

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Pennsylvania Public Utility Commission
Office of Small Business Advocate
Office of Consumer Advocate
Philadelphia Area Industrial Users Group**

**Public Meeting June 17, 2021
3018929 - OSA
Docket No. R-2020-3018929**

v.

PECO Energy Company – Gas Division

**JOINT STATEMENT OF CHAIRMAN GLADYS BROWN DUTRIEUILLE &
VICE CHAIRMAN DAVID W. SWEET**

Before the Pennsylvania Public Utility Commission (Commission) for consideration and disposition are the Exceptions of PECO Energy Company – Gas Division (PECO, or the Company), the Commission’s Bureau of Investigation and Enforcement (I&E), the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), filed on April 26, 2021, to the Recommended Decision (R.D.) of Deputy Chief Administrative Law Judge (ALJ) Christopher P. Pell, issued on April 12, 2021, in the above-captioned proceeding.

We support the recommendation before us today to substantially reduce PECO’s proposed annual revenue increase of \$68.7 million. We find the adjustments to be a fair balance between providing PECO with the revenues necessary to maintain and enhance its distribution system, while mitigating undue financial hardship on its customers.

As part of this fully litigated proceeding, parties addressed matters involving PECO’s Universal Service and Energy Conservation Plan (USECP), specifically, the affordability of the Company’s Customer Assistance Program (CAP), as well as cost recovery of universal service programs through all rate classes.

Regarding PECO’s CAP, CAUSE-PA argued that the Company’s current program is unaffordable citing that its energy burden levels exceed those established in the Commission’s CAP Policy Statement. As a way to lessen the impact of a rate increase on low-income households, CAUSE-PA proposed a series of programmatic changes to not only PECO’s CAP, but also its Low-Income Usage Reduction Program (LIURP).

PECO argued that CAUSE-PA’s proposals should be properly considered as part of its ongoing 2019-2024 USECP proceeding, as opposed to its rate case. ALJ Pell agreed with the Company, citing the Commission’s recent decision in *Columbia Gas*, that energy

burden and CAP credit calculation issues should not be considered separately from other parts of a company's universal service program.¹

We disagree with this assertion and believe the Commission's decision in *Columbia Gas* does not establish a precedent where universal service polices are exclusively addressed within the confines of a USECP proceeding. CAPs contribute to over 80 percent of the costs associated with universal service programs,² which is an expense borne by ratepayers. Rate cases can offer an opportunity to "look under the hood," to see how these programs and their respective expenses interact. Therefore, we find that energy affordability and its associated CAP rates can be prudent for evaluation within the confines of a rate case.

Similarly, on the topic of universal service cost recovery, the ALJ found that because non-residential customers do not directly benefit from universal service programs, it was not appropriate to change the manner in which PECO's universal service costs are allocated.³ We would like to note that this argument is in contradiction to the Order adopting the Commission's CAP Policy Statement which says that cost recovery is not only limited to residential ratepayers.⁴ We acknowledge that PECO did not propose a plan to amend its universal service cost allocation and we find that the Exceptions filed by OCA and CAUSE-PA did not provide sufficient facts and circumstances to require one. For this reason, our vote today is limited to the facts of this case and should not indicate future acceptance of arguments that limit or deny what was approved by a Commission majority on this issue.



June 17, 2021

DATE

GLADYS BROWN DUTRIEUILLE, CHAIRMAN



June 17, 2021

DATE

DAVID W. SWEET, VICE CHAIRMAN

¹ Recommended Decision at 267, Docket No. R-2020-3018929

² *2019 Report on Universal Service Programs & Collections Performance*, page 77 & 78
https://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2019.pdf

³ Recommended Decision at 408

⁴ *Final CAP Policy Statement Order* at 80, Docket No. M-2017-2587711