

**PECO ENERGY COMPANY  
STATEMENT NO. 10**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DOCKET NO. R-2021-3024601

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DIRECT TESTIMONY

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WITNESS: LAUREN FELDHAKE

SUBJECTS: RESIDENTIAL RELIEF PROGRAM;  
CUSTOMER OUTREACH;  
ALLOCATION OF UNIVERSAL  
SERVICE COSTS

DATED: MARCH 30, 2021

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1 (Market Research, Load Forecasting, Customer Relations as well as Director of  
2 Customer Financial Operations and Director of PECO Care Center). I also spent four  
3 years working for Exelon Business Services Company in the Strategic Sourcing  
4 group. I have been in my recent role as VP of Customer Operations since late 2017.  
5 Prior to working at PECO, I worked at Temple University's Small Business  
6 Development Center and the World Affairs Council of Philadelphia.

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

8 A. My testimony will address three separate areas:

9 **Residential Relief Program:** I will describe the Company's proposed Residential  
10 Relief Program and discuss other actions PECO has taken to address the impact of the  
11 COVID-19 pandemic on its residential customers.

12 **Expanded Customer Outreach and Education:** I will explain PECO's expanded  
13 outreach and education plans to better serve and reach our low to moderate income  
14 ("LMI") customers.

15 **Allocation of Universal Service Costs:** I will explain PECO's proposed allocation  
16 of universal service costs.



1 assistance.<sup>1</sup> In addition, although not driven by the COVID-19 pandemic, PECO has  
2 also proposed to change its CAP design to a percentage of income payment plan  
3 (“PIPP”), which is expected to improve bill affordability for CAP customers.<sup>2</sup>

4 Finally, in March of 2021, PECO began waiving the transaction fee associated with  
5 making payments at authorized payment locations in the PECO territory. PECO’s  
6 Customer Solution Center at 2300 Market Street in Philadelphia has remained closed  
7 during the pandemic and its reopening date is not yet determined. Authorized  
8 payment locations have a local presence in our service territory and serve as a  
9 convenient way for customers to make payments to PECO. The Company will  
10 absorb the 2021 expense associated with this transaction fee waiver as a shareholder  
11 contribution. In this case, PECO is proposing to continue to waive these transaction  
12 fees at authorized payment locations in perpetuity and seeks cost recovery as a  
13 general operating and maintenance expense (“O&M”) expense with an estimated  
14 annual cost of \$586,000.

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<sup>1</sup> *Petition of PECO Energy Company (PECO) to temporarily amend its current 2016-2018 Universal Service and Energy Conservation Plan (2016 USECP)*, Docket Nos. P-2020-3022124 and M-2015-2507139 (Secretarial Letter issued Dec. 17, 2020).

The Company also filed a COVID-19 relief proposal on June 26, 2020, that included a bill credit for Customer Assistance Program (“CAP”) customers, temporary waivers of certain requirements for CAP enrollment and recertification, and a transfer of unspent Low-Income Usage Reduction Program (“LIURP”) funds to a summer cooling initiative. *Petition of PECO Energy Company for Public Meeting August 6, 2020 Expedited Approval of Temporary Universal Service Measures To Address COVID-19 Related Economic Hardship And Provide Additional Opportunities For Electric Usage Reduction*, Docket No. P-2020-3020555. At its August 6, 2020 Public Meeting, the Commission voted 2-2 on the Petition.

<sup>2</sup> See PECO’s Amended Proposed 2019-2024 Universal Service and Energy Conservation Plan, Docket No. M-2018-3005795 (filed July 8, 2020).

1 7. Q. **Has the Company recently filed any proposed customer relief programs with the**  
2 **Commission?**

3 A. Yes. On March 23, 2021, PECO filed for approval of a COVID-19 Emergency Grant  
4 Program for low-income customers. This Program converts unspent LIURP funds  
5 from 2020 into grants for residential customers at or below 200% of the Federal  
6 Poverty Level. Each qualifying customer would receive a grant of up to \$1,000. Any  
7 remaining arrearages for that customer would be entered into a 5-year payment  
8 agreement.<sup>3</sup> The total Program budget is \$3.7 million, with half of the funds  
9 available in 2021 and half available in 2022.

10 8. Q. **Is PECO offering further relief to residential customers as part of this case?**

11 A. Yes. PECO is proposing a Residential Relief Program as part of this proceeding.  
12 The Program is designed to provide bill assistance to qualifying customers who have  
13 been affected financially by the pandemic. To be eligible for bill assistance, a  
14 customer must: (1) provide proof of either loss of employment since March 2020 or  
15 receipt of a federal COVID-19 relief check; (2) have an existing arrearage; and (3)  
16 not be enrolled in PECO's CAP. CAP customers are not eligible because they may  
17 obtain a grant through the proposed Low-Income Grant Program that I described  
18 earlier.

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<sup>3</sup> Payment arrangements with a term of less than 5 years will be available upon customer request. *See Public Utility Service Termination Moratorium*, Docket No. M-2020-3019244 (Order entered March 18, 2021) (describing payment arrangement requirements based on customer income).

1 **9. Q. What bill assistance will be provided under the Residential Relief Program?**

2 A. PECO will provide a bill credit to each qualifying customer that is equal to 25% of  
3 the customer's arrearage. The maximum bill credit that a customer may receive is  
4 \$400. After the bill credit is applied, any remaining arrearages would be entered into  
5 a payment agreement of up to five years. If a customer may be eligible for universal  
6 service programs, PECO will also inform the customer about the opportunity to enroll  
7 in such programs.

8 **10. Q. What is the budget for the Residential Relief Program?**

9 A. The total Program budget is \$3.0 million, with 90% (\$2.7 million) dedicated to  
10 customer bill credits. The remaining 10% (\$300,000) will be used for administrative  
11 fees to operate the Program and for customer outreach and communications.  
12 Customer bill credits would be provided on a first come-first served basis and the  
13 Program would remain active until the funding is depleted. The Company is seeking  
14 recovery of Program costs over a three-year period and has included the Program  
15 budget as a proforma adjustment to the Company's revenue requirement.

16 **III. EXPANDED CUSTOMER OUTREACH AND EDUCATION**

17 **11. Q. Please describe PECO's expanded customer outreach and education proposal.**

18 A. PECO is planning to increase the level of education and outreach about the  
19 Company's universal service programs to its LMI customers. With changes to the  
20 Universal Service program offerings and the post-COVID economic conditions in our  
21 service territory, the Company believes further outreach is imperative in the LMI



1 communities. The Company will use both existing communication plans as well as  
2 new marketing channels to expand customer awareness of universal service offerings.

3 **12. Q. Does PECO currently have an outreach budget included in its USECP?**

4 A. Yes. PECO is currently operating under its Commission-approved 2016-2018  
5 Universal Service and Energy Conservation Plan<sup>4</sup> (“USECP”) which has an annual  
6 outreach and advertising budget of approximately \$260,000. The Company’s  
7 proposed 2019-2024 USECP, which is pending before the Commission, has an annual  
8 outreach and advertising budget of approximately \$350,000 for 2022.<sup>5</sup> The USECP  
9 outreach and advertising budget is primarily focused on community outreach events  
10 and advertisements for the Low-Income Home Energy Assistance Program  
11 (“LIHEAP”).

12 **13. Q. Does PECO believe its current spending levels are sufficient for LIHEAP**  
13 **awareness?**

14 A. No. PECO primarily uses traditional channels, such as radio advertisements and  
15 mailing campaigns to former LIHEAP recipients and other customers who should be  
16 eligible for LIHEAP grants. Under the expanded outreach proposal, PECO would  
17 increase use of radio and expand into TV advertisements as well as social media and  
18 internet content to increase awareness of LIHEAP to its LMI customers. PECO also  
19 believes with the changes to the economy from the COVID-19 pandemic, there are

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<sup>4</sup> See Docket No. M-2015-2507139.

<sup>5</sup> See Docket No. M-2018-3005795.

1 newly eligible customers who would benefit from a broader outreach campaign  
2 improving awareness of LIHEAP.

3 **14. Q. Is the expanded outreach proposal focused solely on LIHEAP?**

4 A. No. PECO plans to expand awareness of the entire portfolio of universal service  
5 programs, including the development and implementation of ongoing marketing  
6 campaigns for CAP and LIURP. Together, CAP and LIURP help customers lower  
7 their bills and improve the efficiency of their electric usage. PECO plans to use its  
8 traditional marketing channels to promote these programs as well as look to new  
9 methods of attracting customers.

10 **15. Q. Will PECO begin this effort in 2021?**

11 A. Yes, PECO will begin expansion activities on a smaller scale in 2021. The Company  
12 is not seeking recovery of 2021 spending on this initiative.

13 **16. Q. What level of funding is PECO requesting in this case and how would costs be  
14 recovered?**

15 A. Beginning in 2022, PECO proposes to recover up to \$500,000 per year in costs  
16 associated with the expanded customer outreach and education proposal. PECO will  
17 track these incremental expenditures separately from USECP spending, and, as  
18 discussed by Mr. Schlesinger (PECO St. No. 8), the costs would be recovered from  
19 residential customers through the Company's existing consumer education plan  
20 surcharge.

1           **IV. ALLOCATION OF UNIVERSAL SERVICE PROGRAM COSTS**

2 **17. Q. How is PECO proposing to allocate universal service costs in this proceeding?**

3           A. PECO is proposing to continue to allocate all universal service costs to the residential  
4           customer class.

5 **18. Q. Why does PECO believe it is appropriate to allocate all universal service costs to**  
6           **the residential customer class?**

7           A. PECO believes its proposed allocation is consistent with the principles of cost  
8           causation.<sup>6</sup> Only residential customers are eligible to participate in the Company’s  
9           universal service programs and the residential customer class benefits from the  
10          reduction in arrearages and collection costs that are associated with those programs.  
11          Commercial and Industrial customers, on the other hand, are not eligible to participate  
12          in universal service programs and do not receive any corresponding benefits in the  
13          form of reduced arrearages or grants. For these reasons, PECO believes it is  
14          appropriate for the residential customer class to be responsible for the cost of  
15          universal service programs. In addition, I note that the Commission recently rejected  
16          proposals to reallocate universal service costs to non-residential gas customers in the  
17          Columbia Gas proceeding.<sup>7</sup>

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<sup>6</sup> The Commonwealth Court has found that cost of service is a “polestar” for ratemaking purposes. *Lloyd v. Pa. P.U.C.*, 904 A.2d 1010, 1020 (Pa. Cmwlth. 2006).

<sup>7</sup> Opinion and Order, *Pa. P.U.C. v. Columbia Gas of Pa., Inc.*, Docket No. R-2020-3018835 (Order entered Feb. 19, 2021), pp. 258-261.

**V. CONCLUSION**

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2 19. Q. Does this conclude your direct testimony at this time?

3 A. Yes, it does.