PECO ENERGY COMPANY
STATEMENT NO. 1

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DOCKET NO. R-2020-3018929

DIRECT TESTIMONY

WITNESS: RONALD A. BRADLEY

SUBJECT: PECO'S GAS OPERATIONS; OVERVIEW OF PECO'S RATE FILING; PECO'S CAPITAL INVESTMENT PROCESS; FULFILLMENT OF PRIOR RATE CASE COMMITMENTS; MANUFACTURED GAS PLANT REMEDIATION PROGRAM; ENHANCEMENT OF QUALITY OF SERVICE AND SUPPORT FOR ECONOMIC DEVELOPMENT

DATED: SEPTEMBER 30, 2020

TABLE OF CONTENTS

Page

DIRECT TESTIMONY
OF
RONALD A. BRADLEY

I. INTRODUCTION AND PURPOSE OF TESTIMONY

1. Q. Please state your full name and business address.

A. My name is Ronald A. Bradley. My business address is PECO Energy Company, 2301 Market Street, Philadelphia, Pennsylvania 19103.

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

A. I am employed by PECO Energy Company ("PECO" or the "Company") as the Vice President of Gas. In that capacity, I am responsible for the administration of PECO's gas system construction and maintenance, engineering, plant operations and system control, new business and regulatory compliance. I have been performing these functions since 2009.

3. Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science degree in engineering from Widener University and a Master of Management degree from Penn State University. Other than a brief period during 2007 and 2008 when I served as Chief Security Officer for PJM Interconnection L.L.C., I have been employed by PECO or Exelon Corporation since 1984. I have held engineering, security, operations, and program-management positions in the areas of gas and electric operations, environmental, safety and industrial hygiene, and engineering design, in addition to my current responsibilities described above.

4. Q. What is the purpose of your testimony?

A. The purpose of my testimony is to: (1) generally describe PECO's gas operations; (2) provide an overview of PECO's request for rate relief and the testimony filed in support of that relief; (3) explain PECO's capital investment process and identify, by major plant category, PECO's claimed future test year ("FTY") and fully projected future test year ("FPFTY") plant additions; (4) briefly describe PECO's fulfillment of each of the commitments PECO made in prior rate cases; (5) support the claim for manufactured gas plant ("MGP") remediation expense; and (6) describe various initiatives launched by PECO to ensure system safety and reliability, enhance customer service, community support and economic development, and protect and preserve the environment and to explain why, pursuant to Section 523 of the Public Utility Code, PECO's superior management performance justifies a higher return on equity ("ROE") as recommended by PECO Witness Paul R. Moul (PECO Statement No. 5).

II. DESCRIPTION OF GAS OPERATIONS

5. Q. Please provide an overview of PECO's gas operations.

A. PECO provides natural gas service to approximately 534,000 retail customers and provides transportation service to 1,800 large commercial and industrial customers. PECO's natural gas service region is located throughout a 1,900 square-mile area in southeastern Pennsylvania adjacent to, but exclusive of, the City of Philadelphia. The Company's gas service territory comprises all or portions of Bucks, Chester, Delaware, Montgomery and Lancaster Counties and includes a total population served of approximately 2.5 million people.

6. Q. What services does PECO offer its gas customers?

A. PECO makes available both bundled and unbundled natural gas service. Most of our customers have elected a bundled service, whereby PECO procures and delivers gas to their home or place of business. With the advent of transportation service in the 1980s and the passage of the Natural Gas Choice and Competition Act in 1999, customers also have the option to procure their own gas supply and pay PECO for delivery service only. In addition, and as set forth in our gas tariff, qualifying customers can avail themselves of a variety of firm, interruptible and temperature-controlled services.

7. Q. How does PECO's customer base break down by major customer classification?

A. As of June 30, 2020, PECO served approximately 488,000 residential customers; approximately 44,000 small commercial and industrial customers; and 1,800 large commercial and industrial customers. Residential customers account for nearly 50% of total metered volume.

8. Q. What are the major assets and facilities that PECO utilizes to provide gas service to its customers?

A. The natural gas PECO delivers to its customers is procured through contracts with third-party suppliers. PECO transports and stores gas for its customers on six interstate pipelines. PECO has direct interconnects on its distribution system with three of these interstate pipelines. To supplement that supply on an as-needed basis during peak-demand periods, PECO operates a liquefied natural gas ("LNG") plant in West Conshohocken and a propane-air peaking plant in Chester. In the last five years, PECO has invested in two new portable vaporizers, three LNG transport trailers, two portable storage tanks, and off-loading facilities built to handle LNG transport trailers that are located at the West Conshohocken gas plant, East Greenville Gate Station, and Parkesburg Gate Station. In addition to its supply and storage facilities, PECO operates approximately 7,000 miles of low-, medium-, high-, and over-high-pressure gas mains, 460,000 gas service lines and 30 gate stations that feed its distribution system. PECO's purchased gas costs are recovered through a separate Section 1307(f) rate mechanism, which is reviewed and reconciled annually. Those costs are not part of the increase requested by this filing.

9. Q. How does PECO staff its gas operations?

A. At the end of the FPFTY, PECO projects that 376 employees will be engaged full-time on gas operations within the Gas Department. Of that number, 335 will be involved in the physical operation of the gas system, including the design, installation and replacement of mains and other facilities; the operation and maintenance of PECO's LNG plant, propane-air peaking plant and gas gate stations; damage prevention and safety; and regulatory compliance. Another forty-one employees will be engaged on the administrative side of the business, including contract controls administration; planning and reporting; and the representation of PECO in proceedings before the Pennsylvania Public Utility Commission ("PUC" or "Commission") and the Federal Energy Regulatory Commission ("FERC"). Other departments within PECO that support the gas business include Legal, Regulatory and External Affairs, Distribution System Operations, Technical Services and Customer Operations, to name a few examples, and will contribute an estimated 263 employees for the benefit of the gas business. In addition, and as discussed in greater detail by Mr. Robert J. Stefani (PECO Statement No. 2), PECO takes advantage of various support services (e.g., finance and accounting, supply, legal, corporate governance, and information technology) offered by the Exelon Business Services Company.

III. OVERVIEW OF RATE FILING

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

A. PECO is seeking an increase in its annual gas operating revenues of $68.7 million, or 8.9% on a total retail revenue basis. We have proposed an effective date of November 29, 2020, but recognize that our filing will likely be suspended and investigated.

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

A. As further discussed by Mr. Stefani and Mr. Michael J. Trzaska (PECO Statement No. 3), our base rates are no longer sufficient to provide a reasonable return on our ongoing investment in the facilities required to provide our customers the safe and reliable service they have come to expect. In short, we continue to invest in new and replacement plant and our costs continue to rise, without sufficient revenue to support necessary investments and customer services.

12. Q. What steps has PECO taken to constrain increases in the cost of providing gas service?

A. As discussed by Mr. Stefani, since the Company's last gas base rate case, PECO has carefully managed its operation and maintenance ("O&M") expenses. PECO projects that the compound annual growth rate ("CAGR") in O&M expense from 2010 through the end of 2021 will be 1.3%, excluding increases in expenses since 2010 caused by PECO's enhancement of its gas-facility mapping system[1] and a significant increase in PA One Call requests to locate and mark PECO's underground facilities.[2] This rate is well below the actual and expected average annual rates of inflation for the same period. The CAGR in PECO's O&M expense would only be 1.9% even if the increases in gas mapping and PA One Call facility location expenses were included.

Gas Operations continues to implement several other initiatives that contribute to the reduction of operating costs and increase the safety of the distribution system. For example, the Company's accelerated replacement programs outlined in PECO's Gas Long Term Infrastructure Improvement Plan ("LTIIP") retire aging gas main and services, reduce the incoming leak volume and enable crews to

[1] The Company's gas mapping project started in 2017 as part of the settlement agreed to in Docket No. C-2015-2479970 and involves implementing mapping system enhancements that will allow PECO to map and locate its facilities with sub-foot accuracy.

[2] The volume of locate tickets has increased approximately 60% from 2010 to 2019.

implement more capital replacement and new customer projects. Moreover, the Company utilizes risk modeling software to help target replacements of bare steel main with higher leak rates and a higher probability of reoccurrence.

PECO also leverages new and existing technologies to minimize disruption to local roads and properties and thereby reduce restoration cost and the time required to restore roads to full service. Examples of such efforts include: directional drilling equipment to eliminate the need to open trenches and to increase overall productivity; camera equipment to investigate pipeline interiors and pinpoint corrective maintenance, reducing both the number of street openings required and cost of restoration; and facility locating equipment to further assist in pinpointing our facilities and reducing the potential for damage while excavating.

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

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

Robert J. Stefani (PECO Statement No. 2) is Senior Vice President, Chief Financial Officer and Treasurer at PECO. Mr. Stefani provides an overview of PECO's principal accounting exhibits; discusses PECO's budgeting process; explains and supports PECO's gas sales forecast; and describes the services that PECO receives from affiliated entities and the estimated cost of those services during the FTY and FPFTY.

Michael J. Trzaska (PECO Statement No. 3) is a Principal Regulatory and Rates Specialist at PECO. Mr. Trzaska sponsors PECO Exhibits MJT-1, MJT-2 and MJT-3, which set forth PECO's revenue requirement for the FPFTY ending June 30, 2022, FTY ending June 30, 2021, and historic test year ("HTY") ended June 30, 2020, respectively. He specifically supports PECO's measures of value, revenue, operating expense and tax claims.

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

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

Jiang Ding (PECO Statement No. 6) is a Principal Regulatory and Rates Specialist at PECO. Ms. Ding presents an unbundled, fully allocated, customer class cost-of-service study ("COSS").

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

Richard A. Schlesinger (PECO Statement No. 8) is the Manager of Retail Rates at PECO. Mr. Schlesinger discusses proposed changes and clarifications to PECO's gas service tariff.

Doreen L. Masalta (PECO Statement No. 9) is the Director of Energy and Marketing Services at PECO. Ms. Masalta describes the Company's proposed enhancements to its residential gas energy efficiency programs, changes to the Company's neighborhood gas pilot, and a proposed small business grant program.

IV. PECO'S CAPITAL INVESTMENT PROCESS

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

A. PECO's capital investment plan begins with a detailed budgeting and long-range plan ("LRP") development process. A key goal of that process is to integrate and align capital investments with PECO's operational, regulatory and financial plans. The mix of capital investment needs can change from year to year and is the product of a variety of factors, including trends in the housing market, emergent operational constraints, local municipality workloads and, most importantly, the condition of existing facilities. Annual capital investment requirements are evaluated on a functional level and are primarily placed into one of four categories: system performance, capacity improvement, facility relocation, or new business.

System performance projects are risk modeled and evaluated to prioritize the projects for replacements. These projects are ranked based on certain criteria including but not limited to: age of main, repaired leaks/breaks, main pressures, active leaks, customer complaints, cost to replace versus cost to repair, condition of main, and environmental factors. Of particular note are system performance projects under our Bare Steel Service, Bare Steel Main and Cast Iron Main replacement programs which target aging infrastructure based on field observations and a review of performance metrics.

Capacity improvement projects prevent system pressure from dropping below design standards and relieve capacity constrained areas which prevent the addition of new customers.

Facility relocation projects move gas facilities away from conflicting township and state road improvements.

Finally, **new business projects** support residential and commercial customer requests for new gas service, an upgrade of existing service and the relocation of gas facilities.

Projects requiring a capital investment of over $1.5 million ("Major Projects") are subject to an additional, rigorous review committee process which includes senior management control of project scope and contract strategy. The primary goals of the process are to ensure that: (1) the technical merits of each Major Project are balanced with the economic benefits and goals of the Company; (2) Major Projects are properly researched, developed, planned, reviewed, and authorized by senior management before significant resources are committed or expended; and (3) decision points for consideration and approval of any additional funds are established as the details of Major Projects evolve.

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

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

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

A. Yes, it is.

V. FULFILLMENT OF PRIOR RATE CASE COMMITMENTS

16. Q. In the Joint Petition for Settlement of Rate Investigation ("Settlement Agreement") which the Commission approved in PECO's last gas base rate proceeding at Docket No. R-2010-2161592, the Company, at pages 4-8, made a number of commitments. Did PECO fulfill those commitments?

A. Yes, it did.[3]

[3] PECO's commitment related to MGP remediation expense is discussed in Section VI below.

17. Q. PECO made several commitments in the Settlement Agreement that would apply if the Company obtained a change in its method of tax accounting for repairs. Did PECO change its tax accounting for repairs and has the Company satisfied the related commitments?

A. Yes. Mr. Schlesinger (PECO Statement No. 8) explains that the Company changed its tax accounting for repairs and satisfied the associated commitments made in the Settlement Agreement.

18. Q. In the Settlement Agreement, PECO agreed that if a Merchant Function Charge ("MFC") was implemented pursuant to certain Commission proceedings, the Company's $4.4 million in Purchase of Receivables ("POR") uncollectibles would be unbundled, converted to a percent-of-revenue by class, and recovered through the MFC. PECO would also apply a corresponding discount to the receivables purchased from natural gas suppliers. Has PECO implemented an MFC and satisfied the related commitments?

A. Yes, PECO has implemented an MFC and met the related provisions in the Settlement Agreement. Both Mr. Bisti (PECO Statement No. 7) and Mr. Schlesinger (PECO Statement No. 8) describe the recovery of uncollectibles for Sales Service customers through the MFC and the application of a corresponding discount to the receivables purchased from natural gas suppliers.

19. Q. In PECO's 2008 gas base rate proceeding, Docket No. R-2008-2028394, the Company agreed that, over the course of its next two gas base rate proceedings, it would propose to move the Rate GC and L class rates of return to the system average rate of return. Is this commitment being addressed in this case?

A. Yes. Mr. Bisti (PECO Statement No. 7) explains what the Company is proposing in this case to address this commitment.

VI. MANUFACTURED GAS PLANT REMEDIATION PROGRAM

20. Q. Please discuss the Company's program to remediate former manufactured gas plant sites and its FTY and FPFTY claims for the cost of that program.

A. PECO has undertaken positive efforts to eliminate potential environmental concerns at its former MGP sites. At one time, these sites were used to manufacture gas from coal for distribution to customers on the PECO gas system, but they later became unnecessary following construction of the interstate natural gas pipeline system. The sites are geographically dispersed around our service territory and need to be remediated to certain specifications established by the Pennsylvania Department of Environmental Protection ("PADEP"). Once remediated, the sites may be used for various beneficial land-use purposes that otherwise would not be permitted. It is our intention to achieve regulatory closure with PADEP for 24 of the 26 presently identified MGP sites by the end of 2023. Due to issues regarding obtaining site access, the timeframe for the remediation of the remaining two sites cannot be projected. To date, we have closed out the remediation of 18 of the sites and one partial site.

Historically, we have spent, on average, $5.9 million per year for MGP remediation. The Company expects to spend approximately $14.2 million over the next ten years (2021-2031) and a total of $21.9 million through 2043 on MGP remediation.

21. Q. In the Settlement Agreement, PECO agreed that, in the Company's next general gas base rate case, PECO's MGP remediation expense allowance would be reset based on a methodology detailed in the Settlement Agreement. Has the Company met this commitment?

A. Yes. Mr. Trzaska (PECO Statement No. 3) explains how the Company's reset of the MGP remediation expense is consistent with the Settlement Agreement.

VII. SYSTEM SAFETY AND RELIABILITY

22. Q. How does PECO ensure the safety and reliability of its gas distribution system?

A. PECO manages its natural gas distribution system in a safe and responsible manner in order to ensure pipeline reliability while meeting or exceeding all requirements of the pipeline safety regulations (49 C.F.R. Part 192) and the applicable provisions of the Pennsylvania Code (Title 52, Chapter 59). The Company regularly reviews and assesses many factors affecting its distribution system to identify risk and determine the best mitigation strategy. Furthermore, in compliance with Federal requirements, the Company has a Distribution Integrity Management Program ("DIMP") plan which provides, among other things, a rigorous framework for analyzing, ranking and mitigating threats to PECO's entire distribution system. The DIMP plan addresses the following seven areas: (1) System Knowledge; (2) Threat Identification; (3) Risk Evaluation and Ranking; (4) Identification and Implementation of Measures to Address Risks; (5) Performance Measurements, Results Monitoring and Evaluation of Effectiveness; (6) Periodic Evaluation and Improvement; and (7) Reporting Results.

The Company monitors its compliance with each prescribed element of the DIMP plan in order to evaluate PECO's performance in meeting the applicable standards and to reassess threat levels and mitigation measures in light of new information and evolving conditions on the Company's system. PECO's DIMP plan plays a very important role in focusing enhanced efforts and expenditures on areas that will reduce overall risk and improve safety and reliability.

23. Q. How do you identify the facilities most in need of replacement?

A. The DIMP plan's risk reduction goal is a very important input to PECO's replacement plans, as it is utilized principally to target additional investment for the acceleration of infrastructure repair and replacement. The process starts with knowing the system and identifying the threats. PECO's field personnel are constantly inspecting the Company's gas distribution system and, whenever a leak or system anomaly is detected and/or reported, detailed information is recorded regarding the location, observed conditions and any repairs made. This information, coupled with asset attributes (e.g. material type, age, environment, size, pressure, location, leak history, etc.), helps the Company evaluate and understand the performance of PECO's infrastructure and make informed decisions about replacement. Out of PECO's 7,000 miles of gas mains and services, approximately 9% is iron pipe and 4% is unprotected steel pipe, both of which are more prone over time to leakage and ultimately failure than newer plastic pipe. To address this risk, we have established system performance programs, as I discussed previously, that further analyze and prioritize the accelerated replacement of cast iron main, bare steel main and bare steel services.

24. Q. What other steps has PECO taken to enhance the safety and reliability of its gas distribution operations?

A. Since the Company's last gas base rate case, PECO has implemented a number of important initiatives and technological improvements focused on safety and reliability.

Mapping Enhancements. The Company is actively enhancing its mapping system using modern technology to integrate with our Geographic Information System ("GIS"). To improve the accuracy of asset location records, our field employees now have the ability to enter data into mapping products during main and service replacement, leak repairs, new construction and any other process where pipe is exposed. The integration of mobile and geospatial technologies improves the Company's ability to locate and track gas distribution facilities.

Marker Ball Utilization. PECO utilizes marker balls, which are buried alongside underground facilities, to provide an accurate, convenient and long-lasting means to identify specific locations on PECO's gas distribution system, including valves, dead ends, leaks, or places where pipe changes directions.

Prevention of Cross-Boring. As part of projects that utilize trenchless technologies, PECO has implemented improved measures to avoid occurrences of incidental cross-boring with another existing utility. The Company locates and exposes all utility facilities within the boring pathway, including laterals, prior to initiating boring activity. PECO also performs a camera inspection of relevant sewer laterals before and after boring activity, as appropriate.

Ongoing Reliability Project. The Company recently initiated a natural gas reliability project in Delaware and Montgomery counties to meet the growing needs and demands of our customers. The project includes: (1) installing 11.5 miles of over high-pressure gas main; (2) installing a natural gas reliability station; and (3) upgrading PECO's natural gas plant in West Conshohocken. By the end of 2021, the 11.5 miles of over high-pressure gas main and the reliability station will be in-service, improving the Company's ability to provide more gas to the area. The upgrades to the West Conshohocken Plant will be completed in 2022, which will increase the plant's output and utilize the over high-pressure gas main to reinforce gas supply as needed during peak-demand periods.

Pipeline Safety Management System ("PSMS"). PSMS is a holistic approach to improving pipeline safety for the public, the Company's workforce and its gas system. PSMS is a Recommended Practice created by the American Petroleum Institute (API RP 1173) and its implementation is recommended by the National Transportation Safety Board, the U.S. Pipeline and Hazardous Materials Safety Administration and the American Gas Association. PECO began working on PSMS implementation shortly after the Recommended Practice was issued and will have an implemented PSMS in 2020. The Company's PSMS will highlight safety risks and provide a framework for addressing those risks with the goal of reducing pipeline incidents on the PECO gas system.

25. Q. In your opinion, has PECO been successful in ensuring system safety and reliability?

A. Yes, it has. Our programs include:

Accelerated Replacement of Mains and Services. PECO has been replacing outmoded (i.e. cast iron and unprotected bare steel) mains and bare steel services on an accelerated basis pursuant to the Company's LTIIP. In fact, all bare steel services will be replaced by 2022 and all outmoded mains will be replaced by 2035. Since the 2015 filing of the first modification of the LTIIP, leaks have decreased 23%.

Gas Odor Response. PECO's odor response rate has performed in the top decile for the last 13 years among similar gas utilities per industry benchmarking. Additionally, in 2019, the Company successfully responded to 21,622 gas odor calls, with only two odors exceeding the industry metric of a 60-minute response time.

Gas Line Hits. When notified by contractors or individuals of planned digging activities, it is PECO's responsibility to mark the location of the Company's underground facilities. The gas damage rate (i.e. the number of third-party damages/number of One Call tickets) has declined by 62% since 2010.

VIII. QUALITY OF SERVICE, COMMUNITY SUPPORT AND ECONOMIC DEVELOPMENT

26. Q. Has PECO launched any programs in recent years to enhance the quality of its customer service?

A. Yes, the Company has undertaken several initiatives to improve its customer service. For example, PECO expanded its communications capabilities so customers can interact with the Company using mobile devices. PECO deployed a mobile application with features such as slide-to-pay (by credit card and e-check), outage reporting, and the ability to enroll in electronic billing, automatic payments, and budget billing. The Company also added a two-way outage text feature that enables customers to text "OUT" to report an outage and "STAT" to receive an outage status update.

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

The Company has also been proactive in seeking to help customers during the COVID-19 pandemic. PECO has utilized emails targeted to customers with past due balances, letters, bill inserts, social media channels and the Company's website to inform customers about special payment arrangements being offered during the pandemic. To facilitate participation in these special measures, the Company has automated the enrollment process so customers may sign up on the web or via Interactive Voice Response ("IVR").

Finally, the Company remains focused on how customers interact with its Customer Care Center (i.e., PECO's call center). PECO staffs its Customer Care Center to ensure customer demands are met and invests in training programs to improve agent skills on an ongoing basis.

Recent enhancements related to the Customer Care Center include the following:

- The Company's "at-home agents" program, which enables the Company to have additional call center agents available for storm response during especially hazardous weather conditions thereby reducing the wait times of customers assisted by agents physically located in PECO's Customer Care Center.

- Post-call surveys, which give agents real-time feedback directly from customers focused on resolution of issues, courteousness and knowledge, indicate that PECO customers are consistently rating our Customer Care Center agents highly. Through 2019 and into 2020, we have attained high scores of between 4.4 and 4.7 on a 5-point scale in each category.

- The Customer Care Center now employs approximately 13 bilingual Spanish-speaking agents, who can be more responsive to Spanish-speaking customers than non-Spanish-speaking agents. PECO's Spanish-speaking agents assisted approximately 8,585 customers in Spanish in 2018 and approximately 12,140 customers in Spanish in 2019.

- PECO's IVR was updated to include a "Pay Now" feature that enables customers to easily make a payment, which resulted in the reduction in the time of an average payment call by a minute and a half, or 25% (from approximately 6 minutes to approximately 4.5 minutes).

27. Q. Have these enhancements helped PECO improve its performance in the area of customer service?

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

Metric	2014	2019
PECO's Overall Call Center Satisfaction Index	7.84	8.18
J.D. Power Gas Rating	628	748
Overall Call Center Satisfaction	76.8%	85.8%
Average Speed of Answer	33 seconds	14 seconds
Abandoned Rate	2.84%	1.0%
% of Gas Odor Calls Responded to in 1 Hour or Less	99.97%	99.99%

28. Q. How does PECO's customer service performance compare to other utilities?

A. As noted in my previous answer, the PECO customer experience, as measured by J.D. Power, has improved from a score of 628 to 748 in the last five years. This has resulted in PECO's customer service ranking among comparative utility companies increasing to 4^{th} out of 12 in 2019.

29. Q. Does PECO have any plans to further enhance customer services?

A. Yes. Initiatives to enhance customer service include:

- Additional customer service representative coaching and training to improve the customer experience and resolve the customer's questions during the first call ("First Call Resolution").
- An operational metric to track First Call Resolution.
- Improved web and mobile capabilities to provide customers additional options for self-service.

30. Q. Please describe PECO's efforts to support economic development and the communities in which the Company provides energy.

A. PECO has a dedicated Economic Development Team that works cooperatively with local, regional and state economic development officials as well as commercial and industrial real-estate professionals to assist businesses that are considering locating or expanding in southeastern Pennsylvania. For example, the Company identifies office and industrial space available for sale or lease, as well as land available for development. PECO's Economic Development Team also provides information on electric and gas availability and prices to companies, developers and consultants as key inputs to location decisions.

Moreover, as I discussed earlier, PECO makes significant capital and infrastructure investments in its service territory every year that create and maintain thousands of jobs in the region. The Company also implements a variety of workforce development programs to train individuals for opportunities at PECO. Every fall, PECO recruits new natural gas apprentice mechanics to complete the Company's intensive training program before joining PECO's field force. The field force represents PECO's front line and works to ensure safe and reliable gas service for PECO customers across the region, and the Company's training program develops the fundamental skills needed to work safely on PECO's natural gas distribution system.

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

In addition, PECO's neighborhood gas pilot program extends natural gas mains to serve communities where natural gas is not currently available. The cost to install a new natural gas main will be shared by customers in the community. Additionally, the cost can be spread across a 20-year period, which can be included on customers' monthly bills or can be paid as a one-time, lump sum payment.

PECO has a strong commitment to diversity, both among its workforce and in the communities it serves. For example, PECO has employed minority and women-owned businesses, contractors and vendors in its communities and has business relationships with local minority-owned banks. PECO also has a strong and continuing tradition of community involvement. The Company's corporate citizenship efforts are designed to improve the quality of life for the people who live and work in PECO's service territory, and include support for education and the environment, sponsorships, employee volunteer activities, and executive involvement on outside nonprofit boards.

Finally, PECO has a strong commitment to protecting and preserving the environment. By converting more than 19,000 homes from traditional home heating fuels to natural gas over the last 10 years, PECO has supported emissions reductions equivalent to planting 2.4 million trees or not driving 250 million car miles. The Company is also taking steps to reduce emissions from the distribution of natural gas. First, PECO is a member of a consortium of North American natural gas utilities focused on renewable natural gas and hydrogen blending with the goal of decreasing greenhouse gas ("GHG") emissions from natural gas distribution. Second, PECO joined its Exelon sister utilities (Baltimore Gas & Electric and Delmarva Power) in a collective commitment through the EPA's Natural Gas STAR Methane Challenge Program to replace older cast iron and steel piping with plastic piping to reduce methane emissions.

31. Q. Mr. Bradley, based on the factors you discussed above, how do you characterize PECO's record with regard to the performance factor considerations of efficiency, effectiveness and adequacy of service identified in Section 523 of the Public Utility Code?

A. My assessment is based on PECO's demonstrated excellence with regard to the quality and reliability of its service, its commitment to energy efficiency, its willingness to embrace cost-effective new technologies, its vigilance in protecting the safety of its workers, and its strong promotion of community and economic development, all of which I have discussed above. It is also based on PECO's significant and successful efforts to manage and control its operating expenses since its last base rate case in 2010, as discussed by Mr. Stefani in PECO Statement No. 2. Based on all of those factors, PECO has exhibited, and continues to exhibit, superior management performance, which fully supports Mr. Moul's recommendation that PECO receive an ROE enhancement.

IX. CONCLUSION

32. Q. Does this complete your direct testimony at this time?

A. Yes, it does.

DB1/ 114931921.9