

**PECO ENERGY COMPANY  
STATEMENT NO. 8**

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: RICHARD A. SCHLESINGER

SUBJECT: PROPOSED CHANGES TO PECO ENERGY  
COMPANY – ELECTRIC DIVISION TARIFF

DATED: MARCH 30, 2021

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**DIRECT TESTIMONY  
OF  
RICHARD A. SCHLESINGER**

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**I. INTRODUCTION AND PURPOSE OF TESTIMONY**

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

6 A. My name is Richard A. Schlesinger. My business address is PECO Energy  
7 Company, 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 Manager, Retail Rates. In that capacity, I am responsible for the management and  
11 oversight of PECO’s electric and gas retail and supplier service tariffs and oversee  
12 numerous filings with the Pennsylvania Public Utility Commission (the  
13 “Commission”).

14 **3. Q. Please describe your educational background.**

15 A. I have a Bachelor of Science Degree in Engineering from Widener University. In  
16 addition, I have a Master’s Degree in Business Administration from Saint  
17 Joseph’s University.

18 **4. Q. Please describe your professional experience.**

19 A. I was hired in 1986 by PECO as a System Engineer in the Plant Operations group  
20 supporting the Limerick Nuclear Generating Station. From 1988 to 1991, I held  
21 several positions of increasing responsibility supporting plant operations,

1 management, and quality assurance. In 1992, I transferred into the position of  
2 Rate Engineer in the Rates and Regulatory Affairs Group. In 1997, I was  
3 appointed to the position of Project Manager, Customer Choice Implementation,  
4 and was responsible for many regulatory activities related to the phase-in of  
5 electric and gas retail choice for all of PECO's two million electric and gas  
6 distribution customers. In 2000, I transferred to the Company's Customer and  
7 Marketing Services Department and served as e-Commerce Manager and then as  
8 Project Manager, overseeing various Business/Information Technology system  
9 implementations. In 2004, I returned to the Regulatory and External Affairs  
10 Department, where I served as Principal Rate Administrator.

11 In 2009, I was promoted to my current position of Manager of Retail Rates. My  
12 responsibilities as Manager of Retail Rates include oversight of PECO's gas and  
13 electric tariffs as well as over one hundred filings annually with the Commission.

14 In addition, I address regulatory issues involving distributed generation, including  
15 interconnection applications and associated reporting.

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

17 A. My testimony will address proposed changes to PECO's Tariff Electric-Pa.P.U.C.  
18 No. 6 ("Tariff No. 6") that have been incorporated in the Company's proposed  
19 Tariff Electric-Pa. P.U.C. No. 7 ("Tariff No. 7") filed in this case. The changes to  
20 Tariff No. 6 consist of revisions to: (1) terms and definitions; (2) tariff rules and  
21 regulations; (3) rate schedules; (4) riders; (5) existing Section 1307 surcharge  
22 mechanisms; and (6) various miscellaneous provisions.

1   **6.   Q.   Mr. Schlesinger, have you submitted testimony previously before the**  
2                   **Commission?**

3           A.   Yes. I submitted testimony in support of PECO’s Phase I Energy Efficiency and  
4           Conservation (“EE&C”) Plan at Docket No. M-2009-2093215, PECO’s Phase II  
5           EE&C Plan at Docket No. M-2012-2333992, PECO’s Phase III EE&C Plan at  
6           Docket No. M-2015-2515691, and PECO’s Phase IV EE&C Plan at Docket No.  
7           M-2020-3020830. In addition, I submitted testimony in support of the  
8           Company’s Market Rate Transition Energy Efficiency Package at Docket No. P-  
9           2008-2062740 and its Residential Real-Time Pricing Program at Docket No. P-  
10          2008-2032333. Finally, I have also submitted testimony in support of several of  
11          PECO’s Distribution Rate Cases. These include PECO’s 2015 Electric  
12          Distribution Rate Case at Docket No. 2015-2468981, PECO’s 2018 Electric  
13          Distribution Rate Case at Docket No. at R-2018-3000164, and PECO’s current  
14          2020 Gas Distribution Rate Case pending at Docket No. R-2020-3018929.

15   **7.   Q.   Are you sponsoring any exhibits in this case?**

16          A.   No. However, as explained by Mr. Bisti in PECO Statement No. 7, the various  
17          tariff changes that I am identifying and explaining are reflected in blacklining of  
18          the relevant pages of the Company’s proposed Tariff No. 7 that Mr. Bisti is  
19          sponsoring as PECO Exhibit JAB-2. Accordingly, I will refer to PECO Exhibit  
20          JAB-2 in certain points in my testimony.

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**II. PROPOSED CHANGES TO EXISTING TERMS AND DEFINITIONS**

**8. Q. Please describe the revisions that PECO is proposing to the definition of “Variable Distribution Service Charge”.**

A. The current definition describes the Variable Distribution Service Charge as “variable energy supply charges” for distribution service. PECO proposes to remove the word “energy” from this definition to clarify that the Variable Distribution Service Charge covers the costs associated with delivering electricity to customers and does not include costs related to generation service. In addition, PECO is proposing to revise the definition of Variable Distribution Service Charge to make clear that such charges appear in the “Distribution Charges” line item on the customer bill. For consistency, PECO is proposing similar changes to the definitions of “Energy Supply Charge” and “Fixed Distribution Charge” to clarify how these charges are listed on the customer bill.

**III. TARIFF RULES AND REGULATIONS**

**9. Q. Please describe the revision PECO is proposing to Rule 6.1 of its Rules and Regulations regarding private property construction and the Company’s service lines.**

A. Rule 6.1 describes PECO’s service-supply lines and sets forth the delineation between the facilities that PECO owns and operates and the facilities that the customer owns and operates. The current language in Rule 6.1 only refers to “secondary” service lines. PECO proposes to revise the first sentence of Rule 6.1(a)(2) to clarify that PECO will replace up to 200 feet of customer-owned

1 extensions of both primary and secondary underground service-supply lines at no  
2 charge to residential customers. This clarification is consistent with PECO's  
3 current practice.

4 **10. Q. Please describe the revisions PECO is proposing to Rule 6.3 of its Rules and**  
5 **Regulations concerning customer service extensions.**

6 A. PECO proposes to add two clarifications to Rule 6.3 to correspond to existing  
7 practice. First, Rule 6.3 currently states that PECO may install a Company-  
8 owned meter or transformer on customer-owned property or facilities. PECO  
9 sometimes needs to install a transformer on the customer's property or facilities to  
10 provide service to one or more customers. This practice promotes efficiency by  
11 allowing PECO to serve customers without installing multiple service facilities.  
12 Second, PECO is adding language to provide the Company with flexibility to  
13 choose the type of equipment to be installed that is necessary to serve the  
14 customer. For example, PECO will replace submersible transformers with pad  
15 mount transformers used by the majority of the electric industry today for ground  
16 based installations.<sup>1</sup>

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<sup>1</sup> Pad mount transformers have several advantages over submersibles as they are easier for field personnel to locate in inclement weather (e.g. snow), cannot be covered up by customers with mulch or plants, and are not as susceptible to flooding.

1 **11. Q. Please explain the revision PECO is proposing to Rule 7.3 of its Rules and**  
2 **Regulations related to the installation of underground distribution and**  
3 **service lines in new residential developments.**

4 A. PECO was approached by a residential developer who proposed a method of  
5 underground electric utility installation that will streamline the installation  
6 process and result in reduced cost and faster turnaround times. Typically,  
7 PECO's underground electric facilities (primary and secondary wires) are direct  
8 buried, which requires a trench to be opened the day before the installation date  
9 and the developer's excavator to be present during the installation so they can  
10 backfill and backscreen the facilities after PECO finishes the installation. In  
11 contrast, if the service wires are buried in conduit, the excavator could excavate,  
12 install conduit, and backfill at the same time prior to the install date of PECO's  
13 underground facilities. This process would eliminate the extra cost of an  
14 excavator having to return to a job site a second time during the day of  
15 installation. Therefore, PECO is proposing to revise subsection B of Rule 7.3 by  
16 adding that the developer or its agent may install conduit for the Company's use  
17 in installing electric service to reduce costs.

18 **12. Q. Please explain the proposed revision to Rule 16.6 - Testing Service.**

19 A. Rule 16.6 allows PECO to charge customers who request tests to provide special  
20 information regarding their use of service. The current rule requires customers to  
21 pay PECO in advance for such special tests. PECO is proposing to revise the rule  
22 by deleting the term "in advance" and adding "at the Company's discretion." The



1 revision will provide PECO with greater flexibility when charging customers for  
2 special testing based on specific customer circumstances. PECO has proposed a  
3 similar change to its Natural Gas Service Tariff as part of its 2020 gas distribution  
4 base rate case (Docket No. R-2020-3018929).

5 **13. Q. What changes is PECO is proposing to Rule 17.2 dealing with billing and**  
6 **payment options?**

7 A. Based on discussions with the Commission’s Bureau of Consumer Services,  
8 PECO is proposing to revise Rule 17.2 to clarify its standard billing practice for  
9 customers who receive both their electric and gas service from the Company at  
10 the same premises. Specifically, PECO will provide those customers with a  
11 combined invoice that displays charges for both their electric and gas service.  
12 PECO expects that, in its next gas base rate case, the Company will propose a  
13 similar clarification to the billing and payment provisions in its Natural Gas  
14 Service Tariff.

15 **14. Q. Please describe the revision PECO is proposing to Rule 17.6 related to**  
16 **budget billing.**

17 A. Rule 17.6 provides that residential customers receiving service under Rates R,  
18 RH, RS-2, Private Outdoor Lighting (“POL”), and GS are eligible for PECO’s  
19 budget billing option. Budget billing spreads costs evenly month to month by  
20 charging a pre-arranged amount on each bill based on the customer’s average  
21 usage during the preceding twelve months. Rate POL customers pay a fixed price  
22 per lighting unit and therefore their monthly bill payments do not fluctuate over

1 the course of the year due to changes in electric usage. For this reason, PECO is  
2 proposing to remove Rate POL from Rule 17.6.

3 **15. Q. Please explain the tariff changes PECO is proposing with regard to**  
4 **reconnection fees.**

5 A. Rule 18.7 establishes reconnection fees for terminations associated with non-  
6 payment, as well as fees for investigation and remediation of theft. PECO  
7 proposes to separate these two fees into distinct tariff rules. Rule 18.7 will  
8 continue to address reconnection fees for terminations associated with non-  
9 payment at the same levels set forth in PECO's existing Electric Service Tariff. A  
10 new Rule 18.8 will be created to separately address fees for investigation and  
11 remediation of theft.

12 Under Rule 18.8, PECO is proposing a \$460 fee for investigating theft, which is  
13 consistent with the average cost that PECO incurs for field personnel to  
14 investigate and remediate theft. In addition, PECO believes that a \$460 charge  
15 creates a proper balance between deterring theft, on the one hand, and allowing  
16 customers a reasonable opportunity to resolve interconnection issues, on the other  
17 hand, through payment of the \$460 charge and to obtain legal, safe service going  
18 forward. PECO believes that it will achieve savings in information technology  
19 ("IT") costs if PECO is able to have charges of the same amount for gas theft and  
20 for electric theft. To that end, PECO has proposed a similar change to its Natural  
21 Gas Service Tariff as part of its 2020 gas distribution base rate case.

1 **IV. RATE SCHEDULES**

2 **16. Q. Please describe the revision PECO is proposing to Rate Schedule RS-2.**

3 A. Rate RS-2 sets forth the eligibility, terms, and conditions that apply to customers  
4 with customer-owned qualifying renewable energy generation that employ “net  
5 metering.” PECO proposes a revision to clarify that customer-generators seeking  
6 to receive service under Rate RS-2 or their developers/contractors must submit  
7 the required application online at the following link:

8 [https://www.peco.com/SmartEnergy/MyGreenPowerConnection/Pages/SmallerG](https://www.peco.com/SmartEnergy/MyGreenPowerConnection/Pages/SmallerGenerators.aspx)  
9 [enerators.aspx.](https://www.peco.com/SmartEnergy/MyGreenPowerConnection/Pages/SmallerGenerators.aspx)

10 **17. Q. Please describe the revision PECO is proposing to Rate Schedule GS –**  
11 **General Service.**

12 A. The Company is proposing to revise the availability provision of Rate GS to make  
13 clear that PECO will install, own, and maintain any transforming, switching, and  
14 other receiving equipment required to provide service to Rate GS. In contrast, the  
15 availability provisions of Rate Schedule PD – Primary Distribution Power and  
16 Rate Schedule HT – High Tension expressly provide that the customer owns the  
17 transformation and related equipment. This clarification is consistent with  
18 PECO’s current practice.

1 **18. Q. Please describe the revisions PECO is proposing to Rate Schedule EP –**  
2 **Electric Propulsion.**

3 A. Rate EP is available to the National Rail Passenger Corporation (Amtrak) and to  
4 the Southeastern Pennsylvania Transportation Authority for untransformed  
5 service provided for the operation of electric transit and railroad systems. PECO  
6 is proposing two minor changes to Rate EP to reflect current practice. First,  
7 Amtrak has received service at its Lamokin service point for decades, likely since  
8 Rate EP was created. Throughout that time, PECO has owned the transformation  
9 equipment that supplies the rotary frequency converters at that location, and thus  
10 provides transformed service at that location for use as traction power by  
11 Amtrak. The Rate EP Availability section is currently limited to untransformed  
12 service. The purpose of the proposed change is to make clear that untransformed  
13 service to this legacy location has been, and continues to be, available under Rate  
14 EP.

15 Second, the three PECO delivery sites for Amtrak’s traction power – Richmond,  
16 Lamokin, and Metuchen – have historically been conjunctively billed under Rate  
17 EP. The benefit of this provision is that PECO treats Amtrak’s multiple delivery  
18 points as a single delivery point (i.e., conjunctively) for some metering and billing  
19 purposes, resulting in reduced billings as compared to issuing separate bills.

20 Conjunctive billing continued for these locations after 2010, when Amtrak  
21 selected different suppliers for the locations. PECO is adding language to reflect  
22 that practice. Because the untransformed service has historically been included in  
23 Rate EP for all ratemaking purposes, and the three sites have historically been

1 conjunctively billed, these changes are not expected to have any revenue or other  
2 financial effect.

3 **19. Q. What are Rates SL-E – Street Lighting Customer Owned Facilities and SL-C**  
4 **– Smart Lighting Control Customer Owned Facilities?**

5 A. Rates SL-E applies to street lighting service provided to lighting facilities owned  
6 by municipal customers, including the City of Philadelphia. Rate SL-C is lighting  
7 service available to customer-owned street lighting facilities with Company-  
8 approved smart control technology.

9 **20. Q. Is PECO proposing revisions to Rate Schedule SL-C?**

10 A. Yes. PECO is proposing to revise several terms and conditions in Rate SL-C to  
11 conform to the Company’s standard business practice.

12 In addition, PECO is proposing additional language for clarity to reference the  
13 Energy Efficiency Program Surcharge included in the service location charge.  
14 This language is the same as that already included in Rate SL-E and applies to  
15 Rate SL-C as well.

16 **21. Q. Is PECO proposing any other tariff changes related to street lighting?**

17 A. Yes. PECO is proposing to revise language concerning ownership of aerial fed  
18 streetlights as stated in paragraph 2.a of the Terms and Conditions section  
19 (“T&Cs”) in both Rates SL-C and SL-E. The T&Cs state that PECO provides the  
20 supporting pole or post for such aerially supplied locations and owns the pole or

1 post. However, from time to time, PECO will sell streetlighting facilities to a  
2 government agency served under Rate SL-S in order to qualify for SL-C or SL-E.  
3 These facilities could be aerial fed. Ownership of the facilities, including the pole  
4 or post, will then transfer to the government agency. The revised language will  
5 reflect this change in pole/post ownership.

## 6 V. REVISIONS TO TARIFF RIDERS

7 **22. Q. Is PECO proposing revisions to any existing tariff riders that you will**  
8 **address?**

9 A. Yes. I will address proposed revisions to PECO's Construction Rider and Electric  
10 Vehicle DCFC Pilot Rider ("EV-FC Pilot Rider").

11 **23. Q. Please describe PECO's proposed revisions to its Construction Rider.**

12 A. PECO's Construction Rider is designed to waive the following guarantees of  
13 revenue – power factor adjustment, minimum billing demand, and contract  
14 minimum – during or immediately following a customer's major construction or  
15 expansion period that will require an upward modification of that customer's  
16 contract limits or during a receding load period. PECO is proposing to add  
17 language to the Construction Rider to expand availability of the rider to Rate GS  
18 customers with demands over 500 kW ("Large GS"). Large GS customers are  
19 subject to contract minimums similar to customers on Rate Schedules PD, HT,  
20 and EP to which the rider already applies. PECO extended the application of  
21 contract minimums to Large GS customers as part of its 2015 base rate case  
22 (Docket No. R-2015-2468981). Extending the Construction Rider to Large GS

1 customers would provide them with the same benefits during major construction  
2 or expansion as the other large customers with contract minimums.

3 **24. Q. What is the EV-FC Pilot Rider?**

4 A. The EV-FC Pilot Rider is a five-year pilot designed to support transportation  
5 electrification by encouraging the build out of publicly available (or workplace  
6 fleet) fast charging through reduced demand charges. Under the EV-FC Pilot  
7 Rider, PECO applies a demand (kW) credit initially equal to 50% of a Direct  
8 Current Fast Charger’s (“DCFC’s”) nameplate capacity rate for customers  
9 installing a qualifying public DCFC served under Rate GS, PD, or HT. The  
10 demand credit is available for a 36-month term or until the pilot concludes on  
11 June 30, 2024, whichever comes first. In the Commission-approved settlement of  
12 PECO’s last electric base rate case proceeding at Docket No. R-2018-3000164  
13 (“2018 Settlement”), PECO agreed to collect the following data for DCFCs  
14 connected to the PECO system from pilot participants: the number installed, the  
15 number of charging ports, the nameplate capacity (kW), hourly and monthly  
16 usage (kWh), and the hourly and monthly demand (kW).

17 **25. Q. Is PECO proposing any changes to the EV-FC Pilot Rider?**

18 A. Yes. PECO proposes to expand the availability of the EV-FC Pilot Rider to  
19 public transit DCFCs. In addition, as described in more detail in the testimony of  
20 Jacqueline F. Golden (PECO Statement No. 9), PECO is proposing to offer  
21 several new pilot incentives for electric vehicle (“EV”) charging to encourage the

1 deployment of EV charging infrastructure in the Company's service area and to  
2 support large-scale transit electrification in Pennsylvania.

3 **26. Q. What is the Capacity Reservation Rider ("CRR")?**

4 A. The CRR is a rider setting forth the terms and conditions of service that apply to  
5 customers who operate their own generation in parallel with the Company's  
6 distribution system and, therefore, need to reserve capacity on PECO's  
7 distribution system to serve their load when their generators are off-line. The  
8 CRR also applies to customers who want to reserve capacity in excess of their  
9 present demand from the PECO distribution system for new business growth or  
10 expansion.

11 The CRR set forth in the Company's tariff was the product of the settlement of  
12 PECO's 2015 base rate case (Docket No. R-2015-2468981). By its terms, the  
13 CRR was grandfathered so that it did not apply to customers whose generating  
14 facilities were online prior to January 1, 2016. In the 2018 Settlement, the  
15 Company agreed to collect data regarding each CRR customer added (class,  
16 usage, billing details, and revenue) and the cost of the capacity being reserved,  
17 including the basis for determining the cost as either a system average or specific  
18 costs to serve each customer.



1   **27.   Q.    Has PECO satisfied its 2018 Settlement commitment to collect data**  
2                   **regarding the operation of the CRR?**

3           A.    Yes. At this time, PECO has no customers with generation operating in parallel  
4                   with the Company’s distribution system being served under the CRR. While  
5                   PECO is not proposing any changes to its existing CRR at this time, the Company  
6                   will continue to analyze the usage and billing data and the cost of capacity  
7                   reserved for any customers served under the CRR and provide such data in its  
8                   next electric base rate proceeding.

9                                   **VI.    SECTION 1307 SURCHARGE MECHANISMS**

10   **28.   Q.    What is a Section 1307 surcharge mechanism?**

11           A.    Section 1307 of the Public Utility Code, 66 Pa. C.S. § 1307, authorizes utilities to  
12                   establish automatic adjustment clauses that allow them to recover, outside of a  
13                   base rate proceeding, specific, designated categories of costs. Cost recovery is  
14                   subject to annual review and reconciliation, such that over or under-recoveries of  
15                   actual costs are refunded to customers or recouped, as applicable. The operation  
16                   of Section 1307 clauses is also subject to annual public hearings and periodic  
17                   audits by the Commission.

18   **29.   Q.    Is PECO proposing changes to any Section 1307 surcharge mechanisms?**

19           A.    Yes, the Company is proposing to revise its Transmission Service Charge  
20                   (“TSC”), Non-Bypassable Transmission Charge (“NBT”), Distribution System  
21                   Improvement Charge (“DSIC”), and Consumer Education Charge (“CEC”).

1 First, PECO proposes to revise its TSC and NBT to clarify that the current TSC  
2 rate and NBT rate applies to billed transmission demand (kW) and distribution  
3 demand (kW), respectively.

4 Second, in accordance with the “New Base Rate” section of PECO’s DSIC, which  
5 was approved by the Commission’s Order entered on October 22, 2015 at Docket  
6 No. P-2015-2471423, PECO is required to reset the DSIC to 0% upon the  
7 effective date of Commission-approved base rates. Accordingly, the DSIC will  
8 be set to 0%, effective January 1, 2022 as shown in PECO Exhibit JAB-2.

9 Finally, PECO is proposing to revise the CEC to include costs associated with  
10 additional education and outreach directed to low- and moderate-income  
11 customers about PECO’s universal service programs described by Company  
12 witness Lauren B. Feldhake in PECO Statement No. 10. Commencing on January  
13 1, 2022, PECO proposes to recover up to \$500,000 per year in incremental costs  
14 associated with this expanded outreach proposal through the CEC.

## 15 VII. MISCELLANEOUS

16 **30. Q. What are the miscellaneous revisions that are being proposed by PECO and**  
17 **reflected in Tariff No. 7?**

18 A. PECO is proposing three miscellaneous revisions.

19 First, PECO strongly encourages, but does not require, payment troubled  
20 customers seeking to enroll in the Company’s Customer Assistance Program  
21 (“CAP”) to apply for at least one energy assistance grant from the

1 Commonwealth. Therefore, PECO proposes to remove from the certification  
2 requirements for enrollment in the CAP Rider the following language: “Apply for  
3 and assign to PECO at least one energy assistance grant from the  
4 Commonwealth.”

5 Second, PECO is proposing to revise the definition of the Minimum Charge for  
6 customers with demand measurement in Rate GS to reference the Variable  
7 Distribution Service Charge delineated in the Monthly Rate Table rather than a  
8 stated dollar amount per kW.

9 Third, PECO is proposing to remove obsolete language in the Availability section  
10 of the CEC that refers to the expired Voluntary Market Rate Phase-In Rider.

11 **VIII. CONCLUSION**

12 **31. Q. Does this complete your direct testimony at this time?**

13 A. Yes, it does.