

**PECO ENERGY COMPANY
STATEMENT NO. 1**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
PECO ENERGY COMPANY – ELECTRIC DIVISION

DOCKET NO. R-2021-3024601

DIRECT TESTIMONY

WITNESS: JOHN E. MCDONALD

SUBJECTS: DESCRIBING PECO'S ELECTRIC OPERATIONS; PROVIDING AN OVERVIEW OF PECO'S RATE FILING; EXPLAINING PECO'S CAPITAL INVESTMENT PROCESS; DESCRIBING FULFILLMENT OF 2018 RATE CASE COMMITMENTS; AND DISCUSSING STEPS TAKEN BY PECO TO ENHANCE QUALITY OF SERVICE, PROMOTE ECONOMIC DEVELOPMENT, AND SUPPORT DIVERSITY, EQUITY, AND INCLUSION

DATED: MARCH 30, 2021

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1 **DIRECT TESTIMONY**
2 **OF**
3 **JOHN E. MCDONALD**

4 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

5 **1. Q. Please state your name and business address.**

6 A. My name is John E. McDonald. My business address is PECO Energy Company,
7 2301 Market Street, Philadelphia, Pennsylvania 19103.

8 **2. Q. By whom are you employed and in what capacity?**

9 A. I am employed by PECO Energy Company (“PECO” or the “Company”) as
10 Senior Vice President and Chief Operating Officer. In that capacity, I lead
11 PECO’s electric and natural gas distribution and transmission operations. These
12 operations include construction and maintenance, engineering and technical
13 services, investment strategy, safety, environmental, training, fleet, supply
14 operations, real estate and facilities, new business, and human resources. These
15 functions, in turn, are staffed by approximately 2,800 craft, professional, and
16 support employees. I also ensure that the operating groups are well integrated and
17 focused on safety, reliability, customer satisfaction, and diversity, equity, and
18 inclusion.

19 **3. Q. Please summarize your prior professional experience.**

20 A. During the past 40 years, I have held numerous positions within PECO and its
21 parent Exelon Corporation. I will highlight a few of my more recent positions.
22 Before becoming Chief Operating Officer of PECO, I served as Vice President,

1 Utility Integration at Pepco Holdings, Inc. (“PHI”) for nearly three years. PHI
2 serves as the parent company for Atlantic City Electric, Delmarva Power, and
3 Pepco, which is also owned by PECO’s parent company, Exelon Corporation. In
4 this role, I oversaw the project management initiative responsible for integrating
5 PHI into the Exelon organization. Key areas of focus included merger
6 commitments, synergy savings, utility operations, and reliability enhancements.
7 Prior to that, I served in various leadership roles at PECO, including Vice
8 President of Technical Services and director-level roles in Distribution System
9 Operations, Transmission, and Regional Electric Operations.

10 **4. Q. What is your educational background?**

11 A. I earned my Bachelor of Science degree in Electrical Engineering and a Master’s
12 of Business Administration, each from Drexel University.

13 **5. Q. What is the purpose of your direct testimony?**

14 A. The several purposes of my direct testimony are as follows: (1) to generally
15 describe PECO’s electric distribution operations; (2) to provide an overview of
16 this rate filing, including an introduction of the other witnesses who will present
17 testimony in support of PECO’s case-in-chief; (3) to explain PECO’s capital
18 investment process and to identify the types of projects that comprise PECO’s
19 claimed future test year (“FTY”) and fully projected future test year (“FPFTY”)
20 plant additions; (4) to describe PECO’s fulfillment of the commitments made by
21 the Company as part of the settlement approved by the Pennsylvania Public
22 Utility Commission (the “Commission”) in PECO’s 2018 electric base rate

1 proceeding;¹ (5) to describe various measures undertaken by the Company to
2 ensure system safety and reliability and further enhance the quality of its service;
3 and (6) to discuss measures taken by the Company to enhance the communities in
4 which it operates and to promote economic development.

5 II. DESCRIPTION OF PECO'S ELECTRIC OPERATIONS

6 6. Q. Please provide an overview of PECO's electric distribution operations.

7 A. PECO provides electric distribution service to more than 1.6 million electric
8 customers located throughout a 2,100 square-mile area in southeastern
9 Pennsylvania. The Company's electric service territory comprises all or portions
10 of Bucks, Chester, Delaware, Montgomery, Philadelphia, and York Counties and
11 includes a total population served of approximately 4.0 million people.

12 7. Q. What services does PECO offer its electric customers?

13 A. PECO makes available electric distribution service and electric generation supply
14 on an unbundled basis. In addition to those customers who have exercised their
15 option to procure their own generation supply service and pay PECO for delivery
16 (i.e., distribution) service only, the Company, as the default service provider,
17 procures and delivers power to the homes or places of business of residential,
18 commercial, and industrial customers not receiving service from an electric
19 generation supplier ("EGS") or who return to default service after being served by
20 an EGS which becomes unable or unwilling to serve its customers. In addition to

¹ See *Pennsylvania Public Utility Commission vs. PECO Energy Company – Electric Division*, Docket No. R-2018-3000164 (Order and Opinion entered December 20, 2018).

1 general service, and as set forth in the Company’s electric tariff, qualifying
2 customers can avail themselves of a variety of outdoor-lighting, interruptible, and
3 other services.

4 **8. Q. How does PECO’s customer base break down by major customer**
5 **classification?**

6 A. As of December 31, 2020, we served 1,508,622 residential customers; 154,421
7 small commercial and industrial (“C&I”) customers; and 3,101 large C&I
8 customers.

9 **9. Q. What are the major assets and facilities that PECO utilizes to provide**
10 **electric service to its customers?**

11 A. PECO is the largest combined electric and natural gas utility in Pennsylvania. To
12 provide electric service to its customers, PECO operates and maintains
13 approximately 9,500 miles of underground distribution cable, approximately
14 13,000 miles of aerial distribution lines, and approximately 1,087 miles of higher-
15 voltage transmission lines. In addition, we operate and maintain 445 power
16 substations.

17 It is important to note that, generally speaking, this infrastructure is a mix of
18 reliable older and newer facilities and equipment. Consequently, a high level of
19 expertise in a variety of areas, as well as a significant capital investment, are
20 required to maintain and operate all of PECO’s plant and equipment and to
21 provide the service and reliability that our customers have come to expect.

1 **III. OVERVIEW OF RATE FILING**

2 **10. Q. Please summarize the relief that PECO is requesting through this rate filing.**

3 A. PECO is seeking an increase in its annual base rate electric operating revenues of
4 approximately \$246.0 million, or 7.0% based on total jurisdictional operating
5 revenue. As required by the Public Utility Code, PECO’s proposed tariff has
6 been filed on 60 days’ notice and, therefore, bears an effective date of May 30,
7 2021. However, we recognize that our filing will likely be suspended and
8 investigated.

9 **11. Q. Why is PECO requesting a rate increase at this time?**

10 A. Our last electric base rate filing was made in 2018. Since rates were established
11 in that case, PECO has continued to make substantial investments in new and
12 replacement utility plant to ensure that our customers can continue to receive the
13 safe and reliable service they have come to expect. Indeed, between January 1,
14 2019 and December 31, 2022, the end of the FPFTY, we will have invested over
15 \$3.1 billion in additional electric distribution plant. Our rate base will have
16 increased by approximately 20.1%, from \$5.3 billion (as of December 31, 2020)
17 to \$6.4 billion (as of December 31, 2022). At the same time, while we continue to
18 add new customers, our overall sales are expected to slightly decline from 2019 to
19 2022 due, in large part, to our aggressive pursuit of energy efficiency and
20 conservation through Commission-approved programs implemented in
21 compliance with Pennsylvania’s Act 129 of 2008 (“Act 129”).

1 **12. Q. Has PECO made efforts to control operating and maintenance (“O&M”)**
2 **expenses since its last approved base rate increase in 2018?**

3 A. Yes. As discussed by Mr. Robert J. Stefani in PECO Statement No. 2, since the
4 Company’s last electric distribution base rate case, PECO has carefully managed
5 its operation and maintenance (“O&M”) expenses. PECO projects that the
6 compound annual growth rate (“CAGR”) in O&M expense from 2019 through the
7 end of 2022 will be 1.4% when adjusted for major storms, customer reliability
8 improvements, make ready work, and COVID-19 related bad debt expense. This
9 rate is below the actual and expected average annual rates of inflation for the
10 same period.

11 **13. Q. Please identify the other witnesses providing direct testimony on behalf of**
12 **PECO in this proceeding.**

13 A. In addition to myself, the following witnesses will be responsible for presenting
14 PECO’s case-in-chief:

15 **Robert J. Stefani** (PECO Statement No. 2) is Senior Vice President, Chief
16 Financial Officer and Treasurer of PECO. Mr. Stefani provides an overview of
17 PECO’s principal accounting exhibits; discusses PECO’s budgeting process;
18 describes the services that PECO receives from affiliated entities and the
19 estimated cost of those services during the FTY and FPFTY.

20 **Michael J. Trzaska** (PECO Statement No. 3) is a Principal Regulatory and Rates
21 Specialist at PECO. Mr. Trzaska sponsors PECO Exhibits MJT-1, MJT-2, and

1 MJT-3, which set forth PECO’s revenue requirement for the FPFTY ending
2 December 31, 2022, FTY ending December 31, 2021, and historic test year
3 (“HTY”) ended December 31, 2020, respectively. He specifically supports
4 PECO’s rate base, revenue, operating expense and tax claims.

5 **Caroline Fulginiti** (PECO Statement No. 4) is the Director of Accounting at
6 PECO. Ms. Fulginiti describes PECO’s accounting processes, supports the
7 assignment and allocation of common costs between PECO’s electric and gas
8 operations, and explains the development of the depreciated original cost of the
9 Company’s utility plant in service and its claim for annual depreciation expense.

10 **Paul R. Moul** (PECO Statement No. 5) is the Managing Consultant of P. Moul &
11 Associates, Inc. Mr. Moul presents testimony concerning the rate of return that
12 PECO should be afforded an opportunity to earn on its rate base. He supports
13 PECO’s claimed capital structure ratios, its embedded costs of debt, and its
14 requested equity allowance.

15 **Tamara J. Jamison** (PECO Statement No. 6) is the Manager, Revenue Policy at
16 PECO. Ms. Jamison presents an unbundled, fully allocated, customer class cost
17 of service study (“COSS”).

18 **Joseph A. Bisti** (PECO Statement No. 7) is a Principal Regulatory and Rates
19 Specialist at PECO. Mr. Bisti presents PECO’s proposed tariff rates and explains
20 how the results of Ms. Jamison’s COSS, as well as the consideration of other
21 factors, were utilized in the rate design process.

1 **Richard A. Schlesinger** (PECO Statement No. 8) is the Manager, Retail Rates at
2 PECO. Mr. Schlesinger discusses proposed changes and clarifications to PECO’s
3 tariff rules and regulations, proposed changes to several existing rates and riders,
4 and the commitments from PECO’s 2018 electric base rate proceeding regarding
5 the operation of the Capacity Reservation Rider (“CRR”) and Electric Vehicle
6 Direct Current Fast Charging (“DCFC”) Pilot Rider (“EV-FC Pilot Rider”).

7 **Jacqueline F. Golden** (PECO Statement No. 9) is PECO’s Director of Strategy.
8 She discusses PECO’s proposed pilot incentive programs for electric vehicle
9 (“EV”) charging and the Company’s proposed small business recovery initiative.

10 **Lauren B. Feldhake** (PECO Statement No. 10) is PECO’s Vice President of
11 Customer Operations. Ms. Feldhake describes the Company’s actions to assist
12 residential customers during the COVID-19 pandemic, a new Residential Relief
13 Program, expanded outreach and education plans for low to moderate income
14 customers, and the Company’s proposed allocation of universal service costs.

15 **IV. PECO’S CAPITAL INVESTMENT PROCESS**

16 **14. Q. How does PECO determine its annual capital investment requirements?**

17 A. PECO’s capital investment plan begins with a detailed budgeting and long-range
18 plan (“LRP”) development process. A key goal of that process is to integrate and
19 align capital investments with PECO’s strategic operational goals and regulatory
20 and financial plans. The mix of capital investment needs can change from year to
21 year and is the product of a variety of factors, including trends in the housing
22 market, emergent operational constraints, local municipality workloads, and, most

1 importantly, the condition of existing facilities. Annual capital investment
2 requirements are evaluated on a functional level and are placed primarily into one
3 of five categories: corrective maintenance, system performance, capacity
4 improvement, facility relocation, or new business.

5 System performance projects are risk modeled and evaluated to prioritize the
6 projects for replacements. These projects are ranked based on certain criteria,
7 including but not limited to age, failure rates, customer complaints, cost to replace
8 versus cost to repair, condition of infrastructure, and environmental factors. Of
9 particular note are system reliability and resiliency improvements under the
10 Company's Customers Experiencing Multiple Interruptions ("CEMI"), Aerial
11 Infrastructure Resiliency, and Underground Cable Replacement programs that all
12 target replacement of infrastructure with higher risk profiles based on field
13 observations and a review of performance metrics. Capacity improvement
14 projects relieve capacity constrained areas which prevent the addition of new
15 customers. Facility relocation projects move electric facilities away from
16 conflicting township and state road improvements. Finally, new business projects
17 support residential and commercial customer requests for new electric service, an
18 upgrade of existing service, and the relocation of electric facilities.

19 Projects requiring a capital investment of over \$1.5 million ("Major Projects") are
20 subject to an additional, rigorous review committee process which includes senior
21 management control of project scope and contract strategy. The primary goals of
22 the process are to ensure that:

- 1 (1) the technical merits of each Major Project are balanced with the economic
2 benefits and goals of the Company;
3
4 (2) Major Projects are properly researched, developed, planned, reviewed, and
5 authorized by senior management before significant resources are committed
6 or expended; and
7
8 (3) decision points for consideration and approval of any additional funds are
9 established as the details of Major Projects evolve.

10 All of these capital investment processes work together to ensure that PECO's
11 investments fully support safety, reliability, and customer service goals as well as
12 achieve an optimal operational efficiency.

13 **15. Q. Please describe, in broad terms, the types of plant additions that PECO**
14 **expects to place in service during the course of the FTY and FPFTY.**

15 A. PECO's FPFTY and FTY plant additions are itemized by functional area and by
16 FERC account in PECO Statement No. 3, the direct testimony of Michael J.
17 Trzaska, Exhibit MJT-1, Schedule C-2, and MJT-2, Schedule C-2, for the FPFTY
18 and FTY, respectively.

19 In summary, our 2021 capital budget calls for overall electric plant additions of
20 approximately \$799 million, including, but not limited to, \$639 million in new
21 distribution facilities and nearly \$128 million in new transmission facilities. For
22 2022, we have budgeted overall electric plant additions of approximately \$843
23 million, including but not limited to \$643 million in new distribution facilities and
24 \$176 million in new transmission facilities.

1 **16. Q. In your opinion, is all of the plant that PECO has included in its rate base**
2 **claim needed in order to provide safe and reliable electric service?**

3 A. Yes, it is. The assets included in PECO’s rate base are, or by the end of the
4 FPFTY will be, in service and used by PECO to provide safe and reliable electric
5 service to customers.

6 **V. FULFILLMENT OF 2018 RATE CASE COMMITMENTS**

7 **17. Q. In the Joint Petition for Settlement of Rate Investigation which the**
8 **Commission approved in PECO’s last electric base rate proceeding at Docket**
9 **No. R-2018-3000164 (“2018 Settlement”), the Company, at pages 6-13, made**
10 **a number of commitments. Did PECO fulfill its commitments?**

11 A. Yes, it did.

12 **18. Q. The rates in the 2018 Settlement included a reduction to rate base for the**
13 **excess accumulated deferred income taxes (“EADIT”) amount as of**
14 **December 31, 2019 (the FPFTY in that case) that resulted from the Tax Cuts**
15 **and Jobs Act (“TCJA”) reduction in the federal corporate income tax rate.**
16 **The 2018 Settlement also provided that PECO would revise its Federal Tax**
17 **Adjustment Clause (“FTAC”) to refund the 2018 TCJA savings to**
18 **customers. Has PECO satisfied this commitment?**

19 A. Yes. Beginning on January 1, 2019, PECO began to refund the TCJA-related
20 2018 tax expense savings and the 2018 EADIT to customers on a bills-rendered
21 basis. As of January 1, 2021, PECO has fully credited the 2018 TCJA tax savings

1 to all customer classes through the FTAC, except for a small overcollection
2 balance of approximately \$22,000. As explained by Mr. Trzaska in PECO
3 Statement No. 3, PECO will continue to flow-back the balances of the regulatory
4 liability for EADIT related to protected property over the average remaining book
5 life in accordance with the Average Rate Assumption Method, which is
6 approximately 40 years.

7 **19. Q. In the Settlement Agreement, PECO also agreed to report on various specific**
8 **expenditures. Please describe each reporting requirement and PECO's**
9 **compliance with this commitment.**

10 A. First, PECO agreed to provide the Commission's Bureau of Technical Utility
11 Services ("TUS"), the Commission's Bureau of Investigation and Enforcement
12 ("I&E"), the Office of Consumer Advocate ("OCA"), and the Office of Small
13 Business Advocate ("OSBA") with an update on its electric division's actual
14 capital expenditures, plant additions, and plant retirements by month for the
15 twelve months ending December 31, 2018. Second, the Company agreed to
16 provide a similar update on or before April 1, 2020 to include actual capital
17 expenditures, plant additions, and plant retirements by month for the twelve
18 months ending December 31, 2019. Finally, PECO agreed, in its next base rate
19 proceeding, to prepare a comparison of its actual expenses and rate base additions
20 for the twelve months ended December 31, 2018 to its projections in the 2018
21 electric base rate proceeding. PECO met each of these reporting commitments,
22 which Mr. Stefani describes in detail.

1 **20. Q. Please describe the remaining 2018 Settlement commitments and how PECO**
2 **has met them.**

3 A. ***Residential and Low-Income Customer Issues.*** PECO agreed to implement
4 several enhancements to various residential and low-income customer initiatives,
5 including (1) the enrollment process for PECO’s customer assistance program
6 (“CAP”) and CAP credit maximums used by the Company; (2) the budget for
7 PECO’s Low Income Usage Reduction Program (“LIURP”) and how LIURP
8 funds should be targeted; (3) the process for determining low-income status for
9 the purpose of winter termination protections; (4) the use of budget billing; (5) the
10 process for ensuring the low-income customers are not assessed a security
11 deposit; and (6) a language assessment of residents of PECO’s service territory
12 and development of a written policy regarding service to customers with limited
13 English proficiency. Ms. Feldhake (PECO Statement No. 10) addresses how
14 PECO has met these commitments and describes what the Company is proposing
15 in this case to enhance assistance to low-income and other payment-troubled
16 customers.

17 ***EV-FC Pilot Rider.*** PECO committed to implement a five-year pilot EV-FC
18 Rider as a means to encourage the development of electric vehicle charging and
19 collect data regarding DCFCs connected to the PECO system from pilot
20 participants. Mr. Schlesinger describes the DCFC data and the Company’s
21 proposed revisions to the EV-FC Rider in his direct testimony (PECO Statement
22 No. 3).

1 **CRR Reporting.** PECO agreed to collect additional data regarding the cost of
2 capacity reserved and other issues regarding the operation of the CRR. PECO
3 also agreed to make the data available to the parties in its next electric base rate
4 proceeding pursuant to the terms of a protective order. Mr. Schlesinger explains
5 how PECO has met this data commitment and describes PECO's proposed
6 changes to the CRR.

7 **Vegetation Management Reporting.** PECO agreed to report the number of ash
8 trees removed per year, the average cost per ash tree per year, and the total
9 vegetation management expense per year to TUS, I&E, OCA, and OSBA no later
10 than April 1 of the following year until PECO's next base rate proceeding. The
11 Company submitted its annual vegetation management report for 2019 on April 1,
12 2020. I will discuss PECO's vegetation management initiatives designed to
13 enhance reliability and resiliency in more detail later in my testimony.

14 **VI. QUALITY OF SERVICE, COMMUNITY SUPPORT,**
15 **AND ECONOMIC DEVELOPMENT**

16 **21. Q. What steps has PECO taken in recent years to ensure system reliability?**

17 A. Each year, PECO invests heavily in its electric system to increase safety and
18 reliability and to enhance the quality of the service it provides. PECO employs a
19 risk-based analysis to prioritize its reliability-related investment in electric
20 infrastructure with two high-risk profiles: (1) equipment that, based on a number
21 of factors (including a trend of increasing failure rates), exhibits a higher
22 probability of failure; and (2) equipment that would affect a large number of

1 customers and have longer restoration times and, therefore, warrants preemptive
2 and preventative measures to avoid failures.

3 In recent years, PECO performed the following targeted system enhancements
4 and corrective maintenance projects to continue its strong electric reliability
5 performance so that customers experience, on average, less than one service
6 interruption per year outside of major storms:

- 7 • Infrastructure improvements focused on areas and circuits where customers
8 experience a higher number of sustained interruptions relative to the overall
9 system average reliability. Customers served by transformers in the
10 improved CEMI areas experienced a 41% improvement in the frequency of
11 interruptions.²
- 12 • Construction of new distribution substations and the addition of several large
13 transformers at distribution substations to support localized load growth.
- 14 • Implementation of large substation retirement projects to remove aging or
15 obsolete equipment and to convert surrounding distribution facilities to
16 operate at higher (13 kV or 34 kV) voltages. PECO retired 19 unit
17 substations and one building substation, some of which have been subject to
18 flooding, during the 2018-2020 period and upgraded downstream low-
19 voltage supply facilities. Increasing the voltage on lines that are currently
20 feeders from existing substations will reduce losses and improve voltage
21 regulation. Voltage up-rating will also increase the ability of those feeders
22 to handle the interconnection of customer-owned solar facilities.
- 23 • Replacement of underground cable that has exhibited a rising trend in failure
24 rates. Since 2018, PECO has replaced 118.5 miles of underground
25 residential development (“URD”) cable and 59.5 miles of main stem cable.
- 26 • Replacement of over 5,000 poles with modern equipment designed to
27 withstand higher winds and snow/ice loading.
- 28 • Identification of circuits throughout PECO’s service territory as candidates
29 for priority reliability improvements and installation of reclosers,
30 sectionalizers and distribution automation in various locations throughout
31 the Company’s service area to pinpoint problems and quickly restore

² CEMI is an index that tracks the number of customers that have experienced more than a specific number of interruptions in a given period. PECO has established a threshold of four interruptions per year.

1 service. Between 2018 and 2020, PECO installed 782 of these devices and
2 avoided over 2.8 million customer interruptions over that period.

- 3 • Integration of smart technology to combine information from AMI meters,
4 communication infrastructure, and the Company's upgraded geographic
5 information and distribution management systems to improve situational
6 awareness, operations, safety, and communications outreach during outages.

- 7 • In 2020, PECO transitioned to a four-year cycle for vegetation-related
8 preventative maintenance work on approximately 2,600 miles of aerial
9 distribution lines, and 200 miles of transmission lines continue to be
10 maintained annually across a five-year cycle. The Company's distribution
11 and transmission vegetation management programs are operated in
12 conjunction with data-driven corrective maintenance programs, which
13 include an annual focus on enhanced vegetation clearance to improve
14 reliability as well as the removal of dead and declining trees to improve
15 performance in areas where multiple tree-related interruptions have
16 occurred, especially in storms.

17 **22. Q. Mr. McDonald, please describe PECO's reliability performance since its last**
18 **base rate proceeding.**

19 A. As a result of the Company's investments, including the projects I described
20 above, PECO's electric reliability continued its historical trend and, beginning in
21 2012 and continuing through 2018, outperformed the Commission's preferred
22 target level in each of the measures for which the Commission has established
23 standards. Major storms in 2019 and 2020 caused PECO to miss Commission-
24 defined levels of performance for interruption duration, while interruption
25 frequency continues to meet preferred performance levels despite the storms.

26 PECO's recent reliability performance is summarized below:

- 27 • System Average Interruption Frequency Index ("SAIFI"): The three-year
28 average number of sustained customer interruptions was 0.98 interruptions
29 (2018-2020) compared to the benchmark of 1.23 interruptions and the three-
30 year standard of 1.35 interruptions. PECO's average number of service
31 interruptions decreased by 17% from 1.08 interruptions in 2019 to 0.90
32 interruptions in 2020.

- 1 • Customer Average Interruption Duration Index (“CAIDI”): The three-year
2 average restoration time for PECO customers who lost power was 145
3 minutes (2018-2020) compared to the benchmark of 112 minutes and the
4 three-year standard of 123 minutes. PECO’s recent CAIDI results show that
5 the average time customers are without power has declined by 29% from
6 189 minutes (2019) to 135 minutes (2020).
- 7 • System Average Interruption Duration Index (“SAIDI”): The three-year
8 average duration of interruptions that a PECO customer experiences during
9 a year was 144 minutes (2018-2020) compared to the benchmark of 138
10 minutes and the three-year standard of 167 minutes. PECO’s SAIDI
11 performance improved significantly in 2020 compared to 2019 (from 205
12 minutes to 122 minutes).

13 The high level of storm activity of the last three years, and the last decade in
14 general, necessitate PECO’s increased investment in infrastructure renewal,
15 enhanced tree trimming, removals, and upgrades to improve storm hardening and
16 system resilience.

17 **23. Q. Does PECO have a commitment to continue to maintain and enhance**
18 **reliability?**

19 A. Yes. Over the next five years (2021-2025), PECO will continue to focus on storm
20 hardening and resiliency and plans to invest approximately \$1.8 billion to
21 improve the reliability of its electric distribution system. These strategic
22 investments will help prevent customer outages, modernize the electric grid, and
23 reduce the impact of extreme weather on PECO’s electric infrastructure. The
24 Company’s capital improvement programs in 2021 and beyond will include:

25 ***Storm Hardening and System Enhancement.*** PECO will replace aging
26 equipment and upgrade facilities to the latest construction standards for improved
27 distribution system reliability and resiliency to storms. PECO also plans to install

1 at least 550 reclosers and perform other system enhancement work, which will
2 reduce the number of customers and circuits affected by outage events and
3 mitigate customer interruptions. Accelerating the installation of reclosers in
4 problematic circuit sections will positively impact system SAIFI.

5 ***Underground Cable Replacement.*** Between 2021 and 2025, PECO will replace
6 at least 250 miles of mainstem cable and nearly 1,000 miles of URD cable and
7 upgrade associated equipment to the latest construction standards, including
8 looping any radial URD cable.

9 ***Aerial Infrastructure Enhancement.*** PECO will replace aerial infrastructure to
10 proactively address those facilities that are vulnerable to failures caused by age-
11 related degradation, normal environmental exposure, and ordinary wear and tear –
12 factors that also increase the probability of storm-related damage. For example,
13 the Company will install insulated aerial cable arranged in a special configuration
14 to better withstand tree contact. PECO has already completed some installations
15 in areas with dense tree coverage in an effort to strengthen its system against
16 storms, increase reliability, and reduce outages. In addition, PECO will replace
17 approximately 26,000 poles that were installed before 1965.

18 ***PECO's Top Priority Circuit Program.*** PECO analyzes and completes reliability
19 enhancements on at least five percent of the system's worst performing circuits on
20 an annual basis. Improvements include installing reclosers for distribution
21 automation, identifying and repairing issues through visual thermographic

1 inspections, increasing vegetation management activities, installing and upgrading
2 fuses, and replacing cable and other equipment.

3 ***Distribution Automation.*** PECO will continue to add distribution automation
4 equipment to its circuits, applying the latest technologies to reduce the impacts to
5 customers when outages do occur.

6 ***Target CEMI Areas and CEMI Targeted Circuits.*** PECO will address CEMI
7 areas and circuits by reinforcing circuits with construction that can better
8 withstand tree contact and storms as well as adding automated switching
9 flexibility.

10 ***Substation Retirements.*** PECO will eliminate an additional 78 unit substations
11 that are experiencing an increasing failure rate (i.e., those constructed forty or
12 more years ago) and will upgrade all downstream low-voltage supply facilities to
13 operate at higher voltages consistent with modern modes of operation. Nearly all
14 of PECO's existing building substations that supply power to downstream
15 facilities serving thousands of customers were constructed over fifty years ago
16 and contain obsolete equipment. Over the next five years, PECO will retire an
17 additional six building substations. These retirements will enhance system
18 resiliency, and the associated upgrades to the downstream facilities will support
19 the adoption of clean energy resources in PECO's service area.

20 ***Hazard Tree Removal.*** PECO will continue with its hazard tree removal program
21 performing additional mid-cycle tree trimming, and in certain portions of its
22 distribution system where the Company determines it to be appropriate, removing

1 trees and branches growing above and below the Company’s distribution facilities
2 to achieve “ground-to-sky” clearance.

3 ***Managing EAB.*** An invasive insect, the Emerald Ash Borer (“EAB”), has been
4 present in PECO’s service territory since 2012, resulting in a significant increase
5 in ash tree infestation and mortality that has been linked to power interruptions.
6 PECO projects that EAB infestation of ash trees in its service territory will peak
7 during the 2021-2028 period. In 2018, PECO enhanced its vegetation
8 management programs to include a targeted focus on the removal of an estimated
9 30,000 ash trees which are vulnerable to EAB infestation and threaten damage to
10 PECO electric facilities and increase the potential for equipment failures.

11 The Company continues to refine its vegetation-related reliability improvement
12 strategies based on a follow up assessment of the ash tree population in PECO’s
13 service area initiated in December 2020. In addition, PECO has accelerated its
14 reliability programs, especially Distribution Automation, to minimize the impact
15 of EAB-related power interruptions. These programs to address EAB-vulnerable
16 ash trees will cost an estimated \$38 million over the five-year period from 2018
17 through 2022.

18 **24. Q. What steps has PECO taken in recent years to enhance the quality of the**
19 **service it provides?**

20 A. The Company has undertaken several initiatives to improve its customer service.
21 For example, PECO expanded its communications capabilities so customers can
22 interact with the Company using mobile devices. PECO deployed a mobile

1 application with features such as slide-to-pay (by credit card and e-check), outage
2 reporting, and the ability to enroll in electronic billing, automatic payments, and
3 budget billing. The Company also added a two-way outage text feature that
4 enables customers to text “OUT” to report an outage and “STAT” to receive an
5 outage status update.

6 PECO also upgraded the overall look and feel of its website and, consistent with
7 applicable Web Content Accessibility Guidelines, updated its website’s content to
8 be accessible to people with disabilities. The Company’s Customer Preference
9 Center now also provides notifications to customers for “Bill is Ready,” “Payment
10 Reminders,” “Usage Alerts,” “Budget Bill,” and “Outages.”

11 The Company has also been voluntarily and proactively seeking to help customers
12 during the COVID-19 pandemic. PECO has utilized emails, letters, and bill
13 inserts to inform customers about special payment arrangements being offered
14 during the pandemic. To facilitate participation in these special measures, the
15 Company has automated the enrollment process so customers may sign up on the
16 web or via Interactive Voice Response (“IVR”). As discussed in more detail by
17 Ms. Golden in PECO Statement No. 9, PECO is proposing to offer small business
18 customers in low-income areas a one-time grant of \$3,000 to be applied as a
19 credit on the customer’s existing electric account. In addition, PECO has
20 implemented a variety of COVID-19 relief measures for residential customers
21 described by Ms. Feldhake in PECO Statement No. 10.

1 Finally, the Company remains focused on how customers interact with its
2 Customer Care Center (i.e., PECO’s call center). PECO staffs its Customer Care
3 Center to ensure customer demands are met and invests in training programs to
4 improve agent skills on an ongoing basis. Recent enhancements related to the
5 Customer Care Center include the following:

- 6 • The Company’s “at-home agents” program, which enables the Company to
7 have additional call center agents available for storm response during
8 especially hazardous weather conditions thereby reducing the wait times of
9 customers assisted by agents physically located in PECO’s Customer Care
10 Center.
- 11 • Post-call surveys, which give agents real-time feedback directly from
12 customers focused on resolution of issues, courteousness, and knowledge,
13 indicate that PECO customers are consistently rating our Customer Care
14 Center agents highly. Through 2019 and into 2020, we have attained high
15 scores of between 4.4 and 4.7 on a 5-point scale in each category.
- 16 • The Customer Care Center now employs approximately 13 bilingual Spanish-
17 speaking agents, who can be more responsive to Spanish-speaking customers
18 than non-Spanish-speaking agents. PECO’s Spanish-speaking agents assisted
19 approximately 8,585 customers in Spanish in 2018 and approximately 12,140
20 customers in Spanish in 2019.
- 21 • PECO’s IVR was updated to include a “Pay Now” feature that enables
22 customers to easily make a payment, which resulted in the reduction in the
23 time of an average payment call by a minute and a half, or 25% (from
24 approximately 6 minutes to approximately 4.5 minutes).

25 Over the next two years, the Company also plans to implement additional
26 customer service representative coaching and training to improve customer
27 experience and resolve customer questions during the first call, as well as
28 improved web and mobile capabilities to provide customers additional options for
29 self-service.

1 **25. Q. Have these enhancements helped PECO improve its performance in the area**
2 **of customer service?**

3 A. Yes, they have. The effectiveness of PECO’s approach to customer service is
4 reflected in the fact that, in 2019, the Company experienced improvements over
5 its 2014 performance in the following key metrics:

Metric	2014	2019
PECO’s Overall Call Center Satisfaction Index	7.84	8.18
Overall Call Center Satisfaction	76.8%	85.8%
Average Speed of Answer	33 seconds	14 seconds
Abandon Rate	2.84%	1.0%

6 In addition, the PECO customer experience, as measured by J.D. Power, has
7 improved from a score of 628 to 748 in the last five years. This has resulted in
8 PECO’s customer service ranking among comparative utility companies
9 increasing to 4th out of 12 in 2019.

10 **26. Q. Please describe PECO’s leadership in the area of energy efficiency.**

11 A. In 2009, PECO emerged as a leader with the early launch of its comprehensive
12 “PECO Smart Ideas” portfolio of energy efficiency programs. These programs
13 were designed to meet the retail energy consumption reduction requirements
14 under the first phase of the Commission’s energy efficiency and conservation
15 program (“EE&C Program”) established pursuant to Act 129. Since the EE&C
16 Program’s inception in 2009, PECO’s residential and commercial customers have
17 achieved energy rebates worth more than \$350 million and reflecting 4,230,075
18 MWh saved, enough electricity to power 506,000 homes for a full year. PECO

1 has been recognized repeatedly for its efforts, including receipt of the ENERGY
2 STAR® Partner of the Year award for 2012, 2013, 2015, and Partner of the Year,
3 Sustained Excellence Award in 2016, 2018, 2019, and 2020 for outstanding
4 contributions to energy efficiency.

5 Now in the third phase of the EE&C Program, PECO continues to provide
6 meaningful customer savings and comprehensive energy solutions. For example,
7 despite the pandemic challenges of 2020, the Company continued to help low-
8 income customers save money by safely mailing more than 32,000 self-install
9 energy saving kits to them. In addition, PECO was awarded ENERGY STAR's
10 New Construction Market Leader Award for the third year in a row for its
11 commitment to energy efficient new home construction.

12 **27. Q. Has PECO deployed advanced metering infrastructure (“AMI”) meters in**
13 **accordance with Act 129?**

14 A. Yes. PECO has completed the installation of nearly 1.8 million electric AMI
15 meters at customer premises. Despite many unforeseen challenges due to the
16 COVID-19 emergency, the reading of those meters has consistently maintained
17 first quartile performance (99.76%) since 2016 based on the three-year (2017-
18 2019) industry average of 99.61%.

19 Consistent with previous years, customers are increasingly taking advantage of
20 AMI meter capabilities. For example, since 2018, PECO customers with AMI
21 meters utilized the interactive “My Usage” tool on the Company’s website more
22 than 1.7 million times each year on average. The remote connect and disconnect

1 function of AMI meters has significantly improved customer-requested connect
2 and disconnect services as well as credit-related disconnect and restoration. In
3 2018 and 2019, 98% of customer-requested connects and disconnects were
4 completed remotely and 99% of credit-related disconnects and restorations were
5 completed remotely. This translates to an estimated 232,000 truck rolls and
6 79,000 Customer Care Center calls avoided in 2018 and 2019.

7 Deploying AMI technology across the Company's service territory has also
8 enabled PECO to reduce restoration times during major storms. Improved AMI-
9 based storm restoration efforts have avoided over 27,500 truck rolls the past year
10 (2020). PECO continues to explore innovative uses of its AMI technology. For
11 example, PECO has installed over 3,100 distribution automation devices on the
12 AMI network. Distribution automation provides the ability to automatically and
13 remotely re-route power during faults on the system to enhance performance and
14 improve reliability. In 2020, PECO issued nearly 100,000 remote commands to
15 distribution equipment to limit human contact with high voltage equipment and
16 reduce restoration times, with a 99.6% success rate. Real time remote monitoring
17 of distribution switches allows PECO to proactively identify failing distribution
18 equipment and make repairs before it impacts electric service to customers. In
19 addition, remote monitoring of nearly 400 capacitors has reduced field inspection
20 cycles from every year to every four years. These devices also enhance the
21 Company's ability to manage the communication system by allowing PECO to
22 dedicate channels for unrestricted use during reliability events.

1 **28. Q. What actions is the Company taking regarding physical security and**
2 **cybersecurity?**

3 A. PECO has made significant investments in physical security as part of the Exelon
4 Utilities Security Facility Enhancement Program (“FEP”) at electric and gas
5 assets since 2015. In 2020, PECO committed to physical security enhancements
6 at office buildings and service centers to align with a more robust physical
7 security footprint. This is an Exelon-wide program to be completed by 2027. On
8 a three-year cycle, the Company engages in a risk-based review of critical assets
9 and implemented physical security measures designed to reduce vulnerabilities
10 associated with possible unauthorized access of personnel, equipment, systems,
11 and material at critical sites. PECO also maintains a surplus of critical supplies
12 and major equipment (e.g., twenty-two new transformers were purchased in
13 2017/2018) stored at separate sites to facilitate system restoration following a
14 disruption and to support its resiliency efforts.

15 In the area of cybersecurity, the Company employs the latest technologies and has
16 adopted the National Institute of Standards and Technology National
17 Cybersecurity Framework to protect PECO’s systems and networks. PECO
18 provides training on security awareness and preventing cyber-attacks and
19 conducts annual internal drills on both physical and cyber threats and maintains a
20 strong phishing awareness program. The Company has also made significant
21 technology investments and operational improvements on the transmission side to
22 strengthen its program 1) to comply with North American Electric Reliability

1 Corporation (“NERC”) Critical Infrastructure Protection Cybersecurity Standards
2 and 2) as a part of a new Operational Technology Security Governance Project.

3 Finally, PECO is an active participant in “Black Sky” exercises to test
4 Pennsylvania’s ability to respond to a large-scale disruption of power and utility
5 services. The Black Sky initiative is coordinated by the Commission, the
6 Governor’s Office of Homeland Security, and Pennsylvania Emergency
7 Management Agency.

8 **29. Q. How has PECO enhanced retail competition since its last electric base rate**
9 **proceeding?**

10 A. PECO has worked in a collaborative fashion with the Commission and its Office
11 of Competitive Market Oversight (“OCMO”) to advance the development of the
12 competitive electric market, including regular calls concerning retail market
13 initiatives and customer complaints. PECO also conducts webinars with suppliers
14 to highlight new developments and handles approximately 5,000 supplier
15 inquiries per year.

16 In 2020, PECO deployed the Salesforce Customer Relationship Management
17 platform to enable EGSs to perform high-value transactions that facilitate retail
18 market participation, ranging from managing support tickets to accessing
19 frequently requested customer information. Salesforce’s cloud-based technology
20 provides end users a first line of support, and empowers EGSs to find
21 information, request services, and resolve their issues efficiently.

1 **30. Q. What is PECO’s record with respect to the safety of its employees?**

2 A. Maintaining the highest standards for workplace safety is a top priority for the
3 Company. A critical component of PECO’s safety culture involves protecting our
4 employees from serious injuries and fatalities (“SIFs”). To that end, PECO has
5 undertaken initiatives to track incidents with potential for SIFs, identify their
6 precursors, and take steps to reduce potential SIF events and eliminate SIFs. As a
7 result of these efforts, PECO finished 2020 with zero SIFs. In 2021 and beyond,
8 PECO will strive to continuously improve performance and foster a safety culture
9 that engages the entire workforce to prevent accidents, injuries and occupational
10 illnesses.

11 **31. Q. Has the Company taken any recent actions with respect to distributed solar
12 generation and other distributed generation (“DG”) technologies?**

13 A. Yes, the Company has implemented multiple initiatives to streamline the
14 interconnection process, educate developers and potential solar/DG customers and
15 improve the overall experience for solar/DG customers. These efforts are
16 managed by PECO’s Green Power Connect (“GPC”) department, which is staffed
17 by twelve PECO employees dedicated to providing new and innovative ways to
18 incent more customers to install solar and interconnect to the grid.

19 PECO established a solar collaborative in 2016, the first of its kind in the region,
20 to discuss how to best advance solar options for PECO’s customers. The
21 stakeholders included solar developers, environmental groups, public officials,
22 utilities, and competitive electric suppliers. The latest solar collaborative was held

1 in January 2020 to hear from stakeholders and provide education on several
2 PECO process improvement programs. In conjunction with the solar
3 collaborative, the GPC team has held numerous meetings with developers to work
4 on day-to-day issues.

5 To further facilitate solar applications and solar interconnections, PECO created a
6 Digital Solar Toolkit with an interactive viability map. With this toolkit,
7 customers can see if their home or area can support solar or other distributed
8 generation resources or if any system upgrades would be necessary.

9 Finally, PECO began offering a smart inverter option in 2018 as a means to
10 minimize the costs of interconnection. The Company is also evaluating meter
11 solutions for new DG service greater than 200 amps and expects to implement its
12 findings in the second quarter of 2022.

13 **32. Q. Mr. McDonald, please describe PECO’s energy efficiency and environmental**
14 **efforts regarding its own land, buildings, and emissions.**

15 A. PECO’s commitment to energy efficiency and environmental stewardship is also
16 integrated in the Company’s daily operations. PECO has established an
17 environmental management system (“EMS”) based on standards set forth in
18 International Organization for Standardization (“ISO”) 14001, which supports the
19 development of performance-improvement goals and targets. Exelon, PECO’s
20 parent company, was recognized for its sustainability leadership as one of the
21 “World’s Most Innovative Companies” by Fast Company in 2019.

1 With respect to land quality, PECO has obtained Conservation Certification from
2 the Wildlife Habitat Council for approximately one third of its rights-of-way
3 (3,670 acres), which are managed under an integrated vegetation management
4 program, and from the National Wildlife Federation for fifteen sites (170 acres).
5 In 2020, PECO donated 1,040 trees via Arbor Day's Energy - Saving Trees
6 program and awarded 24 Green Region grants totaling \$200,000 to enhance green
7 space throughout the service area in partnership with Natural Lands Trust. The
8 Arbor Day Foundation also recognized PECO in its 2021 Tree Line USA program
9 for the Company's commitment to proper tree pruning, planning, and care in its
10 service area. In addition, PECO partners with the Philadelphia Zoo to donate
11 browse, which is leafy tree branches removed as part of the Company's
12 vegetation management program, to feed the animals.

13 PECO also is focused on being a low-carbon company. From 2015-2020, PECO
14 reduced its greenhouse gas emissions by approximately 29% through
15 infrastructure investments such as the replacement of first-generation sulfur
16 hexafluoride (SF6) filled electrical breakers. PECO's greenhouse gas reduction
17 program is in alignment with the 2018 Pennsylvania Climate Action Plan goal of
18 a 26% reduction in greenhouse gas emissions by 2025. PECO continues to
19 maintain one of the largest urban green roofs in Pennsylvania (approximately one
20 acre) built on an existing building at its headquarters in Philadelphia. Waste
21 recycling continues to be a focus at PECO. Overall recycling increased from 94%
22 (2016) to 97% (2020), and the Company recently launched an innovative pilot-

1 study using cameras in bulk waste containers to optimize waste pickup and
2 disposal.

3 Finally, as part of PECO's habitat protection efforts, the Company developed a
4 comprehensive avian protection plan to reduce bird mortalities associated with
5 power line interactions. This plan includes establishing new distribution line
6 construction standards, removing, or relocating nests, providing employee
7 training on avian management and establishing bird perch deterrents. In 2019,
8 PECO collaborated with Warrington Township and the Pennsylvania Game
9 Commission to install an osprey nest on a pole overlooking the Bradford
10 Reservoir to provide an alternative perch location. Additionally, through a
11 partnership with the Electric Power Research Institute, PECO participated in a
12 2019 pilot program to install unmanned avian flight diverters and prevent bird
13 collisions on transmission lines located downstream of the Conowingo Dam in
14 Darlington, Maryland, which has the largest population of bald eagles east of the
15 Mississippi River.

16 **33. Q. Please describe the Company's efforts to support the use of alternative fuel**
17 **vehicles and related technologies.**

18 A. PECO participates in the Edison Electric Institute's challenge to designate at least
19 5% of its Electric Operations' annual vehicle spending for plug-in technology.
20 Exelon, the parent company of PECO, recently announced that its six utilities will
21 electrify 30% of their vehicle fleet by 2025, increasing to 50 percent by 2030.

1 PECO operates its own green fleet of 932 hybrid, natural gas, electric, flex fuel,
2 and biodiesel vehicles including 25 plug-in hybrid trucks, which will continue to
3 grow in furtherance of PECO's goal to electrify 100% of its fleet by 2030. As of
4 2020, the Company's electrified fleet has saved approximately 253,000 pounds of
5 carbon dioxide equivalent and approximately 37,000 gallons of fuel. The
6 Company also encourages sustainable practices with employees by providing 86
7 EV charging stations, rebate programs, and bike racks at most Company
8 locations.

9 PECO currently offers customers an EV rebate, rebates for installing level 2 EV
10 chargers, and a special pilot rate (the EV-FC Pilot Rider) for the installation of
11 DCFCs to support the build out of EV infrastructure in Pennsylvania. As
12 explained by Ms. Golden in PECO Statement No. 9, the Company is proposing to
13 expand the availability of the EV-FC Pilot Rider to include public transit charging
14 and to offer several new pilot incentive programs for EV charging.

15 **34. Q. Please describe PECO's efforts to support economic development and the**
16 **communities in which the Company provides energy and its overall**
17 **commitment to diversity.**

18 A. PECO has a dedicated Economic Development Team that works cooperatively
19 with local, regional, and state economic development officials as well as
20 commercial and industrial real-estate professionals to assist businesses that are
21 considering locating or expanding in southeastern Pennsylvania. For example, the
22 Company identifies office and industrial space available for sale or lease, as well

1 as land available for development. PECO’s Economic Development Team also
2 provides information on electric and gas availability and prices to companies,
3 developers, and consultants as key inputs to location decisions.

4 Moreover, as I discussed earlier, PECO makes significant capital and
5 infrastructure investments in its service territory every year that create and
6 maintain thousands of jobs in the region. In early 2020, PECO created a team
7 dedicated to workforce development to attract talented and passionate candidates
8 and support our region by providing opportunities to individuals from
9 underserved communities. The Company also implemented a variety of
10 workforce development programs to train individuals for opportunities at PECO.
11 Every year, PECO recruits new electric and natural gas apprentices to complete
12 the Company’s intensive training program before joining PECO’s field force.
13 The field force represents PECO’s front line and works to ensure safe and reliable
14 electric and gas service for PECO customers across the region; the Company’s
15 training program develops the fundamental skills needed to work safely on
16 PECO’s electric and natural gas distribution systems.

17 PECO also partners with Philadelphia Opportunities Industrialization Center
18 (“OIC”) in support of the Smart Energy Technical Training program (“SETT”),
19 which provides energy sector opportunities for the unemployed and
20 underemployed. PECO’s \$100,000 contribution to the program allows for soft
21 skills training, construction and skilled trades (“CAST”) test preparation,
22 contractor training for entry-level vegetation and locator positions, and the
23 development of a solar installation training curriculum. PECO’s collaboration

1 also spans to include opportunities for the youth via internships and annual STEM
2 Academies. PECO's contribution to workforce development initiatives exceeds
3 \$1.3 million.

4 PECO has a strong commitment to diversity, both among its workforce and in the
5 communities it serves. For example, PECO has employed minority and women-
6 owned businesses, contractors, and vendors in its communities and has business
7 relationships with local minority-owned banks. PECO supports diverse suppliers
8 who represent the diverse customer communities we serve. In 2020, PECO
9 awarded \$357 million to diversity certified suppliers, representing an increase of
10 \$89 million over the previous year. PECO's supply personnel are also active
11 members of numerous supplier diversity-focused organizations locally and
12 nationally.

13 In 2017, Exelon became the first utility/energy services company to join the
14 exclusive group of U.S.-based corporations that have achieved \$1 billion or more
15 in annual, direct spending with minority and women owned businesses. Exelon's
16 annual spending with diversity certified suppliers totals more than \$2 billion.
17 Other Billion Dollar Roundtable member companies include Comcast, IBM,
18 Walmart, and Microsoft.

19 PECO also has a strong and continuing tradition of community involvement. The
20 Company's corporate citizenship efforts are designed to improve the quality of
21 life for the people who live and work in PECO's service territory, and include

1 support for education and the environment, sponsorships, employee volunteer
2 activities, and executive involvement on outside nonprofit boards.

3 **35. Q. Mr. McDonald, based on the factors you discussed above, how do you**
4 **characterize PECO's record regarding the performance factor**
5 **considerations of efficiency, effectiveness, and adequacy of service identified**
6 **in Section 523 of the Public Utility Code?**

7 A. My assessment is based on PECO's demonstrated excellence with regard to the
8 quality and reliability of its service, its commitment to energy efficiency, its
9 willingness to embrace cost-effective new technologies, its vigilance in protecting
10 the safety of its workers, and its strong promotion of community and economic
11 development, all of which I have discussed above. It is also based on PECO's
12 significant and successful efforts to manage and control its operating expenses
13 since its last base rate case in 2018, as discussed by Mr. Stefani in PECO
14 Statement No. 2. Based on all of those factors, PECO has exhibited, and
15 continues to exhibit, superior management performance, which fully supports Mr.
16 Moul's recommendation that PECO receive return on equity enhancement.

17 VII. CONCLUSION

18 **36. Q. Does that complete your direct testimony at this time?**

19 A. Yes, it does.