BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY COMPANY
FOR APPROVAL OF ITS
DEFAULT SERVICE PROGRAM
FOR THE PERIOD FROM
JUNE 1, 2021 THROUGH MAY 31, 2025

DOCKET NO. P-2020-______________

________________________

DIRECT TESTIMONY

________________________

WITNESS: CAROL REILLY

SUBJECTS: CUSTOMER ASSISTANCE PROGRAM
SHOPPING PLAN AND RETAIL MARKET
ENHANCEMENTS

DATED: MARCH 13, 2020
# TABLE OF CONTENTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>INTRODUCTION AND PURPOSE ................................................................. 1</td>
</tr>
<tr>
<td>II.</td>
<td>DESIGN OF PECO’S CUSTOMER ASSISTANCE PROGRAM SHOPPING PLAN ................................................................. 3</td>
</tr>
<tr>
<td>III.</td>
<td>PROPOSED CHANGES TO THE ELECTRIC SUPPLIER TARIFF ....................... 14</td>
</tr>
<tr>
<td>IV.</td>
<td>RETAIL MARKET ENHANCEMENTS .............................................................. 16</td>
</tr>
<tr>
<td>V.</td>
<td>CONCLUSION ......................................................................................... 18</td>
</tr>
</tbody>
</table>
I. INTRODUCTION AND PURPOSE

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

   A. My name is Carol Reilly. 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 Manager of Energy Acquisition Operations. In that capacity, I am responsible for the administration of PECO’s retail electric generation supplier (“EGS”) and natural gas supplier coordination functions as they relate to electric and natural gas choice. I have been performing these functions since 2007.

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

   A. I earned a Bachelor of Science in Electrical Engineering from Widener University in 1992.

   I have been employed by PECO and/or Exelon Corporation since 1997. Over that period, I have held engineering, analytical, and management positions in the areas of generation and transmission planning, in addition to my current responsibilities described above.
Prior to joining PECO, I was employed by Delmarva Power & Light Company from 1992 to 1997, where I held positions in the PJM Interconnection and Gas Planning departments.

4. Q. What is the purpose of your direct testimony?
   A. The purpose of my direct testimony is twofold. First, I will describe PECO’s plan (“Plan”) to facilitate shopping for electric generation supply by PECO customers enrolled in the Company’s Customer Assistance Program (“CAP”). PECO developed its Plan in compliance with the guidelines set forth in the Policy Statement on Electric Customer Assistance Program Participant Shopping proposed by the Pennsylvania Public Utility Commission (“Commission” or “PUC”) on February 28, 2019.1 Second, I will discuss continuation of PECO’s EGS Standard Offer Program (“Standard Offer Program” or “SOP”) as a retail market enhancement during PECO’s fifth default service program (“DSP V”).

5. Q. How is your testimony organized?
   A. I will first explain the design of PECO’s Plan, including (i) provisions for EGS offers to CAP customers for competitive generation supply; (ii) EGS billing for CAP customers; (iii) the CAP customer enrollment process; and (iv) CAP customer education initiatives. I will also outline proposed revisions to PECO’s EGS Coordination Tariff (“Supplier Tariff”) necessary to implement the Plan. Finally, I will describe PECO’s proposal to continue the SOP, without modification, during the DSP V term.

---

6. Q. Have you prepared any exhibits to accompany your testimony?

A. Yes. PECO Exhibits CR-1 to CR-4 were prepared at my direction and under my supervision and are described in detail in my testimony.

II. DESIGN OF PECO’S CUSTOMER ASSISTANCE PROGRAM SHOPPING PLAN

7. Q. Ms. Reilly, please describe PECO’s current CAP program for electric customers.

A. In accordance with the universal service obligations set forth in the Public Utility Code, PECO’s CAP assists low-income customers in PECO’s service territory through discounted energy bills. PECO’s CAP is a special rate rider for customers with an annual household gross income level at or below 150% of the poverty level as established by federal law. Approximately 111,000 residential customers in PECO’s service territory – almost 7% of all PECO residential electric customers – participate in CAP.

In October 2016, PECO transitioned from a tiered rate discount CAP structure to a new Fixed Credit Option (“FCO”) design. Under this approach, CAP customers receive a fixed bill credit each year for the utility service they receive based on the income of the customer’s household, the number of residents in the household and the utility usage of the household in the prior year. The CAP credit is designed to help ensure that the energy “burden” – the cost of electricity in proportion to household income – is affordable for CAP customers based on poverty level. PECO calculates the CAP credit amount by taking the sum of the CAP customer’s actual undiscounted bills over the last twelve months ("Base
Charges”) and subtracting the reduced CAP bill amount based on ability to pay
(“CAP Payment”). The CAP customer’s maximum household payment
collection for total electric home energy is calculated as a percentage of income
(ranging from 3% to 17%) and converted to a percentage of the annual bill (the
“Allowable Energy Burden”). For each CAP customer, the CAP Payment is
determined by multiplying the Base Charges by the Allowable Energy Burden.

A portion of the dollar amount of the aggregate bill credits provided to CAP
customers each year is recovered through base rates, and any shortfall is
recovered from all residential customers through PECO’s Universal Service Fund
Charge (“USFC”).

8. Q. Are PECO CAP customers now able to shop for electric generation supply?
A. No. However, in accordance with the Commission’s direction in its Proposed
Policy Statement Order, PECO has developed the Plan to facilitate shopping by
CAP customers during DSP V.

9. Q. Please describe the Commission’s guidance, which the Company used in
designing its Plan to facilitate shopping by PECO CAP customers.
A. In the Proposed Policy Statement Order, the Commission outlined uniform CAP
shopping policies and requirements for Pennsylvania electric distribution
companies (“EDCs”). The CAP shopping requirements include (1) a CAP
shopping product rate at or below the EDC’s Price-to-Compare (“PTC”) for the
duration of the contract; (2) a prohibition in EGS-CAP customer contracts against
fees unrelated to the provision of electric generation service, including early
termination and cancellation fees; and (3) the following options for CAP customers upon expiration of the current contract period: enter into another contract with their existing EGS with the same CAP protections, switch to another supplier offering a contract with the same CAP protections, or return to default service.²

By Secretarial Letter on January 23, 2020, the PUC acknowledged that its proposed CAP shopping policy statement was “unlikely to be final and effective in time for some upcoming DSP proceedings.”³ The Commission therefore directed all EDCs to consider the Commission’s prior guidance in the Proposed Policy Statement Order and recent decisions in previous default service proceedings in developing CAP proposals for upcoming DSP filings.⁴

10. **Q. Is PECO’s Plan consistent with the guidelines provided in the Proposed Policy Statement Order?**

**A.** Yes. Under PECO’s Plan, EGSs must charge CAP customers a rate for generation service that is at or below the PECO residential PTC at all times during the contract. Consistent with the Proposed Policy Statement Order, this limitation

---

on rates is intended to promote shopping and access to the competitive market for
CAP customers without undermining the affordability of utility service for those
customers or increasing the USFC costs paid by PECO residential customers.

Also in accordance with the Proposed Policy Statement Order, EGSs serving CAP
customers may not enter into contracts that impose early cancellation and
termination fees or other fees unrelated to generation service. This prohibition
ensures that the overall rate charged to a CAP customer does not exceed PECO’s
PTC.

11. Q. Are EGSs in PECO’s service territory required to serve CAP customers?

A. No. An EGS serving residential customers in PECO’s service territory will have
the opportunity, but not the obligation, to provide generation service to CAP
customers. An EGS that wishes to serve CAP customers (a “CAP Supplier”)
must submit a notice of intent to participate as a CAP Supplier (a “CAP Notice”),
in the form attached as PECO Exhibit No. CR-1, to the Company’s Electric and
Gas Choice department. Similarly, a CAP Supplier must submit a CAP Notice of
its intention to discontinue offering CAP shopping products. The effective date of
the CAP Notice will be the first day of the calendar month at least ten days after
submission. EGSs that execute a CAP Notice must agree to comply with all Plan
requirements, including pricing limitations for CAP customers.
12. **Q.** Is PECO proposing any other obligations for EGSs who choose to serve CAP customers?

   **A.** Yes. CAP Suppliers must use PECO’s “bill-ready” EDC consolidated billing option for CAP customers, which will ensure that CAP customer benefits are properly applied to their bill. It will also allow PECO to meet its ongoing obligations to the Commission with respect to universal service programs, including reporting on cost effectiveness and affordability. In addition, an EGS offering a current rate to CAP customers must post that rate on the Commission’s PAPowerSwitch.com shopping website and also provide it to a customer after a customer request via EGS call centers. Through those mechanisms, CAP customers will be able to shop more effectively for available rates, supported by customer education activities.

13. **Q.** Please describe the enrollment procedure for CAP customers who accept a CAP Supplier’s competitive offering.

   **A.** The customer enrollment process for CAP customers will be the same as for non-CAP customers. An EGS seeking to enroll a CAP customer will submit an enrollment request via the appropriate Electronic Data Interchange (“EDI”) transaction for the CAP customer consistent with PECO’s current Supplier Tariff and Electric Data Exchange Working Group protocols.

   In accordance with the Commission’s regulations at 52 Pa. Code § 57.173(2), PECO will send a letter confirming the CAP customer’s request to switch to the EGS that submitted the enrollment request. PECO will continue its current practice of designating the effective date for the change in the customer’s
suppliers, the name of the selected EGS and the date PECO may issue the first bill showing the new EGS charges.

As explained earlier in my testimony, CAP Suppliers must agree in advance to comply with the Plan’s CAP rate protections by way of a CAP Notice. Therefore, EGSs that submit a CAP enrollment without first submitting a CAP Notice will be rejected.

14. **Q.** How will EGSs identify CAP customers and tailor products and service options for those customers in accordance with the Plan?

   **A.** PECO’s existing EDI 814 protocol includes data elements that identify PECO’s CAP customers. Specifically, PECO’s information technology system includes two unique rate codes – UD8 (Electric Residential Service CAP) and UB8 (Electric Residential Heating CAP) – that identify CAP customers in EDI transactions. In response to an EGS enrollment request, PECO electronically transmits a file that contains customer account information, including the customer’s tariff rate and rate code. PECO will provide notice, via an EDI 814C transaction, when existing EGS customers enroll in or leave CAP (“CAP Change Notice”).

Upon implementation of the Plan, CAP customers will also be included on PECO’s Eligible Customer List (“ECL”) posted on SUCCESS, the Company’s supplier coordination website. PECO’s ECL is updated monthly in accordance with Commission guidelines, and the UD8 and UB8 rate codes will be included in the CAP customer’s rate code field. In addition, timely and accurate information
regarding a customer’s CAP status is also available through PECO’s Advanced
Meter Data Portal and to EGSs that submit a historical usage request prior to an
enrollment request.

15. Q. **Does PECO’s current PTC filing schedule support EGS price adaptation to**
the PTC, which changes each quarter?
A. Yes. PECO files its residential PTC forty-five days before the effective date,
which provides ample time for EGSs to develop CAP products, calculate any
change to a currently offered CAP rate, and provide notice to existing CAP
customers of any rate change. PECO will continue its current communication
practices related to quarterly changes to the residential PTC, including publication
of quarterly updates to the PTC on the Company’s website and notification via a
supplier bulletin. In addition, prior to implementation of the Plan, PECO will
convene a supplier workshop to notify EGSs of the opportunity to serve CAP
customers and will provide information regarding the Company’s CAP Shopping
Plan rules and procedures through PECO’s supplier bulletins and SUCCESS
portal.

16. Q. **Ms. Reilly, please describe the contract expiration and change notice**
procedures under the Plan.
A. In accordance with the Proposed Policy Statement Order, a CAP customer will be
subject to the following end-of-term options: renew the contract with his or her
existing EGS at a new Plan-compliant CAP rate, switch to another supplier
offering a Plan-compliant CAP rate or return to default service. If a CAP
Supplier seeks to enter into a new agreement with a CAP customer at the end of
the term or revise an existing contract consistent with the Plan’s pricing
restrictions, the CAP Supplier must comply with the Commission’s notice
regulations at 52 Pa. Code § 54.10. On the other hand, if an EGS elects to return
a CAP customer to default service upon contract expiration or cancellation of the
CAP customer’s contract, the contract cancellation and notice provisions
described in the EGS disclosure statement will apply. If the EGS disclosure does
not address cancellation and notices, the EGS must provide at least one notice
thirty days in advance of discontinuing service to the customer.

17. Q. Will an EGS be permitted to serve current customers who subsequently
enroll in or leave CAP under the Plan?
A. Yes. An EGS may continue to serve existing customers who subsequently enroll
in PECO’s CAP if the EGS complies with the pricing restrictions and other terms
set forth in the Supplier Tariff within two billing cycles of receipt of the
Company’s CAP Change Notice. If the existing EGS is not a CAP Supplier or
otherwise elects to discontinue service to the customer in accordance with Section
14 of the Supplier Tariff, the customer will be transferred to default service,
effective on the next meter read date after the CAP Change Notice.

If a CAP Supplier has entered into a contract with a CAP customer and
subsequently receives a CAP Change Notice that the customer is no longer in the
CAP, the EGS has two options. First, the CAP Supplier may elect to maintain the
customer on the CAP rate until the end of the contract. Second, the CAP Supplier
may discontinue service in accordance with the notice provisions set forth in
Section 14 of PECO’s Supplier Tariff and the terms and conditions of the contract, just as with any other residential customer.

18. Q. Will PECO be responsible for monitoring and enforcing the Plan’s limitations on EGS contracts under the Plan?

A. No. PECO’s bill-ready systems do not provide information on the customer’s EGS price necessary to monitor EGS compliance with the Plan pricing requirements. PECO also does not have a mechanism to determine if any of its CAP customers were subjected to early termination/cancellation or other additional fees. In fact, the Commission has previously determined that other EDCs do not have the responsibility to monitor compliance with limitations on EGS contracts with CAP customers because EDCs do not have access to EGS contracts.\(^5\) PECO agrees that the Commission is the appropriate entity to monitor and enforce EGS compliance with the CAP shopping limitations set forth in the Proposed Policy Statement Order and under PECO’s Plan.

19. Q. How will PECO calculate the fixed CAP credit amount if a CAP customer shops?

A. After Plan implementation, PECO will continue to calculate the CAP credit amount on a quarterly basis using a twelve-month look-back period for the Base Charges and CAP Payment. As a result, during the initial year that the CAP customer shops, the CAP credit will be calculated using PECO’s PTC in effect for the twelve-month period being examined. Thereafter, the fixed bill credit for

---

\(^5\) See FirstEnergy DSP V Order, 2019 WL 1081029 at **6-7.
shopping CAP customers will be calculated based on EGS charges.\(^6\) To the extent a CAP customer who shops receives a discount off PECO’s PTC, the fixed credit amount would also be less than the amount for non-shopping CAP customers with the same Allowable Energy Burden.

20. **Q.** Please describe the customer education initiatives included in the Plan.

A. Customer education under the Plan will focus on the CAP rate protections that must be included in CAP customer-EGS contracts, as well as the impact of shopping on CAP benefits, and will provide tools to help CAP customers understand and manage their energy bills. First, PECO will modify its CAP care center scripts and training materials to inform CAP customers of their eligibility to shop with EGSs who are approved as CAP Suppliers. Similarly, PECO will modify its practices and procedures for community organizations engaged by PECO to assist in CAP customer enrollments. The Company will publish a list of CAP Suppliers on its website, which will be updated on a monthly basis. Second, PECO will revise its Consumer Education Plan mailings to explain that CAP Suppliers may not charge rates for generation service in excess of PECO’s PTC and may not impose early cancellation/termination and other additional fees. In addition, PECO will promote CAP shopping through mailings, postcards, brochures, PECO press releases, PECO Universal Services web pages and existing CAP literature (i.e., CAP enrollment letter, etc.). The CAP customer education campaign will also include customer outreach efforts, web support, web support,

---

\(^6\) PECO will clarify the calculation of the CAP fixed credit level in a subsequent compliance filing based on the final CAP Shopping Plan design approved by the Commission.
community workshops and advocate-sponsored events for low-income customers. In addition, PECO will promote www.PAPowerSwitch.com as the central independent source of CAP Suppliers.

21. Q. Does PECO propose to extend the SOP to CAP customers?
A. No. The Company’s existing SOP is not compatible with the Proposed Policy Statement Order requirement that an EGS always charge a price at or below the PECO PTC. Under the Commission-approved product design for the SOP, EGSs may offer residential customers a twelve-month product with a fixed price that is 7% below the PTC in effect at the time of the standard offer. Under the SOP, this fixed price product could exceed the PTC during the twelve-month term, depending on quarterly PTC fluctuations. As a result, CAP customers would have to be treated differently from other customers participating in the SOP to ensure that the CAP customer’s standard offer rate does not exceed the PTC at any time during the twelve-month term of the contract.

22. Q. Has PECO estimated the cost to implement the proposed Plan?
A. Yes. The Company estimates the cost to implement the CAP Shopping Plan will be approximately $1.2 million based on PECO’s proposed Plan design. PECO will incur two categories of costs in implementing the Plan. First, PECO will incur costs related to information technology (“IT”) changes to its billing system to appropriately calculate CAP customer bill credits and changes and commensurate training for the customer information system to facilitate CAP shopping (approximately $0.7 million). The second category of expenditures is
for CAP consumer education (approximately $0.5 million). Cost recovery is discussed by Mr. Joseph A. Bisti in PECO Statement No. 2.

23. Q. When will CAP customers be able to shop for electric generation supply?
   A. PECO will require one year to implement the proposed Plan. The implementation period is necessary for the extensive IT system programming, testing and system integration required to implement the Plan.

   Considering the projected expense and outreach to CAP customers, PECO proposes to begin the one-year implementation period after approval of the Plan and following receipt of CAP Notices from at least five EGSs. While CAP Notices are not binding, the receipt of at least five CAP Notices will ensure that there is verifiable supplier interest in serving CAP customers in PECO’s service territory. PECO believes that demonstrated EGS interest in the form of CAP Notices is appropriate considering the limited number of EGSs willing to serve CAP customers in Pennsylvania.7

III. PROPOSED CHANGES TO THE ELECTRIC SUPPLIER TARIFF

24. Q. Ms. Reilly, please describe the Company’s Supplier Tariff.
   A. The Supplier Tariff sets forth the rights and obligations of PECO and EGSs providing generation service in PECO’s service territory. The Supplier Tariff includes detailed provisions relating to billing options, load scheduling and other coordination services, EGS customer arrangements, data exchange, payment

---

obligations, switching requests, discontinuance of service, charges for
coordination services provided by PECO (e.g., load data supply), default,
limitation of liability, and dispute resolution.

25. Q. Is PECO proposing any changes to the Supplier Tariff to implement CAP
customer shopping?

A. Yes. PECO is proposing the following principal revisions to implement the CAP
Shopping Plan:

- **Restrictions on CAP Rates.** Sections relating to EGS customer arrangements
  have been revised to provide that EGSs must charge the CAP customers they
  serve a rate that does not exceed PECO’s PTC.

- **Limitations on EGS-CAP Customer Contracts.** Sections relating to EGS
  customer arrangements have been revised to prohibit early
cancellation/termination and other additional fees for CAP customers and to
delineate the actions an EGS and CAP customer may take after the expiration
of the contract term consistent with the PUC’s Proposed Policy Statement
Order.

- **CAP Customer Billing.** Sections relating to EGS customer arrangements
  have been revised to provide that EGSs must offer consolidated EDC billing
  for CAP customers in order to participate as a supplier to CAP customers in
  PECO’s service territory.
These changes are shown in the clean and blacklined versions of PECO’s Supplier Tariff attached to my testimony as Exhibits CR-2 and CR-3, respectively.

26. **Q.** Is PECO proposing any other revisions to its Supplier Tariff that are reflected in Exhibit CR-2?

   **A.** Yes. PECO is proposing minor revisions to remove references to Rates OP and RT consistent with the Commission-approved settlement of PECO’s 2010 electric rate case at R-2010-2161575.

27. **Q.** Has the Company submitted responses to the questions regarding changes to its Supplier Tariff required by the Commission’s Regulations?

   **A.** Yes. Exhibit CR-4 provides the Company’s responses to the questions in 52 Pa. Code § 53.52(a).

**IV. RETAIL MARKET ENHANCEMENTS**

28. **Q.** Will PECO continue the Standard Offer Program that was first implemented as part of PECO’s second default service program?

   **A.** Yes. Since June 1, 2017, the Standard Offer Program has resulted in more than 26,000 residential customer and 500 small commercial customer referrals to EGSs that have voluntarily chosen to offer customers a twelve-month contract priced 7% below PECO’s default service rate at the time of the offer.

   PECO proposes to extend the program for the term of DSP V. An extension of the Standard Offer Program is consistent with the Commission’s conclusion in its Final Order approving PECO’s current default service program (“DSP IV”) that
continuation of the SOP was “beneficial” to all customers. In the DSP IV proceeding, the Office of Consumer Advocate (“OCA”) generally supported continuation of the SOP, but proposed several conditions regarding the presentation and marketing of the SOP to customers, including modifications to PECO’s call handling process and revisions to SOP training materials and scripts. To address the OCA’s concerns, PECO revised the scripts and training materials used by PECO and the third-party administrator of the SOP – Kandela – to incorporate the specific disclosures agreed upon in the Commission-approved settlement of the DSP IV proceeding.

29. **Q.** Is PECO proposing revisions to its call center script initiating a transfer to Kandela?

**A.** No. The January 2020 Secretarial Letter (p. 10) directed EDCs to review SOP customer scripts in their upcoming DSP filings in light of the PUC’s “most recent statement on SOP scripting” in the FirstEnergy DSP V Order (pp. 34-42). To that end, PECO reviewed its current SOP customer scripts produced from the settlement in DSP IV and concluded that the scripts reasonably present the opportunity to enroll in the SOP to customers and incorporate appropriate customer protections.

---

8 *Petition of PECO Energy Co. for Approval of its Default Service Program for the Period from June 1, 2017 through May 21, 2021, Docket No. P-2016-2534980 (Opinion and Order entered Dec. 8, 2016), p. 35.*

9 Allconnect previously served as the third-party administrator of PECO’s SOP from the program’s inception in 2013 to August 13, 2019.
V. CONCLUSION

30. Q. Does this conclude your direct testimony?

A. Yes.