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June 7, 2023

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**Re: 2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs
Docket No. M-2023-3038944**

Dear Secretary Chiavetta:

In accordance with the Commission's March 27, 2023, Secretarial Letter in the above-referenced docket, PECO Energy Company ("PECO" or "the Company") hereby submits its Comments.

Should you have any questions regarding this filing, please do not hesitate to contact me at 215.841.4353.

Very truly yours,



Jennedy S. Johnson

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2023 REVIEW OF ALL :
JURISDICTIONAL FIXED UTILITIES’ : **DOCKET NO. M-2023-3038944**
UNIVERSAL SERVICE PROGRAMS :

COMMENTS OF PECO ENERGY COMPANY

I. INTRODUCTION

On March 27, 2023, the Pennsylvania Public Utility Commission (“the Commission”) issued a Secretarial Letter in the above-captioned docket initiating a review of utility universal service programs. The Commission sought comments in response to questions addressing program coordination among all utilities, streamlining the customer eligibility determination and enrollment processes, and reducing the number of otherwise eligible customers from losing low-income benefits due to the utility verification or re-enrollment processes.

As the public utility with the largest low-income population in Pennsylvania, PECO Energy Company (“PECO” or the “Company”) supports the Commission’s efforts to explore opportunities to improve efficiencies for customers eligible for universal service programs by identifying ways to streamline processes and increasing coordination across various agencies. PECO welcomes this opportunity to contribute its knowledge and experience to the Commission’s consideration of improvements to universal service programs. These programs must continue to strike a balance between assisting low-income customers with energy costs and managing the costs of utility Universal Service and Energy Conservation Programs (“USECPs”) that are borne by all residential customers.

PECO provides the following overview of its four major programs¹ to help low-income customers maintain utility service:

- PECO’s **CAP PIPP** program, which provides credits to reduce low-income residential customers’ bills;
- PECO’s **Low-Income Usage Reduction Program (“LIURP”)**, which provides weatherization and usage reduction services to help low-income customers reduce their utility bills;
- PECO’s **Customer Assistance and Referral Evaluation Services (“CARES”)** Program, which provides referral services for low-income, special needs customers; and
- PECO’s **Hardship Fund**, known as the **Matching Energy Assistance Fund (“MEAF”)**, which provides grants to customers with incomes up to 200% of the Federal Poverty Income Guidelines (“FPIG”) who have had their utility service terminated or are threatened with termination.

Together, in 2021², these programs assisted more than 121,000 customers with the CAP program providing approximately \$71 million in bill discounts and arrearage forgiveness, along with the LIURP program providing approximately \$8 million worth of assistance measures. PECO’s USECP costs are recovered from all residential customers through a combination of distribution base rates and PECO’s Universal Service Fund Charge (“USFC”). In 2021, the annual USECP cost recovered from an average PECO residential customer was as follows: \$51.55 (electric

¹ Although not a PECO program *per se*, PECO also supports the administration of Low-Income Home Energy Assistance Program (“LIHEAP”) Cash and Crisis grants.

² See, Universal Service Program & Collections Performance: 2021 Report, available at: https://www.puc.pa.gov/media/2188/2021_universal_service_report_rev122722.pdf

customer), \$10.64 (gas customer) and \$62.19 (dual commodity customer).³

As the Commission begins this review, PECO believes that two practical policy issues should be considered. First, as a result of the Commission’s recent wholesale review and revisions of its CAP Policy Statement⁴, PECO and other utilities are just beginning to implement lower energy burdens and numerous USECP features to enhance cost-effective assistance to low-income customers – in accordance with the direction of the Commission and with the significant efforts of a wide range of stakeholders. In the case of PECO, for example, low-income customers only began participating in PECO’s new Percentage of Income Payment Plan CAP (“CAP PIPP”) in December 2022, and the Company’s transition to the CAP PIPP required substantial resources for information technology (“IT”) modifications and other program implementation changes. PECO urges the Commission to preserve PECO’s recently-approved CAP PIPP structure and to provide for an appropriate process for utility consideration and potential integration of any changes that arise out of this proceeding, such as inclusion in a future USECP plan.

Second, the Commission should consider preserving a level of flexibility in USECP program design so that utilities may tailor programs to their particular customer population and have the ability to test new program delivery approaches. Simply put, there is no “one-size-fits-all” universal service program for every utility customer and each utility. PECO believes that there can be significant benefits in enabling utilities and stakeholders to develop and validate new customer assistance strategies for Commission consideration and approval in order to advance the goals of cost-effective universal service.

³ *Id.*

⁴ *2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261–69.267, Docket No. M-2019-3012599 (Order on Reconsideration Entered February 6, 2020).*

II. PECO'S RESPONSES TO THE QUESTIONS IN THE MARCH 27, 2023 SECRETARIAL LETTER

PECO provides the following responses to the questions the Commission asked in its March 27, 2023 Secretarial Letter.

1. *What regulatory barriers are in place that would prevent utilities from having one utility do intake and then having that information provided to other utilities that provide service to that consumer for the purpose of universal service and CAP enrollment?*

Overall, PECO supports the consideration of strategies to streamline universal service processes for eligible customers. It is important to note, however, that a utility's CAP and other universal service programs are approved as part of utility-specific USECP proceedings and have evolved over the course of several decades. As a result of this utility-specific process, programmatic details, such as customer eligibility, and implementation processes, like customer intake and enrollment, vary across utility programs. In addition, even within a single utility's USECP, individual universal service programs may have different eligibility requirements and therefore different customer intake and enrollment procedures.

Having one utility (the "collecting utility") collect and transmit information⁵ to another utility (the "receiving utility") for purposes of universal service program enrollment presents a range of regulatory and practical considerations that would need to be addressed prior to implementation including: (1) the scope of data collected; (2) the transmission, storage, and use of customer information; (3) liability for data errors or improper use of customer information; and (4) cost responsibility.⁶

⁵ PECO has assumed that "intake" in the Commission's questions refers to data collection, confirmation of eligibility and transmission activities and not processing a universal service program enrollment. If enrollment activities were performed by one utility on behalf of another, many additional issues would need to be addressed, including knowledge of and access to the receiving utilities' billing and customer information systems.

⁶ Customer consent is also a concern, but it is raised by the Commission and addressed by PECO in response to Question 3, below.

Before addressing these issues in detail, PECO believes it is important to note that a multi-year effort is already well underway to allow the Pennsylvania Department of Human Services (“DHS”) to share certain customer information (i.e., household composition and income) with the customer’s utilities for purposes of CAP enrollment. Specifically, the LIHEAP Advisory Council (“LAC”), which includes representatives from the Commission’s Bureau of Consumer Services, low-income advocates, and utilities, has been discussing issues such as data scope, data use, and customer consent for data sharing and is currently reviewing a draft “Data Sharing Agreement.” In addition, DHS intends to undertake the necessary IT work to enable electronic data transmission to utilities through a portal or other means. Once the DHS effort goes live, it will provide valuable insight into the benefits and challenges associated with data sharing for purposes of universal service program enrollment. PECO strongly urges the Commission to review the implementation experience of the DHS effort prior to issuing any guidance or requirements concerning data sharing among utilities or between a third party and utilities for purposes of universal service program enrollment.

Scope of Data Collected. Different utilities may require different categories of customer information and accept different types of documentation to determine eligibility for their CAP or other universal service programs. For example, PECO accepts either the last 30 days or past 12 months of income information, whichever more accurately reflects each customer’s annual income. In addition, PECO does not consider income earned by minors (i.e., those under 18) when it determines household income. Other utilities may calculate income in a different manner. For data collection and transmission between utilities to be helpful, the collecting utility would have to be aware of all potentially relevant data points, method of collection – such as in-person (with utility staff or community partner), or online, mail, and fax – and documentation requirements for the receiving utility’s programs. The collecting utility would likely have to

revise any existing customer intake training, guidelines, customer interface systems and education material, or procedures to accommodate a new scope of information. In addition, the collecting and receiving utilities would have to be in frequent communication to discuss any changes to the data collection needs of the receiving utility.

The Transmission, Storage, and Use of Collected Data. Performing a universal service intake requires the collection of confidential information, including customer income, account number and possibly social security numbers, as well as other information protected by Commission requirements such as customer telephone number and historical billing information.⁷ The method of data storage and transmission from the collecting utility to the receiving utility would need to ensure that customer information was appropriately protected. This would likely involve the negotiation of a data security agreement. Additionally, the collecting and receiving utilities may have different data storage and retention policies and would need to agree upon data storage responsibilities and requirements for customer intake data. Finally, procedures would need to be in place to ensure the collected information is transmitted on a timely basis and is used only for purposes of enrollment in (or determining eligibility for) universal service programs.

Liability for Data Errors or the Improper Use of Customer Information. If the collecting utility erroneously records or transmits customer information, or either utility utilizes the customer information for purposes outside of universal service program enrollment, it could result in harm to a customer as well as liability for one or both utilities. For example, if inaccurate income information is recorded for a customer, that customer may not receive the appropriate CAP discount on their bill. If customer data collection and transmission occur

⁷ See, e.g., 52 Pa. Code § 54.8 (Privacy of customer information); 52 Pa. Code § 62.78 (Privacy of customer information).

between utilities, the Commission should provide clear direction regarding utility liability for data errors or improper data usage, as well as responsibility for responding to any related customer complaints.

Cost Responsibility. If the collecting utility is using its time, resources, and personnel to collect, store, and transmit customer information that can be used by the receiving utility, the associated costs should not be borne solely by the customers of the collecting utility. The Commission must address how cost responsibility should be apportioned among the collecting and receiving utilities.

2. *What regulatory barriers or other obstacles exist if an outside provider does the intake on behalf of multiple utilities serving the consumer and what solutions exist to overcome any barriers?*

As discussed in the previous response, PECO believes that the Commission should review the implementation experience of the forthcoming DHS data sharing effort before it issues any guidance or other directives concerning customer data intake being performed on behalf of one or more utilities. In addition, the Company believes that the regulatory and practical considerations identified in the previous response would also apply if an outside provider performed intake on behalf of multiple utilities. Further, if utilities were required to utilize an outside provider for intake activities, the utilities may have stranded costs for intake-related investments that are no longer needed. Finally, and relevant to the considerations identified above, a process would need to be developed to ensure an appropriate level of oversight by the Commission for activities of an outside provider in this context.

3. *How can consumer consent be built into the intake process that permits the utility doing the intake to provide the enrollment information to the other utilities serving the consumer?*

PECO agrees with the Commission that customer consent issues must be clearly addressed if customer intake activities will be shifted to other utilities or an outside provider. The Company understands that the LAC is actively considering customer consent language and processes as part of the DHS data sharing effort and urges the Commission to review the implementation experience of that effort before the Commission issues any guidance or other directives on this topic.

In general, any customer consent language should clearly explain what entities (e.g., utilities) may be given access to the customer's information, how the information will be used (and not used) by those entities, how the information will be protected from disclosure, and for how long the information will be kept. PECO further believes that a customer should have the ability to opt out of information sharing with other utilities or a particular utility. If the Commission determines that customer intake activities should be shifted to other utilities or to an outside provider, PECO submits that the development of standardized customer consent language through a working group process would be appropriate.

4. *Is an automatic enrollment program feasible where any mechanism through which an electronic exchange of information between a utility and a state social service agency confirms the eligibility of public benefits whether or not the information is expressly authorized by the household? If express authorization is needed, rather than automatic enrollment, can that express authorization be provided one time in a uniform application rather than on a utility-by-utility basis using separate applications?*

As stated previously, the Company supports exploring opportunities to streamline universal service processes for eligible customers. However, any changes to the enrollment process should preserve the ability of customers to affirmatively choose whether or not to enroll in CAP or another universal service program. While enrollment may offer benefits to a customer

in the form of bill discounts, it may also restrict other types of customer activities. For example, if a PECO customer is enrolled in CAP they cannot shop for an electric supplier or utilize budget billing. Customers should have the opportunity to understand the specific program benefits and requirements before they are enrolled in a universal service program.

PECO also has regulatory and practical concerns, described in response to Questions 1-3, that would also apply if automatic program enrollment occurred after data is collected by a state social service agency. In addition, because CAP programs have been tailored to each utility's service territory and eligibility and enrollment requirements may differ across utility programs, the development of a "uniform" application may require substantial effort and could be subject to frequent revisions as individual utility programs evolve. Additionally, a process would need to be developed to determine how and when program-specific customer education would occur if there was a one-time universal application process.

5. Should CAPs be administered statewide across all utility service territories rather than on a utility-by-utility basis? If so, what are the barriers to accomplishing this and what are the benefits and drawbacks to this approach? If not, what are the benefits and drawbacks of continuing to administer the programs on a utility-by-utility basis?

PECO is open to considering strategies to improve efficiencies in the delivery of universal service programs. The transition to statewide administration of CAP, however, would be complex and could potentially require an amendment to the Competition Act, which directs the continuance of utility programs to help low-income customers afford utility service and the recovery of universal service program costs by utilities.⁸ The consolidation and centralized administration of universal service programs may not be consistent with those directives.

⁸ The Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, became effective on January 1, 1997. The Natural Gas Choice and Competition Act, 66 Pa.C.S. §§ 2201-2212, became effective on July 1, 1999. *See, e.g.*, 66 Pa.C.S. §§ 2203(7) and 2802(10).

Under the current universal service program administration model, utilities use dedicated call centers and embedded programming staff to implement their USECPs. It would take a significant amount of time and effort on the part of the Commission, each utility, and interested stakeholders to transition the implementation of these individual programs in a way that would ensure customers are not negatively impacted. PECO urges the Commission to carefully consider the costs to achieve a transition to a statewide model, including: (1) the costs of identifying and developing the processes and systems needed to integrate the statewide plan with existing utility systems to enable execution; and (2) determining how those transition costs, including any stranded costs, would be recovered from customers. Any customer benefits that may be generated from a statewide administration model should be considered in the context of the potential for substantial costs (including transition costs) that would be borne by all residential customers.

As noted previously, PECO and other utilities are just beginning to implement lower energy burdens and numerous other features in their individual USECPs to enhance the programs delivering assistance to low-income customers. All interested parties would benefit from the implementation data that will be generated by these USECPs, and the Commission should consider such data prior to making any wholesale changes to the universal service program delivery model.

6. What changes would be required to EDCs' and NGDCs' existing, Commission-approved universal service and energy conservation programs to incorporate improvements and could changes be addressed in a streamlined fashion?

The scope and magnitude of revisions to existing USECPs will depend upon the types of changes ultimately required or recommended by the Commission. PECO notes that utilities will require time to identify and file proposed USECP revisions in response to new Commission

directives and that utilities may require additional time to implement USECP changes once they are approved by the Commission.

7. *What additional consumer education and outreach could be undertaken to make more low-income consumers aware of the benefits that may be available to them?*

PECO has a robust Community Education and Outreach Plan (“CEOP”) for its low-income assistance programs that is filed with the Commission, shared with PECO’s Universal Services Advisory Counsel, and updated on an annual basis. PECO conducts a variety of education and outreach efforts, including support of federal grant programs like LIHEAP, throughout the Company’s service territory every year. We frequently partner with community organizations, such as the Energy Coordinating Agency and Utility Emergency Services Fund, and other utilities in our service territory, such as Philadelphia Gas Works and the Philadelphia Water Department, to educate low-income customers on available programs. The Company has also integrated virtual outreach and enrollment activities and extensive programmatic information on its website (peco.com/help) to expand the ways in which customers can learn about universal service programs. PECO monitors its education and outreach performance by tracking a variety of metrics, including some specific to activities for customers at or below 50% of the FPIG. The Company is open to considering additional education and outreach enhancements that may be proposed by other commenters in this proceeding.

8. *Can recertification periods in the existing CAP Policy Statement at Section 69.265(8)(viii) be extended so that otherwise eligible consumers do not lose benefits solely due to the fact that they timely failed to recertify their eligibility?*

PECO believes that CAP recertification guidance and the CAP default provisions cited in Question 9 below are important to ensure that CAP customers are receiving the appropriate level of CAP benefits and to manage CAP costs that are borne by all residential customers. Customer

recertification allows the utility to review the customer's income and other eligibility information, determine if a customer continues to qualify for CAP, and apply the appropriate level of CAP benefit. If a customer fails to recertify their program eligibility or fails to follow key program requirements – such as participating in a LIURP audit, the utility should be able to remove the customer from CAP.

It is important to note that PECO already offers customers additional recertification flexibility beyond what is provided for in the CAP Policy Statement. For example, PECO CAP customers who receive LIHEAP grants may recertify on a four-year cycle instead of the three-year cycle recommended at 52 Pa. Code § 69.265(8)(viii)(II). In addition, if a customer is removed from CAP for failure to recertify and then re-enrolls within the following 12-month period, the customer is entitled to receive credits reflecting the CAP discount they would have received if they were enrolled during that period. Finally, the DHS effort may produce some data sharing outcomes that will further facilitate customer recertification.

In light of the importance of CAP recertification and default provisions, and the existing ability of utilities to provide additional flexibility to customers, PECO does not believe that changes to the recertification or default provisions of the CAP Policy Statement are warranted at this time. PECO further notes that the Commission's CAP Policy Statement, including provisions related to recertification, was recently updated as a result of a multi-year process including utilities and other stakeholders. Utilities have just begun incorporating related CAP changes into their USECPs and should be given time to generate implementation data before additional changes are considered.

9. *Can the default provisions in the existing CAP Policy Statement at Section 69.265(9) be modified to reduce the chances that otherwise eligible consumers do not lose benefits solely due to the failure to comply with one of the articulated default provisions?*

Please see PECO's response to Question 8.

10. *Should utilities be required to develop and use standardized CAP forms and CAP procedures? What are the barriers, if any, of establishing a common application?*

As explained earlier, because CAP programs have been tailored to their service territory and eligibility and enrollment requirements may differ across utility programs, the development of a standardized statewide application may require substantial effort and could be subject to frequent revisions as individual utility programs evolve. A statewide standardized application may also be longer than a utility's current application, as it would have to collect all potentially relevant information for all CAPs and presumably provide separate application submission and contact information for each utility. As an alternative to a standardized statewide application, the Commission could consider providing utilities with the flexibility to develop a standardized application for use by utilities with the same or overlapping service territories. Such an application would still require coordination and additional effort but the frequency of revisions and application length would likely be less than for a statewide application.

11. *What other additions or changes to the existing CAP Policy Statement should be made to increase eligibility, enrollment and maintenance of CAP benefits?*

Additions or changes to the CAP Policy Statement should be informed by USECP implementation results and lessons learned. As noted earlier, the Commission's CAP Policy Statement was recently updated as a result of a multi-year process and utilities have just begun incorporating related CAP changes into their USECPs. PECO believes it is important to understand how the recent CAP Policy Statement changes have impacted universal service

programs before the Commission undertakes any additional revisions. Finally, as mentioned previously, the cost of CAP and other universal service programs are borne by residential customers. PECO's CAP program supported more than 120,000 customers at a cost of more than \$70 million in 2021. CAP program costs are expected to be greater under the new CAP PIPP which incorporates the lower energy burdens in the updated CAP Policy Statement. PECO urges the Commission to consider how best to balance CAP customer benefits and non-CAP residential customer affordability prior to implementing further changes to the CAP Policy Statement.

12. Should the CAP Policy Statement be amended to include jurisdictional water public utilities, and, if so, what barriers if any exist to doing so and how can those barriers be overcome?

PECO does not have a position on this issue at this time.

13. If a coordinated enrollment process could be achieved with respect to CAP, could that same process be applied to identify eligibility for a utility's Low Income Usage Reduction Program (LIURP) or eligibility for receipt of hardship fund grants?

There are both eligibility and budgetary differences between CAP and LIURP that would make simultaneous enrollment challenging. In addition to reviewing household income (which is also used for CAP eligibility), determining LIURP eligibility requires a review of the customer's most recent twelve months of usage as well as the timing of prior LIURP services. If eligibility determinations for both CAP and LIURP were coordinated, the entity performing the intake would need to have access to all the relevant categories of information. Even if a LIURP eligibility determination were made at the time of CAP enrollment, there may not be immediate availability to serve the customer under LIURP. LIURP has a limited budget and program capacity at any given time, which would prevent LIURP from servicing all qualifying customers at the time of enrollment in CAP PIPP and result in service delays for customers. Further, if

LIURP is not immediately available to a customer, their eligibility may have to be re-evaluated at a later date based on their most recent twelve months of energy usage history. This re-evaluation could result in a circumstance where a customer would initially be told that their household qualifies for LIURP, but later be told they no longer qualify, or vice versa – again resulting in an undesirable customer experience. Similarly, the Company has concerns about simultaneous CAP and MEAF enrollment. MEAF has a limited budget that is dependent upon customer contributions and has different requirements than CAP (e.g., a MEAF grant must bring a customer’s balance down to zero). In light of these issues, including the unequal capacities of CAP PIPP, LIURP, and MEAF, PECO does not recommend simultaneous eligibility determinations or enrollment.

14. What changes are required to the Commission’s existing policies or regulations to incorporate improvements?

The Commission has a variety of tools available to implement improvements, including policy statements and rulemakings. However, some changes under consideration by the Commission – such as a statewide CAP program – could require legislative action.

III. CONCLUSION

PECO appreciates the opportunity the Commission has provided to offer these Comments on universal service program issues and looks forward to working with the Commission and interested stakeholders on this initiative.

Respectfully submitted,



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