

**PECO ENERGY COMPANY
STATEMENT NO. 10**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DOCKET NO. R-2022-3031113

DIRECT TESTIMONY

WITNESS: KELLY COLARELLI

SUBJECT: EXPANSION OF CUSTOMER PROGRAMS

DATED: MARCH 31, 2022

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

2 A. My direct testimony will address the following subjects related to low-income
3 customer assistance, bill relief to small businesses as they recover from the COVID-
4 19 pandemic, and gas customer safety:

5 **Low-Income Customer Assistance:** I will describe PECO’s proposal to increase
6 Low-Income Usage Reduction Program (“LIURP”) funding for gas customers and
7 other actions PECO has taken to address the impact of the COVID-19 pandemic on
8 low-income customers.

9 **Expanded Customer Outreach and Education:** I will explain PECO’s proposal to
10 expand outreach and education plans to better serve and reach the Company’s low-to
11 moderate-income (“LMI”) gas customers.

12 **Small Business Grant Program:** I will discuss PECO’s proposal to extend its Small
13 Business Grant Program beyond 2022 with additional funding.

14 **Gas Customer Safety Program:** I will discuss PECO’s proposal to provide its
15 residential gas customers with additional education and, for new residential
16 customers, provide a gas safety device such as a methane detector to raise awareness
17 of gas safety issues.

1 **II. LOW-INCOME CUSTOMER ASSISTANCE**

2 **6. Q. Has PECO recently proposed enhancements to its universal service programs to**
3 **provide additional relief to low-income customers during the COVID-19**
4 **pandemic?**

5 A. Yes. For example, on December 17, 2020, the Commission approved PECO’s
6 proposal to temporarily modify the eligibility requirements for the Company’s
7 hardship fund (the Matching Energy Assistance Fund or “MEAF”) to expand the
8 number of customers who may qualify for assistance.¹ In addition, although not
9 driven by the COVID-19 pandemic, PECO has also proposed to change its Customer
10 Assistance Program (“CAP”) design to a percentage of income payment plan, which
11 is expected to improve bill affordability for CAP customers.²

12 **7. Q. Please describe PECO’s current LIURP.**

13 A. PECO’s gas LIURP is available to both CAP and non-CAP households with incomes
14 at or below 200% of the Federal Poverty Guidelines. The program helps qualified
15 low-income customers reduce energy usage by providing direct
16 weatherization/conservation measures and in-home education.

17 As part of its LIURP, PECO performs a free home energy audit for income-qualified
18 customers with high usage (i.e., 150 Ccf or greater usage per month) to determine the

¹ *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).

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

1 behavioral changes and program measures necessary to reduce usage. A gas LIURP
2 audit focuses on the conditions and efficiency of the gas heating system of the
3 premise. A LIURP audit could also detect a health and safety concern in the home,
4 such as standing water. In that instance, the customer would be referred for a further
5 Health and Safety audit to remedy the concern.

6 **8. Q. Is PECO proposing to increase its current gas LIURP funding to offer further**
7 **assistance to low-income customers as part of this case?**

8 A. Yes. PECO is currently operating under its Commission-approved 2016-2018
9 Universal Service and Energy Conservation Plan³ (“USECP”) that has an annual
10 LIURP budget of approximately \$7.9 million. Of that total funding amount,
11 \$2,250,000 is allocated to PECO’s gas operations. The anticipated budget for the gas
12 LIURP in 2022 under PECO’s proposed 2019-2024 USECP, which is pending before
13 the Commission, is also \$2,250,000.⁴

14 PECO is proposing to increase its current annual gas LIURP funding by \$250,000
15 (i.e., to \$2,500,000 annually) through 2024 (the end of its pending USECP) to support
16 higher LIURP enrollment levels and greater measure installation during audits.

17 PECO’s projected LIURP enrollment levels are based on the average cost per home
18 energy audit in the current program year plus anticipated cost increases for usage
19 reduction measures. Based on average 2021 costs for home energy audits and LIURP
20 measures (e.g., gas heating unit replacements), the increased gas LIURP funding will

³ See Docket No. M-2015-2507139.

⁴ See Docket No. M-2018-3005795.

1 allow the Company to provide LIURP services to an additional 147 gas customers per
2 year. As explained by Company witness Benjamin S. Yin in PECO Statement No. 8,
3 the \$250,000 annual LIURP budget increase would be recovered through PECO's
4 existing Universal Service Fund Charge.

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

6 **9. Q. Please describe PECO's expanded customer outreach and education proposal**
7 **for LMI customers receiving gas service.**

8 A. PECO is planning to increase the level of education and outreach about the
9 Company's universal service programs to its gas LMI customers outside of
10 Philadelphia within the four surrounding counties: Bucks, Chester, Delaware and
11 Montgomery County. PECO will target LMI customers in these counties using two
12 forms of internal Customer Information Management System ("CIMS") data: (1) zip
13 code data aggregated based on low-income customer zip codes and (2) data regarding
14 customer income status (i.e. unconfirmed low-income where a customer has verbally
15 provided their income status, but did not follow-up with verified proof of income; and
16 confirmed low-income where a customer has verbally provided their income status
17 and followed up with documentation to prove their claim). The Company will use
18 existing communication channels as well as new marketing channels, such as virtual
19 enrollment sessions, to expand customer awareness of universal service offerings.

1 **10. Q. Does PECO currently have an outreach budget included in its USECP?**

2 A. Yes. PECO’s 2016-2018 USECP has an annual outreach and advertising budget of
3 approximately \$260,000. The Company’s proposed 2019-2024 USECP has an annual
4 outreach and advertising budget of approximately \$350,000 for 2022.⁵ Previously,
5 PECO targeted most of its outreach advertising budget towards Low-Income Home
6 Energy Assistance Program (“LIHEAP”) advertising. PECO will expand that
7 advertising to include other low-income programs as well.

8 **11. Q. Does PECO believe its current spending levels are sufficient for awareness of**
9 **PECO’s suite of universal service programs?**

10 A. No. There is room to increase outreach and access to the Company’s universal service
11 programs. The Company has experienced a general decline in gas CAP enrollment
12 since the end of 2015⁶ and also believes there are some newly eligible customers due
13 to economic impacts of the COVID-19 pandemic. PECO’s LMI gas customers are
14 primarily gas heating customers who experience larger gas bills in the winter months.
15 These are the same months that LIHEAP is open. To that end, PECO will enhance
16 LIHEAP advertising to gas customers.

17 PECO primarily uses traditional channels, such as radio advertisements and mailing

⁵ See Docket No. M-2018-3005795. In 2022, PECO launched expanded education and outreach to its LMI customers receiving electric service and will recover up to \$500,000 annually for costs associated with the expanded customer outreach through the Consumer Education Surcharge in the Company’s Electric Service Tariff. This budgetary increase will be reflected in a future compliance filing to the pending 2019-2024 USECP.

⁶ There was a small increase in CAP enrollment in 2021, which is likely attributable to the effects of the COVID-19 pandemic as well as the end of the Commission’s moratorium on termination of utility service for non-payment on November 9, 2020.

1 campaigns to LMI communities, to increase customers' awareness of and access to
2 the Company's universal service programs. Under the expanded outreach proposal,
3 PECO would increase the use of radio as well as social media outreach (targeted
4 towards specific zip codes), to increase awareness of the Company's universal service
5 programs in communities with LMI gas customers. PECO will also work closely
6 with social service agencies that support LMI customers in counties where PECO
7 provides gas service.

8 **12. Q. What level of funding is PECO requesting in this case and how would costs be**
9 **recovered?**

10 A. Beginning in 2023, PECO proposes to recover up to \$85,000 per year in costs
11 associated with the expanded customer outreach and education proposal. PECO will
12 track these incremental expenditures separately from USECP spending, and as
13 discussed by Mr. Yin, the costs would be recovered from residential customers
14 through the Company's existing Consumer Education Charge in its Gas Service
15 Tariff.

16 **IV. SMALL BUSINESS GRANT PROGRAM**

17 **13. Q. Does PECO currently offer bill relief to payment-troubled small businesses that**
18 **have been impacted by the COVID-19 pandemic?**

19 A. Yes. On December 1, 2021, PECO launched a one-year Small Business Grant
20 Program with a \$450,000 incentive budget. Under that program, PECO provides a
21 one-time grant of \$500 to qualifying small businesses as a credit on the customer's

1 existing gas account. The grant can be applied to pay off existing arrearages or
2 offset future gas bills.

3 To be eligible for the grant, the small businesses must be an existing PECO gas
4 customer, take service under Rate Schedule GC – General Service Commercial and
5 Industrial (“Rate GC”), have less than 25 employees, and demonstrate financial
6 hardship due to the COVID-19 pandemic.

7 As of March 11, 2022, the Company has awarded grants totaling \$123,500 to 247
8 approved small businesses that have been particularly hard hit economically by the
9 COVID-19 pandemic. Since launching the Program, PECO has addressed some
10 customer outreach challenges (e.g., lack of e-mail addresses) by working with County
11 Chambers of Commerce. In addition, the Company has conducted direct outreach to
12 small business customers. The Company expects to award all \$450,000 in grant
13 funds before the end of 2022.

14 **14. Q. Is PECO proposing to continue the Small Business Grant Program beyond**
15 **2022?**

16 A. Yes, with the eligibility criteria that a customer has an arrearage of at least \$500. As
17 the economy continues to recover from the COVID-19 pandemic and given the level
18 of small business interest in the current Program, PECO believes it is appropriate to
19 continue to offer bill relief to customers with substantial arrearages. As of March 11,
20 2022, there are over 3,100 small business customers with an arrearage over \$500. I
21 note that the original Program was intended to assist 900 customers and the expanded
22 program will capture more customers that have a need for bill assistance.

1 **15. Q. What are the projected costs related to extension of the Small Business Grant**
2 **Program and how does PECO plan to recover those costs?**

3 A. The Company is proposing to dedicate an additional \$500,000 to the Small Business
4 Grant Program, which includes \$450,000 for grants and \$50,000 for administrative
5 costs. The Program would continue to run until those funds are exhausted. PECO is
6 proposing to recover Program costs through base rates from Rate GC customers over
7 a three-year period (2023-2025), as shown in PECO Exhibit MJT-1, Schedule D-15.

8 **V. GAS CUSTOMER SAFETY PROGRAM**

9 **16. Q. What is the purpose of the Gas Customer Safety Program?**

10 A. The Company would like to provide residential customers with additional education
11 to raise awareness of gas safety issues within the home. PECO understands that gas
12 safety is important to customers and routinely addresses customer concerns about
13 safety raised in customer surveys and complaints to the call center.

14 **17. Q. How would the Program be delivered?**

15 A. The Company is proposing a two-pronged approach to deliver gas safety materials to
16 customers. First, all new residential gas customers (approximately 5,300 customers
17 each year) would receive a PECO “Safety Package” that includes printed educational
18 materials and a gas safety device, such as a methane gas detector. The educational
19 materials would, at a minimum, include: (1) mercaptan “scratch n sniff” information⁷

⁷ Mercaptan is an odorant that is added to natural gas as a safety measure to help ensure that natural gas leaks do not go undetected. The Company has had an active mercaptan “scratch n sniff” campaign for several years.

1 so that customers understand how to recognize natural gas odor leaks; and (2)
2 pamphlets or brochures illustrating where gas detectors should be placed in the home
3 and explaining the importance of installing and maintaining smoke detectors in the
4 home.

5 Second, all residential customers who receive a gas odor response visit (i.e., a home
6 visit in response to a gas odor complaint) would receive the educational material
7 component of the Safety Package. There are approximately 20,000 gas odor
8 complaints made each year which require a formal gas odor response by PECO.
9 These visits present an opportunity to educate a substantial number of customers on
10 the importance of employing safety protocols within the home.

11 **18. Q. What is the annual budget for the proposed Gas Customer Safety Program and**
12 **how does PECO plan to recover those costs?**

13 A. The annual Program budget is \$400,000, which is intended to cover the cost of the
14 educational materials, gas safety devices and administrative costs. If the annual budget
15 is exhausted prior to the end of a Program year, the Company would stop distributing
16 gas safety devices. PECO is proposing to recover Program costs through base rates
17 from Rate GR customers, as shown in PECO Exhibit MJT-1, Schedule D-11.

1

VI. CONCLUSION

2 19. Q. Does this complete your direct testimony?

3 A. Yes, it does.

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