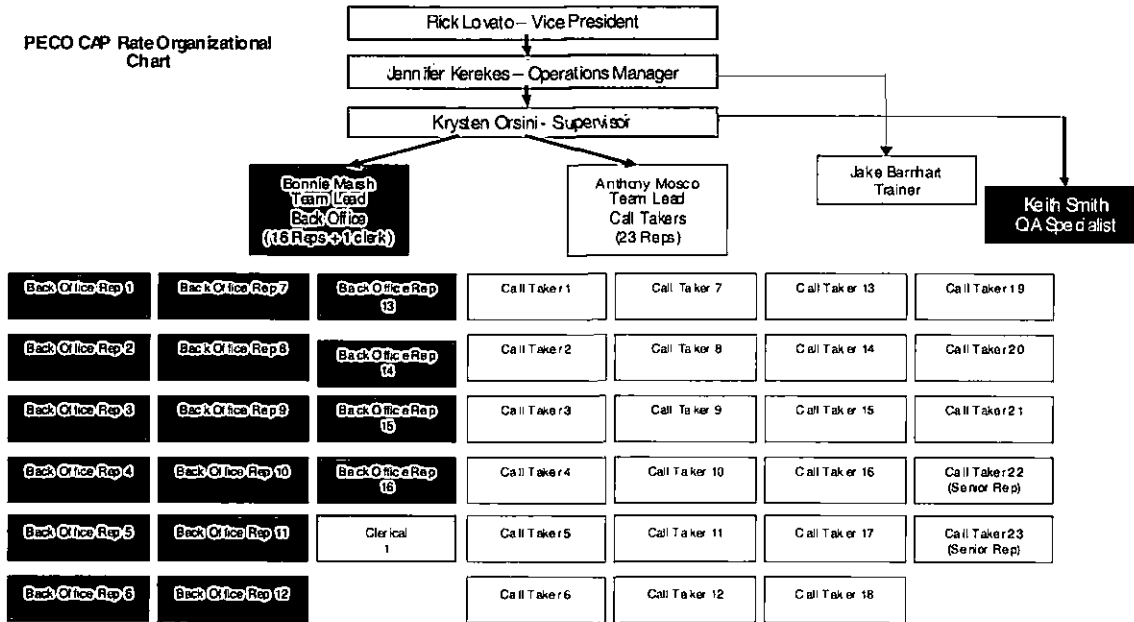


A. PECO CAP Call Center

# PECO CAP Call Center

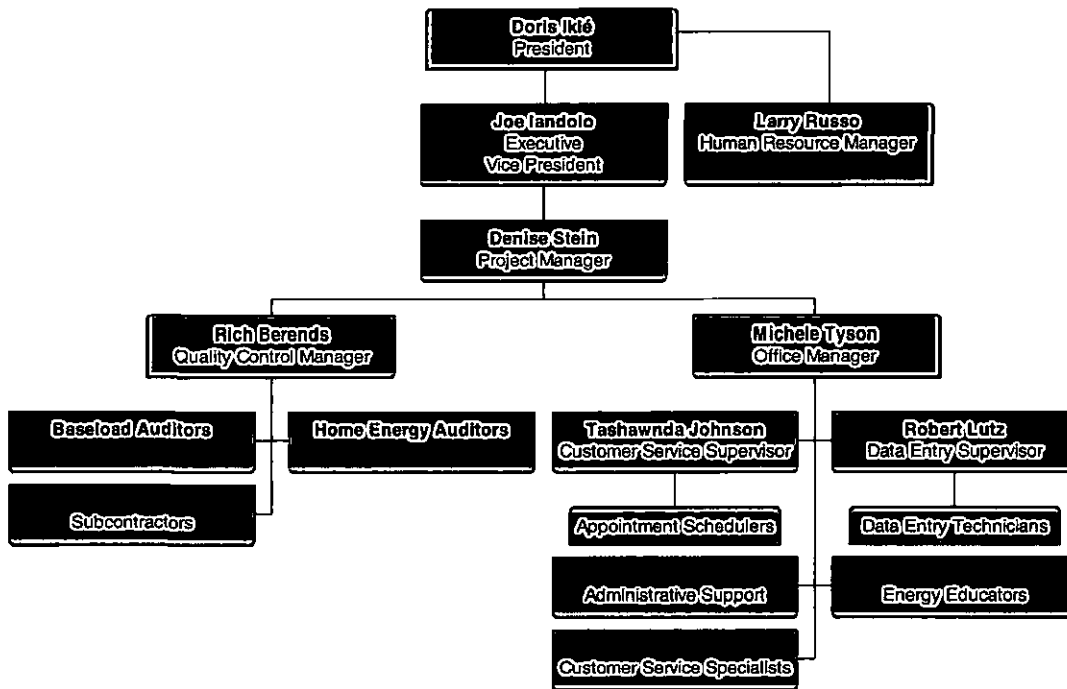


PECO CAP Rate Organizational Chart

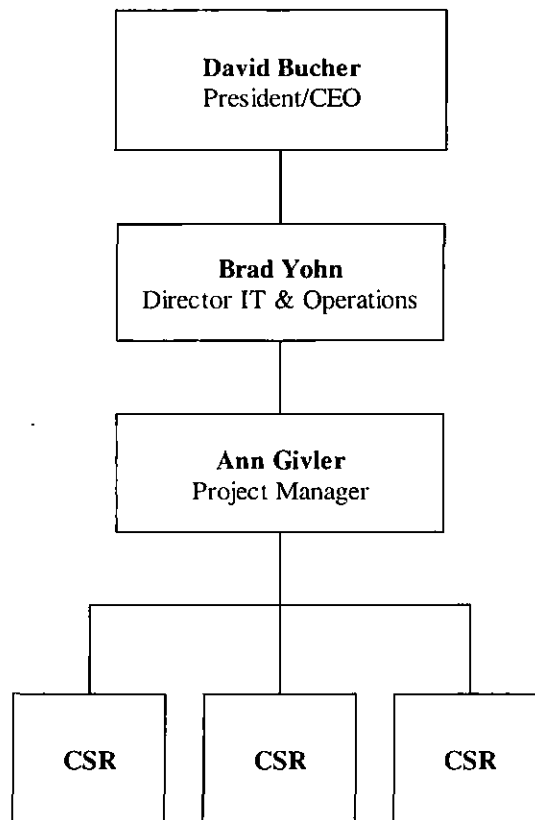


**C. LIURP Program Organization Chart**

**CMC Energy Services**

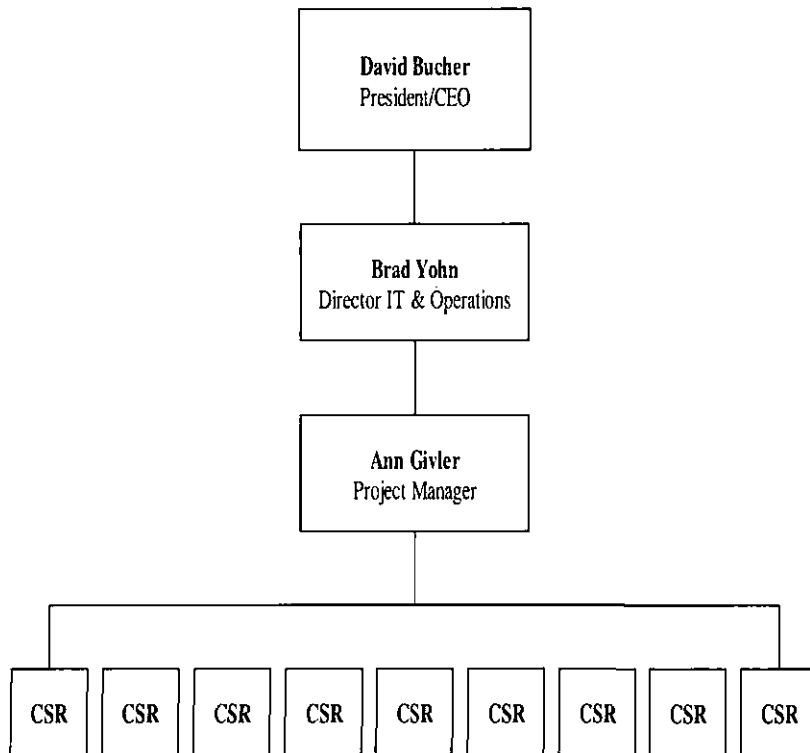


**D. MEAF Project Organization Chart (Torres Credit Services)**





**E. LIHEAP Call Center (Torres Credit Services)**



## **VIII. USE OF COMMUNITY BASED ORGANIZATIONS**

PECO continually seeks community partners that provide opportunities and access to resources that offer the assistance that our customers may need. The Company maintains relationships with the following community based organizations:

- Utility Emergency Services Fund (UESF) – Philadelphia County
- Montgomery County Community Action Agency Development Commission – Montgomery County
- Community Action Agency of Delaware County – Delaware County
- Mason Dixon Cares – York County
- Bucks County Opportunity Council Inc. – Bucks County

PECO continuously works with several community based organizations throughout our entire service territory to develop an ongoing relationship to provide referral services such as job/skill training and the ability to conduct education workshops.

## ATTACHMENT A

### Community Based Organizations

**PECO uses the following County Fuel Fund Agencies to administer its Matching Energy Assistance Fund (MEAF).**

Utility Emergency Services Fund (UESF)

Philadelphia County  
One Penn Center at Suburban Station  
1617 JFK Boulevard, Suite 490  
Philadelphia, PA 19103  
Telephone: 215-972-5170  
Fax: 215-972-5174  
[uesfacts@uesfacts.org](mailto:uesfacts@uesfacts.org)

Montgomery County Action Development Commission – Project Reach

Montgomery County  
113 E. Main Street  
Norristown, PA 19401  
Telephone: 610-277-6363  
Fax: 610-277-2123

Chester County

Torres Credit Services  
Phone: 1-800-403-6806

Bucks County Opportunity Council, Inc.

Bucks County  
100 Doyle Street  
Doylestown PA, 18901  
Email: [bcoc@bcoc.org](mailto:bcoc@bcoc.org)  
Phone: (215) 345-8175  
Fax: (215) 345-8573  
Hours: Monday - Friday 8:30-5:00

Community Action Agency of Delaware County

Delaware County  
511-13 Welsh Street  
Chester PA 19013  
Telephone: 610-874-8451  
Email: [www.caadc.com](http://www.caadc.com)

Mason-Dixon Cares

York County  
5 Pendryus Street, Suite 2  
Delta, PA 17314  
Telephone: 717-456-5559

Universal Services partners with five Pennsylvania Association of Area Agencies on Aging (AAA). These agencies provide members with essential information, services, assistance they need.

- Philadelphia Corporation for Aging (PCA) - is a private, non-profit organization serving as Philadelphia County's Area Agency on Aging (AAA) since 1973. One of the region's largest non-profit organizations, PCA is dedicated to improving the quality of life for older Philadelphians or people with disabilities by helping them achieve optimum levels of health, independence, and productivity. This mission is carried through advocacy, fund administration, planning, program development, and service coordination. Website: [www.pcaphl.org](http://www.pcaphl.org)
  
- Delaware County Office of Services for the Ageing (COSA) - was established in January 1975 both as a department of County government and as the state designated Area Agency on Aging (AAA) for the residents of Delaware County. Website: [www.delcosa.org](http://www.delcosa.org)
  
- Bucks County Area Agency on Aging - is responsible for the planning and implementation of a variety of services and programs that assist older persons in Bucks County. We are organized as the local agent of the PA Department of Aging, whose broad goal is to provide comprehensive services that help older people maintain their independence and prevent premature institutionalization. We understand the complexity of the issues challenging our seniors today and realize that the best life care system is one that focuses not only on the treatment but also on its prevention. Website: [www.buckscounty.org](http://www.buckscounty.org)
  
- Montgomery County Office on Aging and Adult Services - assist those in need through a variety of supportive social programs and services so that individuals may remain active and independent within the community. Where obstacles may persist, MCAAS staff will advocate for those in need to the best of their ability. Website: [www.montcopa.org](http://www.montcopa.org)
  
- Chester County Department of Aging Services – meet the needs of the growing population of older adults in the county. The primary goals of the department are to develop, coordinate and support comprehensive community based services, which assist person's age 60 and older to remain independent and self sufficient in the community. The department provides a variety of supportive services either directly by departmental staff or through contracts with private community service providers. Website: [www.chesco.org/aging](http://www.chesco.org/aging)

### **Neighborhood Energy Centers**

- New Kensington – 215-427-0350
- United Communities – 215 467-8700
- Diversified Community Services – 215 336-3511
- Southwest CDC – 215 729-0800
- Partnership CDC – 215 307-4917
- We Never Say Never – 215 452-0440
- Carroll Park – 215 877-1157
- Strawberry Mansion – 215 235-7505
- Center in the Park – 215 848-7722
- Nicetown CDC – 215 329-1824

- GPASS – 215 456-0308

### **Other Community Organizations or Agency Referrals**

PECO continually seeks community partners that provide opportunities and access to resources that offer the assistance that our low-income residential customers may need. These agencies are listed below:

- Federal Emergency Management Agency (FEMA) – manages federal funds for the Emergency Food and Shelter (EFS) Program. The funding helps support social service agencies for the poor and homeless in more than 2,500 cities and counties across the country. The funding provides a nationwide assistance program to supplement food, shelter, rent, mortgage and utility assistance programs for people with non-disaster related emergencies.
- Special Interest Grants – Various social service and governmental agencies provide holistic services and fuel assistance to low income residential customers. Universal Services partners with many agencies such as: The School District of Philadelphia, The Philadelphia Black Clergy, Children’s Hospital of Philadelphia (CHOP), The Home Ventilator Assisted Children’s Program (VAC/HP), First Judicial District of Pennsylvania –Family Division, Philadelphia Mayors Office of Community Relations, Women Opportunity Resource Center (WORC), Department of Welfare, Housing Authorities, and others.
- Congreso de Latinos Unidos  
216 West Somerset Street, Philadelphia, PA 19133, Phone: 215.763.8870
- APM  
4301 Rising Sun Avenue, Philadelphia, PA 19140, Phone: 267.296.7200
- The Council of Spanish-Speaking Organizations, Inc. (Concilio)  
705-09 North Franklin Street, Philadelphia, PA 19123, Phone: 215-627-3100

### **Agency Referrals**

#### LIHEAP Funding

Department of Welfare  
1348 Sedgley Avenue  
Philadelphia, PA 19140

#### Catholic Social Services

222 N. 17th Street, 3rd Floor  
Philadelphia, PA 19103

#### Kelly Ann Dolan Memorial Fund

Ambler, PA 19002  
215-643-0763  
215-628-0266 (fax)  
[www.kadmf.org](http://www.kadmf.org)

*Assisting families that care for terminally, critically, or chronically ill children*

#### Fred Footsteps

PO Box 315  
Gladwyne, PA 19035  
610-850-3290  
610-525-5270 (fax)  
[www.fredfootsteps.org](http://www.fredfootsteps.org)

*Assisting families that care for terminally, critically, or chronically ill children*

The American Lupus Foundation

Tri- State Chapter (PA, NJ, DE)

215-517-5070

[www.lupus.org](http://www.lupus.org)

*Assisting with numerous resources available for persons diagnosed with Lupus*

National Kidney Foundation

111 S Independence Mall E

Suite 411

The Bourse Bldg

Philadelphia, PA 19106

215-923-8611

215-923-2199

*Provides resources to those with various types of Kidney Disease*

[www.nkfdv.org](http://www.nkfdv.org)

Phoenixville Area Community Services

257 Church St

Phoenixville, PA 19460

215-933-1105

[www.pacsphx.org](http://www.pacsphx.org)

*Provides financial resources to Phoenixville Borough residents*

Orion Community Services

205 Bridge St

Unit 1

Phoenixville, PA 19460

215-415-1140

*Assist with financial resources for families in crisis*

St Vincent De Paul Church

654 Hatboro Rd

Richboro, PA

[www.svdprichboro.org](http://www.svdprichboro.org)

York County Area Agency on Aging

100 W West Market Street

York, PA 17401

717-771-9610

Toll Free 800-632-9073.

717-771-9044 (fax)

[www.york-county.org](http://www.york-county.org)

*Assist elderly residents of York County (65 and older)*

Project Hope

Maternity B.V.M Church

9220 Old Bustleton Ave

Philadelphia, PA 19115

215-673-8127

215-676-5144 (alt)

215-673-6597 (fax)

*Helping families of their parish and community in need*

[www.maternitybvm.catholicweb.com](http://www.maternitybvm.catholicweb.com)

National Kidney Foundation  
111 S Independence Mall E  
Suite 411

The Bourse Bldg  
Philadelphia, PA 19106  
215-923-8611  
215-923-2199

*Provides resources to those with various types of Kidney Disease*  
[www.nkfdv.org](http://www.nkfdv.org)

Bucks County Housing Group  
2324 Second Street Pike, Suite 17  
Wrightstown, PA 18940  
215-598-3566  
[www.bchg.org](http://www.bchg.org)

Oxford Area Neighborhood Services Center  
35 N. Third Street  
Oxford, PA 19363  
610-932-8557  
[www.oxfordnsc.org](http://www.oxfordnsc.org)

Philadelphia Veterans Multi-Services Education Center  
213-217 N. 4<sup>th</sup> Street  
Philadelphia, PA 19106  
215-923-8387  
[www.pvmsec.org](http://www.pvmsec.org)

From: (215) 841-5776  
Anna Migliaccio  
Exelon  
2301 Market Street S15-2  
Philadelphia, PA 19103

Origin ID: REDA



Ship Date: 28FEB12  
ActWgt: 1.0 LB  
CAD: 9876187/NET3250

Delivery Address Bar Code



SHIP TO: (717) 772-7777

BILL SENDER

Rosemary Chiavetta, Secretary  
Pa Public Utility Commission  
400 NORTH ST FL 2  
COMMONWEALTH KEYSTONE BLDG  
HARRISBURG, PA 17120

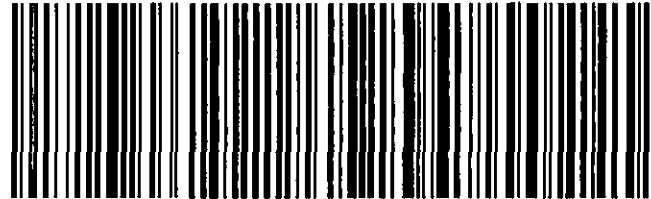
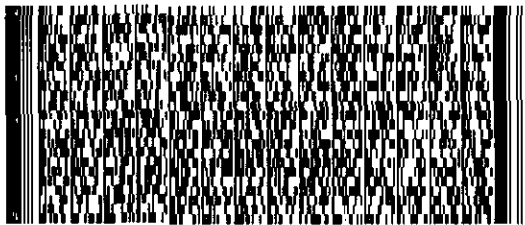
Ref #  
Invoice #  
PO #  
Dept #

WED - 29 FEB A1  
STANDARD OVERNIGHT

TRK# 7981 1149 8513  
0201

17120  
PA-US  
MDT

**ZN MDTA**



512G1/81D5/A278

**After printing this label:**

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

**Warning:** Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our ServiceGuide. Written claims must be filed within strict time limits, see current FedEx Service Guide.