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August 31, 2017

Filed Via Delafile

Donna Nickerson
Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

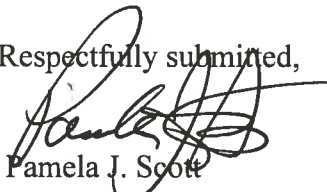
Re: Docket No. 14-193 – Merger Commitment Compliance Filing –
Arrearage Management Plan

Dear Ms. Nickerson:

Pursuant to the requirements of Paragraph 7 of Exhibit “A” of Delaware Public Service Commission Order No. 8952 in Docket No. 14-193, enclosed please find Delmarva Power & Light Company’s Application for approval of an Arrearage Management Plan.

Should you have any questions, please do not hesitate to contact me at 302-429-3143 or Heather Hall at 302-451-5323.

Respectfully submitted,



Pamela J. Scott

Enclosures

cc: Connie McDowell (w/enclosures)
Robert Willard, Esquire (w/enclosures)
Andrew Slater (w/enclosures)
Andrea Maucher (w/enclosures)
Regina Iorii, Esquire (w/enclosures)

Heather Hall (w/enclosures)
Jamie McIlvain (w/enclosures)
Clark Stalker, Esquire (w/enclosures)
Lisa Decker, Esquire (w/enclosures)
Devon Burdett (w/enclosures)

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT)
COMPANY, EXELON CORPORATION,)
PEPCO HOLDINGS, INC., PURPLE) PSC DOCKET NO. 14 - 193
ACQUISITION CORPORATION, EXELON)
ENERGY DELIVERY COMPANY, LLC)
AND NEW SPECIAL PURPOSE ENTITY)
FOR APPROVALS UNDER THE)
PROVISIONS OF 26 Del. D. §§ 215 and 1016)
(Filed June 18, 2014))

**DELMARVA POWER & LIGHT COMPANY'S APPLICATION FOR
APPROVAL OF A PILOT ARREARAGE MANAGEMENT PROGRAM
PURSUANT TO THE PROVISIONS OF PARAGRAPH 7
OF EXHIBIT "A" TO ORDER NO. 8952**

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Dated: August 31, 2017

Delmarva Power & Light Company (“Delmarva Power” or “Company”), through its undersigned counsel, hereby submits this application (the “Application”) pursuant to the provisions of Paragraph 7 of Exhibit “A” to Order No. 8952 in this docket. In support of this Application, Delmarva Power states as follows:

I. Background

1. Pursuant to the terms of the Amended Settlement Agreement in this docket approving the merger of Delmarva Power with Exelon Utilities, Delmarva Power is required to:

Work with Staff, the Public Advocate and other interested stakeholders to develop in good faith a mutually agreeable Arrearage Management Program (‘AMP’) for low income customers in arrears, which would include the provision of credits or matching payments for customers who make timely payments on their current bills, with such discussions to be initiated no later than sixty (60) days after the Commission’s approval of this condition, and with the understanding that the parties will seek to reach agreement within six (6) months after the Commission’s approval of this condition and that any agreement regarding the adoption of an AMP would be submitted to the Commission for its review and approval¹.

2. In furtherance of this obligation, funds in the amount of \$4,053,618.00² are available for the AMP (“Program Funding”).

3. Beginning on December 14, 2016, Delmarva Power began holding working group (“Working Group”) meetings with a number of interested stakeholders to discuss the parameters of an AMP. The interested stakeholders participating in those meetings were Delaware Public Service Commission Staff (“Staff”), the Division of the Public Advocate

¹ Paragraph 7 of Exhibit A to Order No. 8952 in Docket 14-193 dated October 18, 2016.

² This amount represents the \$3.1 million set aside in Merger Commitment No. 7 of the Most Favored Nation requirements in this docket, approved by Order No. 8970, plus \$921,000 remaining from the original set aside of \$1.1 million to comply with Paragraph 77 of the Amended Settlement Agreement in this docket requiring Delmarva Power to forgive all accounts receivable over three years old for qualifying low income families.

("DPA"), Catholic Charities, Inc., Delaware Department of Health and Social Services, Division of State Service Centers, Stand By Me, the Sustainable Energy Utility, the Latin American Community Center, and First State Community Action Association (collectively, the "Stakeholders"). The final Working Group meeting was held on March 21, 2017. The proposed AMP reflects the consensus of the Stakeholders on the parameters of the AMP.

4. The proposed AMP would be offered as a Pilot Program ("AMP Pilot") to determine the effectiveness of the AMP in assisting low income customers with eliminating their past due utility bills. Delmarva will report the results of the AMP to the Commission and the Stakeholders, as more specifically described in Section G below, primarily to help determine the viability and effectiveness of the AMP approach as a potential long term program. The results would also facilitate evaluation of the AMP's use as a tool for Delmarva to address customer arrearages and to promote customer payment.

5. The AMP Pilot will provide qualifying Delmarva Delaware residential customers with arrearage forgiveness with the goal of providing tools and incentives to help them: (1) reduce or eliminate existing arrearages; (2) bring their accounts current; (3) improve their payment on new bills; and (4) remain current in their utility payment obligations and avoid disconnection. A successful AMP, as demonstrated by utilities elsewhere, can also benefit non-participating utility customers by reducing uncollectible expenses and other costs of service, such as those related to collection and disconnection activities.

6. Under the AMP Pilot, and as set forth in greater detail below, each participating customer will be enrolled in an AMP for a total of 12 to 15 months. After an

eligible customer enrolls in the AMP Pilot and pays their current monthly utility bill, Delmarva will grant incremental arrearage forgiveness toward the goal of full arrearage forgiveness at the end of the 12 months, with up to three months of a “grace period” to “catch up”. Except where otherwise noted, customers enrolled in the AMP Pilot will be subject to the same policies and procedures as similarly-situated non-participants. The Working Group determined that enrollment in the AMP Pilot would be limited to the amount of Program Funding³.

II. Program Description

A. Eligibility

7. The Stakeholders developed the eligibility requirements for the AMP Pilot with the goal of designing a program that would provide the most benefits to the largest population of customers while also targeting those customers who would be successful candidates for reducing or eliminating the arrearage on their account. Customers with electric and/or gas service through Delmarva are eligible to participate in the AMP Pilot. If a customer has both electric and gas service, AMP forgiveness will be applied to their combined balance with payments going first to pay off electric, consistent with Delmarva’s current payment posting sequence.

8. To qualify for the AMP Pilot, a customer’s gross income must be at or below 60% of the Delaware State median income. Whether or not the customer meets the low income requirement will be determined by the various state agencies and non-profit organizations involved in qualifying customers for assistance, including, but not limited to,

³ To ensure that the AMP Pilot does not exceed the Program Funding, Delmarva will be tracking the number of customers who enroll in the AMP Pilot along with the financial commitment associated with such enrollment.

Catholic Charities, LIHEAP, Stand By Me, Delaware Department of Health and Social Services, Division of State Service Centers and The Latin American Community Center.

9. Once the customer has been determined to meet the income requirements, Delmarva will determine whether the customer meets the other eligibility requirements of the AMP Pilot as determined by the Stakeholders. These requirements are as follows: (a) the customer must have a minimum arrearage on their Delmarva Power account for Delmarva charges of \$500⁴; (b) the cap on the total amount that will be forgiven through the AMP is \$6,000; (c) customers with active medical certifications on file with the Company are not eligible for the AMP⁵; (d) to the extent that the AMP is extended beyond the pilot, a customer who participates in the AMP Pilot must wait seven years to become eligible to participate in another AMP; (e) a customer disconnected for more than thirty (30) days due to nonpayment, is not eligible for the AMP; and (f) if the Company has determined that there is evidence of fraud associated with the customer's account the customer will not be eligible for the AMP. AMP Pilot participants will not be required to pay any part of their pre-AMP arrears as a condition of reconnection and enrollment in the AMP.

B. Enrollment

10. Once a customer has been determined to be income eligible, the agencies or organizations working with them will enter their information into the Delmarva website portal and Delmarva will then determine whether the customer meets the other eligibility requirements of the AMP Pilot in order to be enrolled in the AMP Pilot. If the customer meets all of the eligibility requirements, they will be automatically enrolled in the AMP Pilot;

⁴ An arrearage amount that includes charges from a third party supplier will not meet the eligibility requirements unless the amount due to Delmarva is at least \$500 in arrears.

⁵ The Working Group determined that this class of customers would not necessarily benefit from the AMP as they already have sufficient protection under the law to prevent disconnection.

however, the customer can opt out by notifying Delmarva that they do not want to participate in the AMP Pilot. Once enrolled, the customer will receive communications from the Company about the specifics of the AMP Pilot. If a customer has been determined income eligible to enroll in the AMP Pilot but does not meet the other eligibility requirements they will not be enrolled in the AMP Pilot and will be advised of this determination by the Company. The enrollment period for the AMP Pilot will depend upon when the Commission approves the Application and the time needed to implement changes to the Company's billing system to accommodate the Program. At this time, the Company anticipates being able to offer open enrollment from September through November 2018 ("Enrollment Period")⁶. Those customers who qualify and apply during the Enrollment Period will be offered enrollment in the AMP Pilot, so long as sufficient funds remain to accommodate them. An extension of the Enrollment Period may be made in order to secure a sufficient number of participants in the AMP Pilot to have a valid sample to analyze.

C. Program Duration

11. Following completion of the Enrollment Period, the AMP Pilot duration will be a total of fifteen (15) months. The AMP Pilot runs for twelve (12) months but there is a three (3) month catch up period that allows the customer to catch up on missed payments and still remain in the AMP Pilot.

D. Operation of the AMP

12. Once enrolled in the AMP Pilot, customers who fall behind on their post enrollment monthly bills will become subject to normal utility collection policies, up to and

⁶ When the implementation of the AMP Pilot was originally discussed with the Working Group, an Enrollment Period in the spring of 2018 was contemplated; however, given the timing of this Application and the necessary billing system modifications required to implement the AMP Pilot, the Enrollment Period needed to be revised to the dates currently set forth herein.

including disconnection for nonpayment. Any customers who experience disconnection for nonpayment may continue their AMP if they make the required payments, excluding any pre-enrollment arrearages, necessary to restore service within thirty (30) days of disconnection. After thirty (30) days off service, the AMP would default, i.e., the customer would be removed from the AMP, and all charges, including unpaid charges incurred during the Pilot and any pre-program arrears that were not already forgiven, would become due.

13. AMP Pilot customers who voluntarily terminate their utility service will have their AMP cancelled if service is not transferred to another service location within the Company's service territory, and will be presented with a final bill that includes all past due amounts, whether pre-program arrears not yet retired or any new ones incurred during the AMP and any unbilled new charges calculated when the service is cancelled.

14. After a maximum fifteen (15) months of enrollment, each customer's AMP will expire. Customers who made full monthly bill payments will emerge from the AMP Pilot with all pre-enrollment arrearages forgiven up to the cap of \$6,000. Customers who took fifteen (15) months to pay the first twelve (12) months' worth of bills will emerge with all pre-enrollment arrearages forgiven up to the cap of \$6,000. Customers who failed to pay all of the first twelve (12) months' worth of bills after fifteen (15) months will emerge with some or possibly all pre-enrollment arrearages outstanding.

E. AMP Credit Payments

15. Each AMP customer's arrearage will be recorded at the time of enrollment and set aside in a new "AMP plan" to be established and maintained in the Company's billing system. The beginning arrearage balance is the maximum amount that will be forgiven upon successful completion of the AMP Pilot, limited to the \$6,000 cap. The customer will not be

responsible for paying these charges unless their AMP plan ends either from default, cancellation or expiration, as set forth in Section D. above. Customers off service for a period of thirty (30) days or less will be restored to service upon enrollment in AMP Pilot.

16. Customer monthly payment plans for new charges will be established in the form of a 12 month levelized plan (i.e. budget billing). All AMP Pilot participants will be placed on budget billing in accordance with the Company's policy pertaining to budget billing. Arrearage forgiveness credits will be applied to the customer's AMP in equal 1/12 increments, when the customer pays their monthly utility bill for current usage, including any other charges pertaining to late payment fees, disconnect/reconnect fees, or related fees. An AMP credit installment may be earned even if payment is received after the due date, so long as the current monthly amount due is paid within the fifteen (15) month period of the AMP. Any late payment charges will be applied and due in the customer's following month's bill. Participating AMP Pilot customers will see the corresponding decrease in their AMP payment plan balance in a message on the bill that follows the month in which sufficient payment is made. All credits awarded under the AMP Pilot will not be revoked unless a payment is returned for insufficient funds.

17. If an AMP Pilot customer does not make a full payment for all current monthly charges, the balance of the amount owed and not paid will be added to the next month's current budget billing charges. As noted in Section D. above, customers who miss payments will be subject to normal utility collection policies.

F. Communication and Outreach

18. Eligible customers will receive information about the AMP Pilot from the state agencies and non-profit organizations they work with to establish their eligibility as a low

income customer. Once enrolled in the AMP Pilot, the Company will provide more detailed information about the AMP to these customers. In addition, the Company will send a postcard to all Delmarva customers providing a description of the AMP Pilot. Any customers determined to meet the low income requirements of the Program but who do not otherwise meet the eligibility requirements of the AMP Pilot will be sent a letter by the Company advising that they do not qualify for enrollment in the AMP Pilot.

19. Communication after a customer becomes part of the AMP Pilot will consist of the following:

- Program welcome letter containing detailed information about the AMP Pilot;
- Notification on their bill as to the status of their AMP Program status (if applicable);
- Notice on the customer's bill as to the status of the customer's AMP and the amount of credit earned each month; and
- Notice of successful completion of the Program (to include total arrearage forgiven).

G. Program Reporting

20. Program reporting will track certain data for all AMP Pilot customers, as follows:

- Name;
- Account number;
- Service Address;
- Phone Number;
- Date customer enrolled in AMP;
- Date AMP ended;
- Customer type (heating, water heating type);
- Arrearage at program entry;
- Participation in financial counseling or energy conservation training;

- Amount of arrearage forgiven to date;
- Amount of total arrearage forgiven;
- Whether the customer successfully completed the AMP; and
- If a customer becomes unenrolled, the reason for same.

H. Program Timeline and Regulatory Reporting

21. Within ninety (90) days following Commission approval of this Application, the Company will file with the Commission the customer education materials that will be used in the Program. The Company will also file within ninety (90) days following Commission approval, all new or revised Tariffs necessary to implement the AMP Pilot.

I. Program Cost Recovery

22. The Company estimates that the administrative costs associated with the AMP Pilot will range from \$ 300,000 to \$500,000. These costs break down as follows: (a) internal IT costs for development, testing and migration to production --- \$125,000-\$225,000; (b) business costs for testing, training and project management --- \$125,000-\$175,000; and (c) communication costs for notification and marketing --- \$100,000.

23. The Company proposes to recover the costs associated with implementing the AMP Pilot Program through the funds that have been allocated for the Program through Docket No. 14-193.

VII. Request for Approval

24. Accordingly, having worked with the Stakeholders to develop the AMP Pilot in compliance with the provisions of Paragraph 7 of Exhibit “A” approved by Order No 8952 in this docket, Delmarva Power respectfully requests that the Commission approve the AMP Pilot Program as outlined herein.

25. Following approval of this Application, and within ninety (90) days of the start of the Enrollment Period, Delmarva will file an implementation plan with the Commission outlining the specifics of the AMP Pilot Program implementation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Pamela J. Scott', written over a horizontal line.

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Dated: August 31, 2017

STATE OF DELAWARE)
) SS.
COUNTY OF NEW CASTLE)

On this 25th day of August, 2017, personally came before me, the subscriber, a Notary Public in and for the State and County aforesaid Gary R Stockbridge, Vice President of Delmarva Power & Light Company, a corporation existing under the laws of the State of Delaware, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of said corporation, that the signature of such Vice President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.



Gary R Stockbridge
Vice President

SWORN TO AND SUBSCRIBED before me this 25th day of August 2017.



Notary Public Albany at Law (DE)

My Commission expires: N/A