PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265

Public Meeting held April 14, 2022

Commissioners Present:
Gladys Brown Dutrieuille, Chairman
John F. Coleman, Jr., Vice Chairman
Ralph V. Yanora

Duquesne Light Company Universal Service and Energy Conservation Plan for 2020-2025 Submitted in Compliance with 52 Pa. Code § 54.74	M-2019-3008227
Petition of Duquesne Light Company for Implementation of the Percentage of Income Payment Plan Customer Assistance Program as Proposed on January 6, 2020	P-2020-3022770
Petition of Duquesne Light Company for Implementation of the Percentage of Income Payment Plan Customer Assistance Program	P-2020-3023448
Duquesne Light Company Universal Service and Energy Conservation Plan for 2017-2019 Submitted in Compliance with 52 Pa. Code § 54.74	M-2016-2534323

ORDER

BY THE COMMISSION

On November 19, 2020, the Pennsylvania Public Utility Commission (Commission) entered a Tentative Order, withholding approval of the Proposed 2020-2025 Universal Service and Energy Conservation Plan (Proposed 2020 USECP)[1] for the

[1] Unless indicated otherwise, citations herein to pages within the "Proposed 2020 USECP" are to the clean version of the Proposed 2020 USECP as filed on January 6, 2020, available at

Duquesne Light Company (Duquesne), a large electric distribution company (EDC), until review of requested supplemental information and stakeholder comments.[2] The Tentative Order indicated issues that required further attention on the record and requested comments on the Proposed 2020 USECP. On December 11, 2020, Duquesne filed its Supplemental Information. The Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA), the Office of Consumer Advocate (OCA), and Duquesne individually filed comments and/or reply comments. Duquesne, CAUSE-PA, and OCA also filed a Joint Petition for Settlement on August 13, 2021.

Duquesne and various stakeholders also reached a settlement affecting universal service matters in *Pa. PUC, et al., v. Duquesne Light Company*, Docket Nos. R-2021-3024750, *et al.*, Duquesne's base rate case (BRC). The BRC settlement was approved by the Commission by order entered on December 16, 2021. Duquesne implemented the universal service aspects of the BRC settlement as of January 1, 2022.

We have considered the supplemental information, comments, reply comments, and Joint Petition for Settlement filed by the parties and direct that Duquesne file and serve its Revised 2020 USECP, consistent with this Order, for the reasons described herein. Duquesne's existing 2017-2019 USECP (2017 USECP) will continue in operation in whole or in part until its 2020 USECP is fully implemented.

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https://www.puc.pa.gov/pcdocs/1650616.pdf. (The initial proposed 2019 USECP was filed February 28, 2019.)

[2] Such orders are no longer titled "Tentative Order." Tentative decisions of the Commission are subject to exceptions and become final without further Commission action if no exceptions are filed under 52 Pa. Code § 5.533(a). *See* Section 5.536(b) (relating to effect of failure to file exceptions). A request for further information prior to Commission action on a proposal from a public utility is not a Commission decision that could become final if no exceptions are filed; it is not a tentative approval of the public utility's proposal. We now refer to such orders requesting further information and clarification as "orders directing supplemental information."

I. BACKGROUND

As an EDC serving approximately 538,534 residential customers with an average of 36,418 households enrolled in its customer assistance program (CAP),[3] Duquesne is required to maintain an approved USECP and to obtain an independent third-party review of its universal service programs periodically.[4]

Policy Statement on Customer Assistance Programs, 52 Pa. Code §§ *69.261-69.267 (CAP Policy Statement),* Docket No. M-2019-3012599

The Commission's CAP Policy Statement (2020) was amended effective March 21, 2020, pursuant to an order and annex entered on November 5, 2019, and published in the *Pennsylvania Bulletin* on March 21, 2020. *See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code §§ 69.261-69.267*, Final Policy Statement and Order, Docket No. M-2019-3012599 (November 2019 Order and November 2019 Annex). *See also 50 Pa.B.* 1652.[5]

The November 2019 Order, *inter alia*, strongly urged EDCs and natural gas distribution companies (NGDCs) to incorporate the CAP policy amendments into its USECPs to allow stakeholders to have a basis for meaningful input in a *Universal Service Rulemaking*.[6] November 2019 Order at 2.

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[3] *Report on 2019 Universal Service Programs & Collections Performance* at 4 and 51. http://www.puc.pa.gov/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2019.pdf.

[4] EDCs are subject to the universal service reporting regulations at 52 Pa. Code §§ 54.71-54.78 and the low-income usage reduction regulations at 52 Pa. Code §§ 58.1-58.18 and are guided by the recommendations in the CAP Policy Statement (2020) at 52 Pa. Code §§ 69.261-69.267.

[5] Available at https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol50/50-12/409.html.

[6] On January 2, 2020, the Commission entered an order at Docket No. L-2019-3012600 directing its Bureau of Consumer Services (BCS) and Law Bureau to initiate a comprehensive universal service rulemaking.

The November 2019 Order also provided that utilities would have:

> [T]he opportunity to implement these CAP policy changes through voluntary compliance with the amended CAP Policy Statement or to address the matters in utility-specific proceedings and/or as promulgated regulations. Any matters that cannot be resolved by voluntary compliance with Commission policy will be addressed in utility-specific proceedings.

November 2019 Order at 13.

Furthermore, the Commission suggested that utilities plan to implement the first 16 CAP Policy Statement (2020) amendments[7] "by or before January 1, 2021." November 2019 Order at 100.

On November 20, 2019, the Energy Association of PA (EAP)[8] and the Office of Consumer Advocate (OCA) individually filed petitions for reconsideration of the November 2019 Order at Docket No. M-2020-3012599.

On February 6, 2020, in response to the EAP Petition for Reconsideration,[9] the Commission entered an Order clarifying, *inter alia*, that the November 2019 Order regarding the CAP Policy Statement (2020) does not direct mandatory compliance with the amendments to the CAP Policy Statement (2020). The February 2020 Order regarding EAP's Petition for Reconsideration further explained how utilities proposing voluntary compliance with the CAP Policy Statement (2020) amendments may petition

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[7] Amendments 1 through 16 relate to program elements of a CAP within a USECP. Amendment 17 relates to the treatment of CAP costs in utility-specific rate cases.

[8] EAP asserted that it was "acting on behalf of" its members in filing the Petition for Reconsideration. EAP also asserted that it was "acting on behalf of" its members when it filed a Petition for Stay at Docket No. M-2019-3012599. Duquesne is listed as a member of EAP in footnote 1 of the EAP Petition for Reconsideration and in footnote 1 of the Petition for Stay.

[9] As noted above, the EAP Petition was filed on behalf of its members, and Duquesne was listed in the EAP Petition as a member of EAP.

the Commission for approval of proposals to incorporate the new recommendations in their USECPs. Order re EAP's Petition for Reconsideration at 11-12.

Furthermore, on February 6, 2020, in response to the OCA's Petition for Reconsideration, the Commission entered a separate Order which, *inter alia*, clarified the nature of the new energy burden recommendations in the CAP Policy Statement (2020) and how proposals to implement them would be reviewed by the Commission in utility-specific USECP proceedings. Stakeholders, including public utilities, were reminded that:

> [T]he maximum energy burden percentages in the Annex to the November [2019] Order are recommendations, not iron-clad limits on what a utility can charge a CAP household. Issues related to a specific utility's energy burdens are still subject to scrutiny in that utility's USECP proceedings.

Order re OCA's Petition for Reconsideration at 10-11.

2019 Adjustment to USECP Filing Schedules, Docket No. M-2019-3012601

On October 3, 2019, the Commission entered its order (October 2019 Order) in *Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule*, Docket No. M-2019-3012601, to extend the duration of USECPs from the then-prescribed three years to at least five years. The filing schedule for third-party independent evaluations was adjusted to coincide with the revised USECP duration and filing schedule. The October 2019 Order directed EDCs and NGDCs to provide updated enrollment and budget projections for the extended terms of their existing USECPs based on the new filing schedule. Duquesne's Proposed 2020 USECP was extended through 2025, subject to the filing and service of proposed enrollment and budget projections for the additional years.

II. HISTORY

Duquesne's most recent USECP was its 2017 USECP, approved by the Commission at Docket No. M-2016-2534323, by order entered on July 20, 2017. Thereafter, Duquesne proposed to amend its 2017 USECP. The changes were approved by Commission Order entered on April 19, 2018 (April 2018 Order), at Docket No. M-2016-2534323. The April 2018 Order approved, *inter alia*, changing Duquesne's CAP from a percent of budget (POB) to a Percent of Income Payment Plan (PIPP) by January 1, 2020.[10]

A six-year evaluation of Duquesne's universal service and energy conservation efforts was completed in July 2015 by Applied Public Policy Research Institute for Study and Evaluation (APPRISE) (2015 APPRISE Evaluation).[11]

In compliance with Commission regulations, Duquesne initially submitted its Proposed 2020 USECP on February 28, 2019, and served OCA, CAUSE-PA, the Office of Small Business Advocate (OSBA), and the Bureau of Investigation and Enforcement (BIE).

On January 6, 2020, citing the Commission's November 2019 Order, Duquesne filed a Proposed 2020 USECP at Docket Nos. P-2020-3022770 and M-2020-3008227, which, *inter alia*, revised its proposed PIPP CAP levels to reflect the new recommended maximum energy burdens in the CAP Policy Statement (2020). That filing did not propose any changes to Duquesne's current 2017 USECP.

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[10] This proposal stemmed from a Joint Petition filed on December 29, 2017, by Duquesne, OCA, and CAUSE-PA. The Joint Petitioners proposed to convert Duquesne's POB CAP to a PIPP CAP. The Joint Petitioners also requested a waiver from Section 54.74(a)(1-2), which establishes a three-year timeline for USECPs. The Joint Petitioners asserted that this waiver would allow Duquesne to implement two phases of its CAP redesign over a five-year period (2018-2022). The second phase, scheduled to begin on January 1, 2020, would place all Duquesne CAP customers into a PIPP CAP. April 2018 Order at 5-6.

[11] The 2015 APPRISE Evaluation can be found at http://www.puc.pa.gov/general/pdf/USP_Evaluation-Duquesne.pdf.

On November 19, 2020, the Commission entered a Tentative Order identifying issues in the Proposed 2020 USECP requiring further clarification and withholding approval of the USECP until a review of requested information and stakeholder comments is complete. On December 7, 2020, OCA filed a Notice of Intervention and Public Statement at this docket. On December 11, 2020, Duquesne filed Supplemental Information. On December 21, 2020, Duquesne provided responses to OCA's interrogatories, which were not filed as part of the record. CAUSE-PA and OCA individually filed comments on December 29, 2020. CAUSE-PA filed reply comments on January 13, 2021. OCA and Duquesne individually filed reply comments on January 14, 2021.

Requests for Extension of Time to Implement the PIPP CAP

On November 5, 2019, Duquesne filed a letter petition at Docket No. M-2016-2534323 requesting an extension of time to implement the PIPP CAP approved in the April 2018 Order until July 2020. On November 18, 2019, the Commission issued a Secretarial Letter granting the extension, provided that the PIPP CAP would be fully implemented on or before July 31, 2020, and that Duquesne amend its 2017 USECP to reflect the PIPP CAP implementation extension.[12]

On April 3, 2020, Duquesne filed a petition (April 2020 Petition) at Docket No. M-2016-2534323[13] seeking to further delay the implementation of its PIPP CAP due to changing operational needs during the COVID-19 pandemic. The April 2020 Petition did not propose a new implementation target date but offered to provide implementation updates to the Commission and all parties every 30 days. April 2020 Petition at 1-2.

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[12] Duquesne did not amend its 2017 USECP to reflect the new implementation date for the PIPP CAP. However, Duquesne did identify the PIPP CAP implementation date as July 2020 in its Proposed 2020 USECP (filed January 6, 2020). Proposed 2020 USECP at 6-7.

[13] The April 2020 Petition was also filed at *Duquesne Light Company USECP for 2014-2016*, Docket No. M-2013-2350946. Duquesne's CAP was approved as a POB CAP for the 2014 USECP. The April 2020 Petition was not filed in conjunction with the 2020 USECP docket.

Duquesne also did not propose changes to the PIPP CAP energy burdens approved in the April 2018 Order.

On April 20, 2020, the Commission issued a Secretarial Letter (April 20 Secretarial Letter) granting the April 2020 Petition and directing Duquesne to:

- File monthly PIPP CAP implementation updates beginning June 1, 2020, and continue until the PIPP CAP is fully implemented or the 2020 USECP is approved, whichever occurs earlier.

- Propose a new implementation date as part of its monthly updates. The implementation date must be no later than December 31, 2020, unless approved through a future petition for extension.

April 20 Secretarial Letter at 2.

Duquesne filed PIPP CAP implementation updates at Docket Nos. M-2016-2534323 and M-2019-3008227 on June 1, 2020, July 1, 2020, August 3, 2020, September 1, 2020, October 2, 2020, and November 6, 2020. The November 6 filing stated that Duquesne would file a request for an extension if it were unable to implement the PIPP CAP by December 31, 2020. November 2020 PIPP CAP Status Update at 1-2.

On December 24, 2020, Duquesne filed a Petition (December 2020 Petition) requesting a further extension for the implementation date of its PIPP CAP, as further detailed below.

Petition to Expedite Approval of Use of New Energy Burdens as Proposed in the Proposed 2020 USECP

On November 6, 2020, Duquesne filed and served a petition (November 2020 Petition) at Docket Nos. P-2020-3022770 and M-2019-3008227 seeking expedited approval to adopt the new energy burdens proposed in its Proposed 2020 USECP upon implementation of its PIPP CAP. November 2020 Petition at 4.[14] Duquesne noted that the November 2019 Order at Docket No. M-2019-3012599 strongly urged EDCs to incorporate the CAP Policy Statement (2020) amendments to their USECPs on or before January 1, 2021. November 2020 Petition at 4. Duquesne asserted that its proposed changes to the PIPP CAP energy burdens would be more affordable for CAP customers when compared to the PIPP CAP energy burdens in its initial Proposed 2020 USECP, filed on February 28, 2019. Duquesne reported that immediate use of the new energy burdens when the PIPP CAP is implemented would increase non-CAP ratepayer bills by less than $5 annually, based on estimated bill increases of $0.35 per month in calendar year 2021 and $0.36 per month in calendar year 2022 due to CAP cost recovery from non-CAP residential customers. November 2020 Petition at 5.

Duquesne further contended that disapproval or delay of its proposal to expedite the adoption of the new energy burdens would jeopardize the implementation of the PIPP CAP as "changing back" to the originally approved energy burdens would require additional testing and user training. November 2020 Petition at 7-8.

[14] The November 6 Petition was not filed at the 2017 USECP docket and did not request to use the new energy burdens in conjunction with the 2017 USECP. In a separate two-page letter-petition filed on November 6, 2020, at Docket Nos. M-2016-2534323 and M-2019-3008227, Duquesne made this request: "Related to the above-referenced PIPP implementation, Duquesne Light is petitioning the Commission for approval to implement its PIPP CAP at the income levels as proposed in the Company's revised Universal Service and Energy Conservation Plan (USECP) submitted on January 6, 2020 at docket number M-2019-3008227." The November 6 Letter provides no explanation or justification or cost details for using the new energy burdens rather than the approved energy burdens while the 2017 USECP is still operative.

On November 16, 2020, CAUSE-PA and OCA separately filed Answers in response to Duquesne's November 2020 Petition. CAUSE-PA supported approval of the November 2020 Petition and contended, *inter alia*, that the estimated costs for Duquesne's proposed PIPP CAP with the new energy burdens may be even lower when increased bill payments and reduced collection costs are considered. CAUSE-PA November 16 Answer at 10-11.

OCA did not support approving Duquesne's proposal to use the new energy burdens on an expedited basis and recommended that the Commission allow a "full and complete analysis" of these changes as part of Duquesne's pending 2020 USECP proceeding at Docket No. M-2019-3008227. OCA November 16 Answer at 4.

On November 30, 2020, OSBA entered its appearance and filed an Answer in Docket Nos. M-2019-3008227 and P-2020-3022770 advocating against expedited approval. OSBA recommended this matter be assigned to the Commission's Office for Administrative Law Judge (OALJ) for hearings and preparation of an initial decision. OSBA Answer at 3.

Proposal to Adopt New Energy Burdens in 2017 USECP and Implement the PIPP CAP by April 1, 2021 (December 2020 Petition)

As mentioned above, prior to the Commission addressing Duquesne's November 2020 Petition, Duquesne filed a Petition on December 24, 2020, *i.e.*, the December 2020 Petition, at Docket No. P-2020-3023448, requesting a further delay in implementation of the PIPP CAP in conjunction with adoption of the proposed new energy burdens. Duquesne proposed to implement its PIPP CAP no later than April 1, 2021, with the new energy burdens proposed in its Proposed 2020 USECP. December 2020 Petition at 8.

CAUSE-PA and OCA separately filed Answers to the December 2020 Petition on January 11, 2021. CAUSE-PA expressed support for the November 2020 Petition and recommended immediate approval of the proposed PIPP CAP energy burdens. CAUSE-PA also advocated in favor of a *proviso* that there be no further delays for implementation of the PIPP CAP. CAUSE-PA January 11 Answer at 1-3. OCA requested that the implementation of the newly proposed energy burdens be denied until a final order is issued for the Proposed 2020 USECP and advocated in favor of cost control measures. OCA January 11 Answer at 3-4.

Implementation of New Energy Burdens

Although the Commission had neither approved nor denied Duquesne's November 2020 and December 2020 Petitions, Duquesne filed and served a letter on March 8, 2021 (March 8 Letter) at Docket Nos. P-2020-3023448, M-2016-2534323, and M-2019-3008227 stating that it implemented its PIPP CAP with the Proposed 2020 USECP energy burdens effective January 19, 2021. Neither OCA nor CAUSE-PA filed a response to the March 8 Letter.

Joint Petition of Duquesne Light, the Office of Consumer Advocate, and the Coalition for Affordable Utility Service and Energy Efficiency for Approval of a Settlement, Docket No. M-2019-3008227

On August 13, 2021, Duquesne filed a Joint Petition (August 2021 Joint Petition)[15] with OCA and CAUSE-PA for approval of a settlement of the 2020 USECP proceeding. The August 2021 Joint Petitioners proposed that the Commission approve the settlement without modification, which the petitioners note resolves all issues between them as raised in Duquesne's 2020 USECP. All petitioners provided statements in support of the August 2021 Joint Petition.[16] Duquesne avers that the settlement provisions in the August 2021 Joint Petition are just and reasonable, are in the public interest, and resolve

[15] The August 2021 Joint Petition can be found at the following link: https://www.puc.pa.gov/pcdocs/1715646.pdf.

[16] Proposed terms of the August 2021 Joint Petition are addressed below.

all issues and that the provisions should be approved without Commission modification. Duquesne Statement of Support at 9.

On October 26, 2021, the Commission issued a Secretarial Letter (October 2021 Secretarial Letter) requesting additional information related to the August 2021 Joint Petition and Proposed 2020 USECP and invited parties to submit comments and reply comments. The Commission requested further clarification from Duquesne on several topics, including projected annual program costs and enrollments based on the changes proposed in the August 2021 Joint Petition and clarifying the definition of a "senior customer" for each of Duquesne's universal service programs. October 2021 Secretarial Letter at 2-3. On November 8, 2021, Duquesne filed a response (Duquesne Response to October 2021 Secretarial Letter). On November 15, 2021, CAUSE-PA filed comments. No parties filed reply comments.

2021 Base Rate Case (BRC), Docket Nos. R-2021-3024750, et al.

On April 16, 2021, Duquesne Light filed for a general rate increase at *Pa. PUC, et al., v. Duquesne Light*, Docket Nos. R-2021-3024750, *et al.* (2021 BRC). On September 3, 2021, a Joint Petition for Approval of Settlement (September 2021 Joint Petition)[17] was filed in the 2021 BRC, providing, *inter alia*, for changes impacting Duquesne's universal service programs. The Administrative Law Judge (ALJ) in an October 12, 2021 Recommended Decision recommended approval of the universal service provisions in the September 2021 Joint Petition. The Commission adopted this aspect of the Recommended Decision by order entered on December 16, 2021. On January 4, 2022, Duquesne Light provided notice to the parties via a letter filed and served at Docket Nos. R-2021-3024750, M-2016-2534323, and M-2019-3008227,

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[17] The Joint Petitioners in Duquesne Light's 2021 BRC were: Duquesne Light, BIE, OCA, OSBA, CAUSE-PA, the Pennsylvania Weatherization Providers Task Force, Inc. (PWPTF), ChargePoint, Inc. (ChargePoint), and the Natural Resources Defense Council, Inc. (NRDC).

(January 2022 Letter) of the resulting universal service provisions and their effective dates.[18]

As articulated in the September 2021 Joint Petition, Duquesne Light, *inter alia*, agreed to:

- Increase Hardship Fund household income eligibility from 200% to 300% of the Federal Poverty Income Guidelines (FPIG) from January 1, 2022, through December 31, 2023. Duquesne also agreed to contribute an additional $1 million per year to its Hardship Fund. All existing Hardship Funds and 75% of the additional Hardship Fund monies will be directed to households with income at or below 200% of the FPIG, unless unspent in the year in which funds are reserved. On July 1 of each year, unused Hardship Funds will be made available to all eligible customers. September 2021 Joint Petition at 13-14, ¶53. The January 2022 Letter confirms these modifications commenced as of January 1, 2022. January 2022 Letter at 2.

- Increase funding for its Low Income Usage Reduction Program (LIURP) by $400,000 per year beginning January 1, 2022, and ending January 1, 2025.[19] September 2021 Joint Petition at 14, ¶54. The January 2022 Letter confirms these modifications commenced as of January 1, 2022. January 2022 Letter at 2.

- Continue to use a competitive procurement process to select a LIURP vendor and invite PWPTF member agencies and other CBOs to participate in the selection process upon the existing contract's expiration. September

[18] The January 2022 Letter can be viewed at https://www.puc.pa.gov/pcdocs/1729574.pdf.
[19] This will be recovered through Rider No. 5 – Universal Services Charge.

2021 Joint Petition at 14, ¶55. The January 2022 Letter confirms Duquesne will use this process. January 2022 Letter at 3.

- Increase maximum CAP credit thresholds by a percentage equal to the annual average increase in residential rates approved in the settlement. September 2021 Joint Petition at 14, ¶56. The January 2022 Letter confirms that Duquesne will implement these modifications on January 15, 2022. The updated maximum annual CAP credit thresholds are outlined below in Table 1. January 2022 Letter at 1.

Table 1. Annual CAP Credit Limits

FPIG Level	Non-Heating Customers		Electric Heat Customers	
	Through 1/14/22	Effective 1/15/22	Through 1/14/22	Effective 1/15/22
0%-50%	$1,600	$1,700	$2,350	$2,500
51%-100%	$1,400	$1,500	$1,800	$2,000
101%-150%	$900	$1,000	$1,300	$1,400

Source: January 2022 Letter at 1.

- Waive the high usage threshold for LIURP participation for households that exceed maximum CAP credit limits prior to the end of the program year. September 2021 Joint Petition at 14, ¶56. The January 2022 Letter confirms these modifications will commence January 15, 2022. January 2022 Letter at 2. The updated annual LIURP jobs and budget projection are outlined below in Table 2. January 2022 Letter at 3.

Table 2. Updated LIURP Budgets

Year	Electric Heat		Baseload		Total	
	Jobs	**Budget**	**Jobs**	**Budget**	**Jobs**	**Budget**
2022	310	$1,198,500	2,790	$1,642,500	3,100	$2,841,000
2023	310	$1,198,500	2,790	$1,642,500	3,100	$2,841,000
2024	310	$1,198,500	2,790	$1,642,500	3,100	$2,841,000
2025	310	$1,198,500	2,790	$1,642,500	3,100	$2,841,000

Source: January 2022 Letter at 3.

III. PETITIONS

There were two Petitions in this matter in conjunction with the USECP proceedings. The first Petition is the November 2020 Petition at Docket No. P-2020-3022770, associated with the pending USECP proceeding at M-2019-3008227. In this Petition, Duquesne proposes a revision to the pending Proposed 2020 USECP in order to expedite use of newly proposed energy burdens. We deny Duquesne's request to expedite use of the newly proposed energy burdens as moot since the matter is being fully addressed in the Proposed 2020 USECP proceeding.

The second Petition is the December 2020 Petition at Docket No. P-2020-3023448, filed at both the existing 2017 USECP at M-2016-2534323 and the pending Proposed 2020 USECP at M-2020-3008227. In this Petition, Duquesne proposes, *inter alia*, an amendment to the 2017 USECP to incorporate the energy burdens proposed for the 2020 USECP.

Section 5.41(a) of the Commission's regulations sets forth the requirements for any petition seeking relief.

> Petitions for relief under the act or other statute that the Commission administers, [*sic*] must be in writing, state clearly and concisely the interest of the petitioner in the subject matter, the facts and law relied upon, and the relief sought. Petitions for relief must comply with § 1.51 (relating to instructions for service, notice, and protest).

52 Pa. Code § 5.41.

Section 332(a) of the Public Utility Code, 66 Pa. C.S. § 332(a), provides that the party seeking relief from the Commission has the burden of proof. Duquesne seeks relief from the Commission and, therefore, has the burden of proof relative to each of these two P-dockets.

Any decision of the Commission must be supported by substantial evidence. *See, e.g.*, Section 704 of the Administrative Agency Law, 2 Pa. C.S. § 704. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. Pub. Util. Comm'n.*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Sup. 1961); and *Murphy v. Comm., Dept. of Public Welfare, White Haven Center*, 480 A.2d 382 (Pa. Cmwlth. 1984).

We find that Duquesne did not provide the requisite substantial evidence in support of the December 2020 Petition to apply the new energy burdens as an amendment to its 2017 USECP. As will be discussed in greater detail below, all matters concerning the new energy burdens have been addressed in conjunction with the Proposed 2020 USECP at Docket No. M-2019-3008227. Considering the overlap in the two USECPs, we shall deny the proposal to amend the 2017 USECP inasmuch as the soonest that new energy burdens can be approved will be in conjunction with the approval of the 2020 USECP.[20]

IV. DISCUSSION

Duquesne's 2020 USECP, as proposed and amended, contains four major components that help low-income customers maintain utility service. The four major components are as follows: (1) CAP, which provides discounted bills and/or debt forgiveness for low-income residential customers; (2) LIURP, Smart Comfort, which provides weatherization and usage reduction services for low-income residential customers; (3) Customer Assistance and Referral Evaluation Services (CARES), which provides referral services for payment-troubled residential customers experiencing a temporary hardship; and (4) Hardship Fund, administered by Dollar Energy Fund (DEF), which provides grants to qualified residential customers with overdue balances and an inability to pay energy bills. Thus, Duquesne's Proposed 2020 USECP contains the four programs required by the Electricity Generation Customer Choice and Competition Act (Competition Act) at 66 Pa. C.S. §§ 2801-2815, as amended. We shall discuss each program in greater detail below.

A. Program Descriptions as Proposed

1. CAP

Duquesne's CAP helps residential low-income customers maintain electric service through arrearage forgiveness, an affordable monthly payment, protection against loss of service, and referrals to other programs and services. Currently, all Duquesne CAP customers can have their pre-program arrearage (PPA) completely forgiven after 24 months of timely, in-full payments. The CAP program is open to customers with incomes up to 150% of the FPIG who demonstrate or express difficulty in paying their electric bill.

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[20] As noted below, Duquesne implemented the new energy burdens before the Commission addressed either the November 2020 Petition or the December 2020 Petition.

Duquesne proposes to bill CAP customers via a PIPP or the average monthly bill, whichever is less. This payment will be reviewed and updated every four months to determine what payment plan (*i.e.*, PIPP or average monthly bill) is appropriate for the CAP customer. CAP customers will be billed based on their actual usage if less than the PIPP or average monthly bill amount.

Duquesne's PIPP includes a minimum CAP bill of $20 for residential non-heat service and $40 for residential heat. Actual usage bills are the only scenario where a CAP customer would be billed less than the minimum amount.

Duquesne's maximum annual CAP discount amounts (*i.e.*, maximum CAP credits) are based on a household's FPIG level and heating status. CAP customers exceeding their maximum annual CAP discount amounts within 12 months of their enrollment month anniversary will be required to pay their actual bills at the full tariff rate for the remainder of the 12-month program year. Duquesne may adjust the maximum annual CAP discounts based on a customer's special circumstances.

Based on our analysis in the Tentative Order of Duquesne's CAP in the Proposed 2020 USECP, we requested that Duquesne provide supplemental information to clarify identified issues and provided the opportunity for stakeholders to file comments. Duquesne filed its supplemental information, and CAUSE-PA and OCA separately filed comments and reply comments. Duquesne filed reply comments. Thereafter, Duquesne, CAUSE-PA, and OCA jointly proposed additional changes to Duquesne's CAP in the August 2021 Joint Petition. The following discussion reflects resolution of the issues and proposed changes. To the extent that the parties have offered joint resolution of a given issue, we will not delve deeply into the comments filed prior to the August 2021 Joint Petition.

a. PIPP Energy Burden Levels

Consistent with the history of Duquesne's PIPP CAP described above, Table 3 reflects the PIPP levels approved in the April 2018 Order, the PIPP levels proposed in the Proposed 2020 USECP, and the PIPP levels implemented in January 2021:

Table 3. PIPP Energy Burden Levels Approved in April 2018 Order, Proposed in 2020 USECP, and Implemented in January 2021

FPIG Level	**ENH (Residential Service)**			**EH (Residential Electric Heat)**		
	Approved in 2018	*Proposed in 2020*	*Implemented in 2021*	*Approved in 2018*	*Proposed in 2020*	*Implemented In 2021*
0%-50%	3%	2%	2%	7%	6%	6%
51%-100%	4%	4%	4%	8%	10%	10%
101%-150%	5%	4%	4%	9%	10%	10%

Sources: April 2018 Order, Proposed 2020 USECP at 7, Tentative Order at 21, March 2021 Letter at 2.

The Commission noted in the Tentative Order that Duquesne's proposed energy burden levels for its CAP PIPP appeared to be consistent with Section 69.265(2)(i)(B) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(2)(i)(B). Tentative Order at 21-22. However, the Commission requested, *inter alia*, that Duquesne:

1. Provide more information about the estimated costs of how its proposed PIPP energy burden will increase CAP costs for each year of the proposed USECP broken down by household FPIG (*i.e.*, 0%-50%, 51%-100%, and 101%-150%).

2. Explain how Duquesne will notify customers about the change in PIPP levels, particularly since some customers may experience an increase in their monthly bills; and

3. Identify the potential impact of the proposed PIPP energy burden levels on unused Low Income Home Energy Assistance Program (LIHEAP) grants returned to DHS, specifically, an analysis for each income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%) to determine the number of CAP accounts which have unused LIHEAP funds returned to DHS and the average amount of those funds. Actual data should be provided for 2018 and 2019, and projected data for 2020 through 2024 based on the proposed PIPP.

1. *Estimated costs of current and proposed PIPP energy burden levels by FPIG*

Duquesne provided information about the estimated costs of how its current and proposed PIPP energy burden levels will increase CAP costs from 2020 to 2025 broken down by household FPIG.

Table 4. Projected Costs Based on PIPP Energy Burden Levels Approved in April 2018 Order

	2020	2021	2022	2023	2024	2025
$0 income	$583,484	$594,767	$606,276	$601,225	$613,249	$625,514
0%-50%	$5,353,978	$5,457,511	$5,563,113	$5,516,764	$5,627,099	$5,739,641
51%-100%	$14,466,883	$14,746,636	$15,031,983	$14,906,743	$15,204,877	$15,508,975
101%-150%	$8,916,456	$9,088,877	$9,264,747	$9,187,557	$9,371,308	$9,558,734
Subtotal	$29,320,801	$29,887,790	$30,466,120	$30,212,287	$30,816,533	$31,432,864
Admin Costs	$1,877,211	$1,933,527	$1,991,533	$2,112,817	$2,176,202	$2,241,488
Total	$31,198,012	$31,821,317	$32,457,652	$32,325,104	$32,992,735	$33,674,351

Source: Duquesne Supplemental Information at Attachment A1 (page 36).

Table 5. Projected Costs Based on PIPP Energy Burden Levels in the Proposed 2020 USECP

	2020	2021	2022	2023	2024	2025
$0 income	$617,927	$629,899	$642,110	$647,941	$660,900	$674,118
0%-50%	$5,670,024	$5,779,877	$5,891,928	$5,945,430	$6,064,339	$6,185,626
51%-100%	$15,320,865	$15,617,697	$15,920,466	$16,065,035	$16,386,336	$16,714,062
101%-150%	$9,442,795	$9,625,743	$9,812,350	$9,901,453	$10,099,483	$10,301,472
Subtotal	$31,051,611	$31,653,217	$32,266,854	$32,559,860	$33,211,057	$33,875,278
Admin Costs	$1,877,211	$1,933,527	$1,991,533	$2,112,817	$2,176,202	$2,241,488
Total	$32,928,822	$33,586,744	$34,258,387	$34,672,677	$35,387,259	$36,116,766

Source: Duquesne Supplemental Information at Attachment A1 (page 36).

As will be discussed below, in November 2021, Duquesne revised the projections in Table 5 in its Response to October 2021 Secretarial Letter filing as reflected in Table 12, below.

As reflected in Table 6, the cost differences between the approved and proposed PIPP levels indicate Duquesne’s CAP costs will increase by $2.4 million annually by 2025 if the energy burden levels in the Proposed 2020 USECP are maintained.

Table 6. Cost Difference Between PIPP Energy Burden Levels Approved in 2018 and Proposed in the Proposed 2020 USECP

	2020	2021	2022	2023	2024	2025
$0 income	$34,443	$35,132	$35,835	$46,717	$47,651	$48,604
0%-50%	$316,046	$322,367	$328,814	$428,667	$437,240	$445,985
51%-100%	$853,982	$871,061	$888,483	$1,158,292	$1,181,458	$1,205,087
101%-150%	$526,339	$536,866	$547,603	$713,897	$728,175	$742,738
Total	$1,730,810	$1,765,426	$1,800,735	$2,347,573	$2,394,524	$2,442,415

Source: Duquesne Supplemental Information at Attachment A1 (page 36).

2. *How customers will be notified about the change in PIPP levels*

Duquesne states that it will notify customers about the change in PIPP levels through a "multi-channel customer communication plan." Duquesne Supplemental Information at 3. Duquesne explains that it will send a letter to CAP customers that will both outline changes to the PIPP and explain its new bill format. Furthermore, it will include a bill insert explaining CAP program changes with the customer's first new bill. Duquesne plans to include a video and other educational material on a dedicated website page[21] as well as train its Customer Services Representatives and Community Based Partners on the program updates. Duquesne Supplemental Information at 3.

3. *Unused LIHEAP funds returned to DHS from 2018-2020*

As reflected in Table 7, Duquesne identified the number of CAP accounts with unused LIHEAP funds returned to DHS and the refund amounts received for each income tier from 2018-2020.

Table 7. 2018-2020 Unused LIHEAP Funds Returned to DHS

	2018 Customers	2018 Refunds	2019 Customers	2019 Refunds	2020 Customers*	2020 Refunds*
0%-50%	3	$862.87	19	$7,664.74	18	$11,752.00
51%-100%	8	$1,171.33	50	$9,179.62	16	$3,096.88
101%-150%	3	$656.85	19	$3,596.55	5	$1,026.73
Total	14	$2,691.05	88	$20,440.91	39	$15,875.61

Source: Duquesne Supplemental Information at 4.
* The data for 2020 reflect "year-to-date" numbers, but Duquesne did not specify the date these data were collected. The Supplemental Information was filed on December 10, 2020.

Duquesne reports that it projects the amount of unused LIHEAP funds returned to DHS from 2020 through 2024 to be somewhere between $20,000 to $25,000 annually. Duquesne Supplemental Information at 4.

21 https://www.duquesnelight.com/CAP2021.

Comments

CAUSE-PA supported Duquesne's proposed CAP PIPP energy burdens. CAUSE-PA Comments at 8-12. CAUSE-PA stated that while increased costs to non-CAP customers is a concern, inadequate CAP funding "…detracts from the system-wide benefits of the program – including improved payment coverage and frequency and reduced collections costs." CAUSE-PA Reply Comments at 4-5.

OCA expressed concern that residential customers are already paying higher universal service costs due to Duquesne's approved PIPP structure and that asking them to pay more during the current economic downturn would unfavorably affect their bill's affordability. OCA Comments at 7-8. OCA recommended establishing new cost control measures if the Commission approves the PIPP energy burdens in the Proposed 2020 USECP. OCA Comments at 8-9.

Duquesne maintained that the cost difference between its approved and proposed PIPP energy burdens is less than $5 per year, with a 35-cents monthly bill increase for non-CAP residential customers in 2021 and a 36-cents monthly bill increase in 2022. Duquesne Reply Comments at 6.

August 2021 Joint Petition

On August 13, 2021, as described above, Duquesne filed the August 2021 Joint Petition with OCA and CAUSE-PA for approval of a settlement relative to Duquesne's 2020 USECP. The settlement terms include, *inter alia*, implementing the PIPP CAP energy burdens as recommended in the CAP Policy Statement (2020) and adopting new tracking and arrearage forgiveness provisions. August 2021 Joint Petition at 4-6. Specifically, the settlement specifies Duquesne will, *inter alia*:

- Adopt the PIPP CAP energy burdens in the Proposed 2020 USECP. August 2021 Joint Petition at 4, ¶12.

- Track and report quarterly on (1) the number of CAP customers that reached 70%-80%, 80%-90%, and 100% and higher of their maximum CAP credit thresholds and (2) the number of months remaining in the program year before the CAP credit limit will reset for customers at 100%. It will also provide an annual report of these data to Duquesne's Income Eligible Advisory Group (IEAG). August 2021 Joint Petition at 4, ¶13.

- Notify the parties and seek their input if USECP costs will exceed the projected budget by 10% and file a petition with the Commission explaining the cost increase and outline possible programmatic cost-containment measures. August 2021 Joint Petition at 4, ¶14.

- Extend the CAP PPA forgiveness from 24 to 36 months, beginning in January 2023. August 2021 Joint Petition at 5, ¶15.

- Allow customers to receive additional PPA forgiveness for arrearages accrued up to three months before reenrollment in CAP if they had left the program voluntarily. Customers who have been out of CAP for four or more years will be treated as new CAP enrollees. August 2021 Joint Petition at 5, ¶16.

- Allow customers who did not voluntarily leave CAP to reenroll with any remaining PPA spread out over the difference between 36 months and the number of PPA forgiveness months already earned. August 2021 Joint Petition at 5, ¶17.

Statements of Support

CAUSE-PA emphasizes its support for Duquesne's PIPP implementation for CAP customers. It states that it will result in improved affordability for low-income customers that should in turn create positive outcomes such as improved payment frequency, bill coverage rates, and reductions in uncollectible expenses. CAUSE-PA Statement of Support at 3-4. CAUSE-PA states that increased reporting and tracking of maximum CAP credit thresholds will provide stakeholders with the opportunity to make knowledgeable recommendations to the Commission in response to proposed program design and rate changes. CAUSE-PA Statement of Support at 5. CAUSE-PA asserts that the provision for Duquesne to notify the parties and file a petition if it expects to exceed its projected budget by 10% suitably balances the interests of its parties and stakeholders. CAUSE-PA Statement of Support at 6.

While CAUSE-PA notes that although it strongly supported retaining Duquesne's 24-month PPA model, it approves of the change to supplementary provisions to allow customers to receive up to three months of additional arrearage forgiveness if they previously earned full arrearage forgiveness and voluntarily withdrew from CAP, customers that voluntarily withdraw from CAP and remain out of the program for at least four years will be treated as a new CAP enrollment, and allow customers to resume their PPA forgiveness upon re-entering CAP if they are terminated or discontinue services prior to earning total PPA forgiveness. CAUSE-PA Statement of Support at 7. CAUSE-PA believes these additional provisions balance the interests between the Joint Settlement parties. CAUSE-PA Statement of Support at 7.

Additionally, CAUSE-PA agrees that the provision to allow customers who did not voluntarily leave CAP to reenroll with any remaining PPA spread out over the difference between 36 months and the number of PPA forgiveness months already earned will prove helpful to CAP customers. CAUSE-PA states it will enable CAP customers to resume paying off arrearages after a service interruption, keep customers in the CAP program, maintain more affordable bills, and ensure that Duquesne contains to receive payment for utility service. CAUSE-PA Statement of Support at 8.

OCA states that the settlement terms will produce greater CAP customer affordability while also addressing its cost concerns through balancing the cost increases with the implementation of a 36-month PPA model and increased outreach and reporting on maximum CAP credits. OCA Statement of Support at 5-6. OCA recognizes that the 36-month PPA model reduces non-CAP residential customer's monthly costs while still allowing CAP customers to earn monthly arrearage forgiveness. OCA Statement of Support at 7. OCA states the monitoring of maximum CAP credits will afford important data to stakeholders that can then be used to assess the impact of changes and whether the maximum CAP credits need modification. OCA Statement of Support at 7-8.

Duquesne avers that the settlement provisions in the August 2021 Joint Petition parties are just and reasonable, are in the public interest, resolve all issues, and that the provisions should be approved without Commission modification. Duquesne Statement of Support at 9.

Resolution: There are two issues to address when it comes to the PIPP energy burdens proposed in the Proposed 2020 USECP. The first issue is whether adopting these energy burdens for Duquesne's CAP is appropriate and in the public interest and encompasses the six points articulated in the Joint Petition regarding the PIPP levels. The second issue concerns Duquesne's decision to implement these proposed PIPP energy burdens in January 2021 without Commission approval. We shall address each of these issues separately.

1. *Proposed PIPP Energy Burdens*

As noted in the Tentative Order, we start with the finding that Duquesne's proposed PIPP energy burdens are consistent with the maximum energy burdens in the CAP Policy Statement (2020) at Section 69.265(2)(i)(B), 52 Pa. Code § 69.265(2)(i)(B). Tentative Order at 21-22. That does not end our inquiry, however.

Duquesne provided extensive supplemental information as noted above. At this point, Duquesne has provided all the information needed to support a proposal to lower energy burdens even if the CAP Policy Statement (1999) were still operative. Duquesne has indicated that maintaining the proposed PIPP energy burdens will only increase annual CAP costs by approximately $2.4 million annually by 2025, as compared to the PIPP energy burdens approved in the April 2018 Order. Duquesne maintained that the cost difference between its approved and proposed PIPP energy burdens is less than $5 per year, with a 35-cents monthly bill increase for non-CAP residential customers in 2021 and a 36-cents monthly bill increase in 2022, even before the agreed-to cost control measures were applied. Duquesne does not project an increase in LIHEAP refunds to DHS because of this change, but states it is willing to track and evaluate this metric again 18 months after implementation.

Most significantly, the active parties in this proceeding (*i.e.*, Duquesne, CAUSE-PA, and OCA) support approving the proposed PIPP energy burdens with cost control measures. These cost control measures include extending the PPA forgiveness timeframe from 24 to 36 months to mitigate the increased costs associated with the revised PIPP energy burdens, establishing new guidelines regarding PPA forgiveness, and providing additional reporting to its IEAG. Duquesne has also agreed to meet with CAUSE-PA and OCA if its USECP costs exceed 10% of its projected budget and to file a Petition with the Commission addressing the cost increase and its cost containment measures.

We find the exchange of substantive information and the collaborative process undertaken by the parties to be consistent with due process. The result is a utility-specific analysis as contemplated by our orders on reconsideration of the CAP Policy Statement (2020).[22] We conclude that the resulting provisions regarding the forward application of

[22] *See* Order re OCA's Petition for Reconsideration and Order re EAP's Petition for Reconsideration.

the new energy burdens with the agreed to cost control measures to be reasonable and in the public interest.[23] Accordingly, in conjunction with the cost control measures and reporting requirements in the August 2021 Joint Petition, the Commission approves the PIPP energy burdens as proposed.

2. *Implementation of the Proposed PIPP Energy Burdens Without Commission Approval*

As detailed above, the Commission originally approved Duquesne's transition to a PIPP CAP in the April 2018 Order with an implementation date of January 1, 2020. Duquesne requested extensions to implement its PIPP CAP on November 5, 2019, April 3, 2020, and December 24, 2020. Duquesne also filed PIPP CAP status updates on June 1, 2020, July 1, 2020, August 3, 2020, September 1, 2020, October 2, 2020, and November 6, 2020. The November 2020 filing noted Duquesne is petitioning the Commission to implement the PIPP CAP with the energy burden levels proposed in the Proposed 2020 USECP. November 2020 PIPP CAP Status Update at 1-2. Prior to the November 2020 status update and Petition, Duquesne did not notify the Commission it planned to implement its PIPP CAP using the new energy burdens proposed in its Proposed 2020 USECP.

While acknowledging the complications created by the COVID-19 pandemic, we find the delay in moving to a PIPP CAP and the benefits it would provide through

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[23] OSBA suggested that this matter be assigned to the OALJ for hearings and preparation of an initial decision regarding the energy burdens. OSBA Answer at 2-3. We shall not, at this time, refer this matter to the OALJ. This result is consistent with our order in *Pa. PUC, et al. v. Columbia Gas of PA, Inc.*, Docket Nos. R-2020-3018835, *et al.* (order entered on February 19, 2021) at 160-161 (*Columbia 2021*). In *Columbia 2021*, we were asked to review use of the new energy burdens (and several other universal service questions) in a fully litigated BRC. We concluded that "the energy burdens of customers on [PIPPs] should not be considered separately from other parts of the [public utility's] CAP and universal service programs but should be considered as part of the [public utility's] entire universal service plan, including the need for changes and associated costs. *Columbia 2021* at 160. Furthermore, Duquesne's new energy burdens will not have an impact on OSBA until and unless Duquesne seeks to recover any of its universal service costs from ratepayers outside the residential customer class. At that time, OSBA will have adequate opportunity to address the merits including the extent of such a proposed recovery.

reduced monthly CAP bills and in-program arrearage (IPA) forgiveness[24] is primarily due to Duquesne's inability to timely implement the PIPP CAP approved by the April 2018 Order. That delay was compounded by Duquesne's lack of transparency regarding the shift in its plans to use the proposed energy burdens rather than the approved energy burdens. Duquesne should have been well along in its plans to use the energy burdens approved in the April 2018 Order regarding the 2017 USECP by the time the new energy burden recommendations in the CAP Policy Statement (2020) were addressed in the proceeding at Docket No. M-2019-3012599.

Although the November 2019 Order encouraged utilities to propose implementing the CAP Policy Statement (2020) changes by January 2021, it did not authorize utilities to implement the new recommended energy burdens without first seeking Commission approval in a utility-specific proceeding. The review and approval of a utility's USECP – or proposed changes to an existing USECP – involves a collaborative process by which the Commission, the public utility, and other interested stakeholders address the needs of the utility's low-income customers balanced with the costs to be borne by ratepayers. Absent the extraordinary step of approving elements of a proposed USECP in a piecemeal fashion, use of the proposed PIPP energy burdens by Duquesne prior to approval of its 2020 USECP would have required a proceeding to amend the 2017 USECP. As noted above, Duquesne first filed a Petition to amend its 2017 USECP with the proposed PIPP energy burdens on November 6, 2020. On January 19, 2021, Duquesne implemented its PIPP CAP with the proposed energy burdens before the Commission addressed the November 2020 Petition.

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[24] Upon implementation of the PIPP CAP, Duquesne agreed to forgive any existing IPA when CAP customers transition from the POB to the PIPP. Duquesne would assume responsibility for 45% of the IPA and not seek recovery of that amount. The remaining 55% of the IPA would be deferred and combined with the customer's existing PPA. CAP customers would receive 1/24th forgiveness of this deferred balance with each monthly payment after transitioning to the PIPP CAP. Duquesne would recover the forgiven IPA balance (*i.e.*, the 55%) through its Universal Service rider, up to \$6.6 million. *See Joint Petition of Duquesne, OCA, and CAUSE-PA for Approval of Modifications to Duquesne's CAP Design in its USECP and a Waiver of Commission Regulations Regarding Length of USECP*, Docket No. M-2016-2534323 (filed on September 15, 2017), at 8.

The Public Utility Code permits EDCs to fully recover the cost of universal service and energy conservation services, including CAPs, but also gives administrative oversight to the Commission to ensure these programs are operated in a cost-effective manner. 66 Pa. C.S. § 2804(9). Therefore, we shall refer this matter to BIE for whatever action it deems necessary regarding Duquesne's implementation of changes to its CAP and increased costs for its non-CAP ratepayers prior to receiving Commission approval.

b. Income Requirements for CAP Eligibility

In the Tentative Order, the Commission noted that the Proposed 2020 USECP does not specify what income documentation types or timeframes are accepted for CAP eligibility. Duquesne has previously reported that it accepts income documentation of at least the last 30 days or 12 months for its CAP. January 6 Cover Letter at 4. However, this provision is not specified in its Proposed 2020 USECP.

The Tentative Order asked Duquesne to clarify its CAP income documentation requirements and how it communicates these requirements to CAP agencies and applicants. Duquesne was also asked to include copies of its CAP applications, recertification letters, brochure, and any other distributed written communication describing CAP eligibility requirements. Tentative Order at 23.

Duquesne clarifies that it has various ways to notify its CAP customers of income timeframes and documentation requirements. Duquesne reports it informs its customers of documentation requirements through its online CAP application, paper CAP application, and its website. Newly enrolled CAP customers are also sent a welcome letter outlining the benefits and responsibilities for CAP participants. Duquesne Supplemental Information at 5.

Duquesne states that its community-based organizations (CBOs) discern the most beneficial income timeframe for the CAP applicant during its CAP application review and customer interviews. If the 30-day income timeframe is not representative of a customer's income, the CBO will use the customer's average monthly income over that 12-month period to determine a customer's income. Duquesne Supplemental Information at 5.

Comments

While CAUSE-PA supports Duquesne's proposal to accept 30-day or 12-month income documentation requirements for CAP eligibility, it recommends Duquesne clearly describe income documentation timeframes and add a list of acceptable income documentation in its USECP. CAUSE-PA Comments at 13-14.

Resolution: We find that Duquesne has clearly defined its income documentation timeframes and also find that its current practice of accepting 30 days or 12 months of income, whichever is more beneficial to the customer, is just and reasonable and in the public interest as well as consistent with Section 69.265(8)(ii)(B)(I) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(ii)(B)(I).[25] Accordingly, we direct Duquesne to include its income documentation timeframes in its Revised 2020 USECP.

We note in passing that we have requested other public utilities to disclose their lists of acceptable income documentation.[26] We direct Duquesne to disclose its list of acceptable income documentation to its IEAG.

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[25] Section 69.265(8)(ii)(B)(I) provides that the "utility should accept income documentation of at least the last 30 days or 12 months, whichever is more beneficial to the household. CAP applications and recertification letters should identify acceptable income timeframes and explain how each may benefit the customer." 52 Pa. Code § 69.265(8)(ii)(B)(I).

[26] *See PECO 2019-2024 USECP Tentative Order*, Docket Nos. M-2018-3005795, *et al*. (order entered May 6, 2021), at 42-44; and *National Fuel Gas 2022-2026 USECP Order*, Docket No. M-2021-3024935 (order entered on July 15, 2021) at 23-24.

c. Informing CAP Customers to Apply for LIHEAP

The Proposed 2020 USECP does not describe if or how CAP customers are regularly encouraged to apply for LIHEAP or other available energy assistance grants. In the Tentative Order, Duquesne was asked to provide this information. Tentative Order at 23.

Duquesne reports that it encourages its CAP customers to apply for LIHEAP in several different ways:

- A letter and LIHEAP application with instructions are mailed annually to all customers who received a LIHEAP grant the previous year.

- CAP customers are encouraged to apply for LIHEAP and the Hardship Fund program by CBOs at program enrollment and reinstatement as well as through its CAP welcome letter.

- Customers are also encouraged to apply for LIHEAP and the Hardship Fund program through Duquesne's social media and website.

Duquesne Supplemental Information at 6.

Comments

CAUSE-PA requests that the Commission direct Duquesne to work with its IEAG to discern if additional outreach methods would be helpful in order to advise CAP customers to apply for LIHEAP and other low-income programs. CAUSE-PA Comments at 14-15.

Resolution: Duquesne has provided the required information. We are not directing any changes to Duquesne's LIHEAP outreach efforts to CAP customers at this time, but we encourage Duquesne to work with its IEAG to determine how these efforts may be enhanced. Accordingly, we direct Duquesne to provide a description of its current LIHEAP outreach efforts in its Revised 2020 USECP.

d. Exempt CAP Customers from Late Payment Charges

The Proposed 2020 USECP does not specify whether CAP customers are exempt from late payment charges or fees. The Tentative Order asked Duquesne to clarify whether late payment charges or fees are waived for CAP customers. Tentative Order at 24.

Duquesne reports that late payment charges are waived for CAP customers. Duquesne Supplemental Information at 7.

Comments

CAUSE-PA requests that Duquesne should be required to specify that late payments are waived for CAP customers in its USECP. CAUSE-PA Comments at 15.

Resolution: Duquesne has acknowledged that it does waive late payment charges or fees for CAP customers even though the Proposed 2020 USECP does not so specify. We find that Duquesne's current practice of waiving late payment charges or fees is just and reasonable and in the public interest as well as consistent with Section 69.265(6)[27] of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(6). We agree with CAUSE-PA that this practice should be stated in Duquesne's 2020 USECP. Accordingly, we direct Duquesne to clarify this practice in its Revised 2020 USECP.

[27] Section 69.265(6): *Late Payment Charges*. CAP customers should be exempt from late payment charges. 52 Pa. Code § 69.265(6).

e. Notifying Customers of Maximum CAP Discount Exceptions

When a CAP customer reaches the maximum annual discount within 12 months of the anniversary of the enrollment month, the customer is required to pay the actual bill at the full tariff rate until the end of the 12-month period. Duquesne reports that it will provide the average annual deficiency for heating and non-heating customers in its next quinquennial USECP filing. Proposed 2020 USECP at 9.

Duquesne lists several exceptions to maximum annual CAP discounts that qualify as extenuating circumstances including: (1) the addition of a household member; (2) serious illness or medical condition; (3) health-related usage consumption beyond the customer's control; (4) severe weather conditions; and (5) structural damage to residence. Proposed 2020 USECP at 9. However, it does not list the ways in which CAP customers are notified that they are reaching their maximum annual CAP discount. Furthermore, it is unknown in what timeframe customers must contact Duquesne to let it know that they may qualify for an exception to the maximum annual discount.

The Tentative Order asked Duquesne to explain how it makes CAP customers aware if they are approaching or have reached their annual CAP discount limit and of the exceptions to the CAP discount limit and what steps to take if the household qualifies for these exceptions. The November 2020 Order also asked Duquesne whether these customers receive priority for other Duquesne universal service programs or assistance such as Smart Comfort or Hardship Fund grants. Tentative Order at 25.

Duquesne reports that its new CAP bill design will include "a thermometer bar graph that will display on the front of the bill the amount of the customer's discount used year to date, the amount of the discount remaining, and the date when the discount will be reset." Duquesne Supplemental Information at 8.

Duquesne states that it currently communicates the annual CAP discount limit and existing exceptions to CAP customers during their CBO interviews and in their CAP welcome letter. A CAP customer must reach out to Duquesne or a CBO to identify exceptions. Furthermore, Duquesne clarifies that CAP customers that are close to or have reached their maximum annual discount are often those with higher electric consumption and are therefore referred to Smart Comfort, the Hardship Fund, and LIHEAP. Duquesne Supplemental Information at 8.

Comments

CAUSE-PA supported Duquesne's proposed method for notifying customers of maximum CAP discount exceptions and updated CAP bill design. CAUSE-PA Comments at 16. CAUSE-PA encouraged Duquesne to continue to seek feedback on this issue by working with its IEAG throughout its bill redesign process. CAUSE-PA Comments at 16. CAUSE-PA recommended that the Commission require Duquesne to submit quarterly reports identifying the number of CAP customers that reach the maximum CAP credit threshold by month, FPIG tier, and heating type. It further suggested that the submitted data be discussed annually with Duquesne's IEAG and be used to evaluate whether to increase the maximum threshold levels in Duquesne's next USECP proceeding. CAUSE-PA Comments at 17.

OCA stated it cannot recommend a change to the maximum CAP credits until it knows how many CAP customers currently reach the maximum CAP credit limit and what actions are taken before and when a customer reaches these limits. OCA Comments at 12-13.

Duquesne responded that its maximum annual CAP discounts can be adjusted for extenuating circumstances. It stated extenuating circumstances include, but are not limited to, one or more of the following:

- Increased number of household occupants;
- Serious illness or medical condition; and
- Consumption increase beyond a customer's control.

Duquesne Reply Comments at 9-10.

August 2021 Joint Petition

As part of the August 2021 Joint Petition, Duquesne has agreed to track and report the following information on a quarterly basis and to provide an annual report to its IEAG:

- The number of CAP customers who have reached 70%-80%, 80%-90%, and 100% or more of the maximum CAP credit threshold; and
- The number of months left in the program year before the CAP credit limit will reset for those customers who have reached 100% of their CAP credit threshold.

August 2021 Joint Petition at 4, ¶13.

Resolution: As stated above, we have found the CAP credit reporting provisions as described in the August 2021 Joint Petition to be just and reasonable and in the public interest. We also find that Duquesne's exceptions to its CAP credit limits as described in the August 2021 Joint Petition are just and reasonable, are in the public interest, and resolve this issue as well as consistent with Section 69.265(3)(vi)[28] of the CAP Policy

[28] Section 69.265: *Exemptions*. A utility may exempt a household from maximum CAP credit or consumption limits if one or more of the following conditions exist:

Statement (2020), 52 Pa. Code § 69.265(3)(vi). Accordingly, we direct Duquesne to file and serve at Docket No. M-2019-3008227 its annual report on CAP customers reaching or exceeding their maximum CAP credit limits. This information must be broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%) and heating type (*i.e.*, non-heating and electric heating). Duquesne shall continue to file and serve this information for the duration of its 2020 USECP. Duquesne is also directed to include its clarifications in its Revised 2020 USECP on how it makes CAP customers aware they are approaching or have reached their annual CAP discount limit and how they can qualify for exceptions to this limit.

f. One-time Transitional In-Program Debt Forgiveness

As part of its PIPP CAP implementation, Duquesne allows a one-time transitional IPA debt forgiveness program on past due in-CAP arrearages that exist when CAP customers transition to the PIPP. This debt will be forgiven over 24 months of in-full payments. Proposed 2020 USECP at 10.

In the Tentative Order, Duquesne was asked to clarify whether IPA forgiveness will be provided separately or combined with PPA forgiveness. Tentative Order at 25.

Duquesne specifies that IPA and PPA will be combined for forgiveness through CAP. Duquesne Supplemental Information at 9.

(A) The household experienced the addition of a household member.
(B) A member of the household experienced a serious illness.
(C) Energy consumption was beyond the household's ability to control.
(D) The household is located in housing that is or has been condemned or has housing code violations that negatively affect energy consumption.
(E) Energy consumption estimates have been based on consumption of a previous occupant.

Comments

CAUSE-PA supports Duquesne's proposal for a one-time transitional IPA forgiveness but asserts that PPA be forgiven on its original 24-payment forgiveness cycle. It further states that IPA forgiveness begin on its own 24-payment cycle upon program implementation. CAUSE-PA Comments at 18-19. CAUSE-PA cites the Final CAP Policy Statement and Order at 44 for the proposition that existing data show that a shorter arrearage forgiveness period reduces PPA balances faster while likely also helping to improve payment behavior. CAUSE-PA Reply Comments at 8.

OCA reports the proposed arrearage forgiveness of 24 months will result in unreasonable cost to ratepayers. OCA recommends extending the arrearage forgiveness period to at least 36 months. OCA Comments at 10-12.

August 2021 Joint Petition

As part of the August 2021 Joint Petition, Duquesne has agreed to transition from a 24-month to a 36-month PPA forgiveness timeframe beginning in January 2023. August 2021 Joint Petition at 5, ¶15.

Resolution: Duquesne has clarified that the CAP customer's IPA and PPA amounts would be combined at the time of the PIPP CAP implementation and set on a new forgiveness cycle. Per the proposed terms of the August 2021 Joint Petition, the arrearage forgiveness cycle would transition to a 36-month timeframe by January 2023. This change is consistent with the recommendation of OCA and should help mitigate the cost impact of the IPA forgiveness and new PIPP energy burdens. Accordingly, we find this change just and reasonable and in the public interest. Duquesne shall include this upcoming change in its Revised 2020 USECP.

g. Implement an Online CAP Application and Accept Documentation Electronically

The Proposed 2020 USECP reports that customers may currently apply for CAP in-person, by telephone, and via an online application. Proposed 2020 USECP at 10. The Tentative Order asked Duquesne to identify if the online application allows customers to submit documentation electronically and to provide details on how that process works. Tentative Order at 26.

Duquesne indicates that its online application allows for the submission of electronic documentation. CBOs will contact the customer directly if further documentation is required, and customers can also choose to provide documentation by mail, email, fax, or in-person. Duquesne Supplemental Information at 10.

Comments

CAUSE-PA supports Duquesne's online CAP application and electronic documentation acceptance process. However, CAUSE-PA asserts it is not clear if the CAP application is mobile device friendly. It maintains the ability to scan and upload documentation onto a mobile device is a necessity for low-income households which may not have broadband internet service or a computer. CAUSE-PA Comments at 19-20.

Resolution: We find Duquesne's online application and electronic documentation submission process to be just and reasonable and in the public interest as well as consistent with Section 69.265(8)(ii)[29] of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(ii). However, we encourage Duquesne to work with its IEAG to develop ways to make its electronic CAP application and document submission more accessible and useful to its customers, such as via mobile devices. Accordingly, Duquesne is directed to clarify its electronic documentation process in its Revised 2020 USECP.

[29] Section 69.265(8)(ii) *Intake and verification* provides in pertinent part that the "utility should accept applications for CAP through mail, telephone, electronically or in-person. The utility should also offer online platforms that allow customers to submit CAP applications and documentation electronically. . . ." 52 Pa. Code § 69.265(8)(ii).

h. CAP Recertification Methods

The CAP Intake Processes section of the Proposed 2020 USECP states that CAP enrollment will be supported in-person, over the phone, and via an online application. Proposed 2020 USECP at 10.

The Proposed 2020 USECP did not state if Duquesne allows its customers to apply or recertify by mail or fax via a paper CAP application. The Tentative Order asked Duquesne to:

- Explain what mediums are available to apply or recertify for CAP;
- Address whether prohibiting customers from applying via mail or fax may limit access to the program; and
- Outline the CAP application procedure (*i.e.*, how customers can apply and what process is followed, etc.), including the process used by the CBOs to recertify customers for CAP, and including the timeframes for any reminder notices sent to customers and the documentation requirements.

Tentative Order at 26-27.

Duquesne reports that it encourages submitting CAP applications in-person, online, or by email. It also accepts mailed-in or faxed applications and recertifications and provides submission instructions upon customer request. Duquesne Supplemental Information at 11. Duquesne states that it mails out recertification letters at least 15 days prior to the recertification deadline. If the requested information is not timely provided, Duquesne or the CBO will call the customer 30 days before the recertification deadline in an attempt to obtain the income update. The customer will default from CAP if they do not provide the requested information within 14 days of the phone call. Duquesne Supplemental Information at 11.

Resolution: We are satisfied with the clarifications provided regarding Duquesne's CAP application and recertification processes. Accordingly, Duquesne is directed to provide the clarifications that it accepts mailed-in or faxed CAP applications and recertifications, provides submission instructions upon customer request, and describes the recertification outreach process as part of its Revised 2020 USECP.

i. CAP Enrollment Follow-up Interviews

The Proposed 2020 USECP states that a CBO agent will conduct follow-up interviews with CAP customers after enrollment, which will further outline CAP customer responsibilities and explain other relevant universal service programs offered by the utility as well as additional applicable programs such as LIHEAP that may benefit the customer. Proposed 2020 USECP at 10.

The Tentative Order asked Duquesne to clarify if follow-up interviews are mandatory for CAP customers to remain in the program, in what format these follow-up interviews are conducted, and within what timeframe they occur. Tentative Order at 27.

Duquesne clarifies that follow-up interviews are not mandatory for customers to remain in CAP and that these interviews are provided within one to three business days to those who applied online. Duquesne states that this process allows CBOs the opportunity to explain CAP benefits and answer questions. Furthermore, a CBO will also conduct a follow-up interview to any customer who applies for CAP in-person when requested. Duquesne Supplemental Information at 12.

Comments

CAUSE-PA supports CBOs conducting CAP enrollment follow-up interviews as long as the interviews are voluntary and optional, noting that low-income customers may face many difficulties that make it difficult for them to schedule such interviews. CAUSE-PA recommends the Commission require that Duquesne inform CAP customers that the follow-up interview is recommended but not required as well as note this in its USECP. CAUSE-PA Comments at 22-23.

Resolution: We are satisfied with the clarification provided and support Duquesne's efforts to provide additional information about the program to new CAP applicants. Accordingly, Duquesne is directed to provide these clarifications in its Revised 2020 USECP, including that follow-up interviews are not mandatory for customers to remain in CAP, that these interviews are provided within one to three business days to online applicants, and that CBOs will conduct follow-up interviews with any customers who apply in-person when requested.

j. Zero-Income Form

Duquesne reports that it has already adopted the standardized "zero-income form" for its CAP. January 6 Cover Letter at 4. The Proposed 2020 USECP states customers who report no household income are required to complete the "zero-income form" and to give the utility permission to verify this information with government agencies and through bankruptcy proceedings. Proposed 2020 USECP at 11.

The Tentative Order asked Duquesne to provide a copy of its zero-income form. Tentative Order at 28. Duquesne provided its zero-income claim form with its supplemental information. Duquesne Supplemental Information at 74 (Attachment J). It mirrors the standardized form approved by the Commission in the November 2019 Order.

Comments

CAUSE-PA supports Duquesne's use of the standardized zero-income form and encourages further discussion with its IEAG stakeholders to identify any issues that CAP customers may have with the form. CAUSE-PA Comments at 23.

Resolution: We find Duquesne's adoption of the standardized zero-income form consistent with Section 69.265(14), 52 Pa. Code § 69.265(14).[30] Accordingly, we require no changes to Duquesne's zero-income form. Duquesne is directed to include the form as part of the appendix to its Revised 2020 USECP.

k. Recertification Timeframes

Duquesne states that it believes recertification requirements should be both straightforward and consistent. January 6 Cover Letter at 6. The Proposed 2020 Plan proposes to require CAP households reporting zero income to recertify every six months. All other CAP customers will be required to recertify every two years. Proposed 2020 USECP at 6.

The Tentative Order asked Duquesne to identify the number and percentage of customers removed from CAP in 2017, 2018, and 2019 for each default reason, including failure to recertify, not participating in Smart Comfort, and exceeding the income limits. Tentative Order at 29.

As seen in Table 8, Duquesne's data reflects that failure to recertify is the most common reason for CAP customers to default from the program. Duquesne Supplemental Information at 14.

[30] Section 69.265(14): *Industry-standardized forms*. Utilities are encouraged to develop and use standardized CAP forms and CAP procedures. 52 Pa. Code § 69.265(14).

Table 8. 2017-2019 Customers Removed from CAP

CAP Default Reason	2017	%	2018	%	2019	%
Default: Failed to Recertify	11,064	27.20	5,520	16.15	5,863	16.24
Default: Failed to Complete Smart Comfort visit	3	0.01	7	0.02	14	0.04
Default: Did not pay Final Bill	1,224	3.01	1,112	3.25	1,096	3.04
End: Customer Voluntarily left CAP	149	0.37	153	0.45	135	0.37
End: Over Income	1,172	2.88	639	1.87	830	2.30
End: Final Bill Moved from DLC Territory	4,199	10.32	3,120	9.13	2,144	5.94
Other	23	0.06	8	0.02	25	0.07

Source: Duquesne Supplemental Information at 14.

Comments

CAUSE-PA argues that administrative consistency is not a valid reason to keep recertification at two years and notes that the high percentage of CAP customers that default from the program due to failure to recertify is a prime reason to change the recertification length to the maximum recommended timeframe in the CAP Policy Statement (2020). CAUSE-PA recommends that the Commission direct Duquesne to amend its CAP recertification timeframe to every three years if they have a fixed income or participate annually in LIHEAP. CAUSE-PA Comments at 24-25.

Duquesne states that it does not support changes to its recertification timeframe and that its recertification process ensures that its CAP customers are properly enrolled at the appropriate FPIG level based on their income. Duquesne Reply Comments at 14.

Resolution: Section 69.265(8)(viii)(A)(I-IV) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(viii)(A)(I-IV), recommends recertifying households for CAP *at least*:

- Every 6 months if they report no income;

- Every three years if they receive LIHEAP annually or have a fixed income (*i.e.*, Social Security, Supplemental Security Income, or pensions); and

- Every two years for all other participants.

These are *maximum* recommended timeframes for CAP recertification. Therefore, we find Duquesne's proposal to recertify zero-income households every six months and all other CAP households every two years is not inconsistent with the CAP Policy Statement (2020). Accordingly, the Commission is not directing changes to Duquesne's CAP recertification timeframes at this time.

However, we are concerned with the high percentage of customers removed from Duquesne's CAP annually for failure to recertify. Customers who assign a LIHEAP grant to Duquesne each year or live off a fixed income are clearly still income eligible for CAP, even if the household's exact income amount is not known. Furthermore, customers removed from CAP for exceeding the income limits were less than 3% annually from 2017-2019, which suggests that most customers in Duquesne's CAP remain income eligible from year-to-year. Accordingly, we direct Duquesne to work with its IEAG to analyze the high rate of CAP default for failing to recertify to identify potential changes to recertification education, outreach, or policy.

l. Evaluating Household CAP Bills

Duquesne states that it reviews monthly payments every four months, instead of quarterly, under its Average Monthly Bill methodology. January 6 Cover Letter at 5, Proposed 2020 USECP at 7.

The Tentative Order asked Duquesne to identify the impact a quarterly review of CAP bills would have had on program billing in 2018 and 2019. Tentative Order at 30.

Duquesne did not provide the requested data. Duquesne states that directing quarterly reviews of CAP bills would result in "more frequent changes to CAP bills, but would have no impact on billed amounts on an annual basis." Duquesne Supplemental Information at 15.

Comments

CAUSE-PA argues that Duquesne's reasoning for not reviewing CAP bills on a quarterly basis is not valid. It reasons that only reviewing CAP bills every four months is not as advantageous to the customer as doing a quarterly review, which ensures that CAP customers receive the most affordable bill. CAUSE-PA Comments at 25.

OCA recommends seasonal adjustment of the PIPP levels instead of adjusting between PIPP or average bill amounts on a quarterly basis:

> The Percentage of Income energy burdens are annual burdens. The Percentage of Income energy burdens assume that some of the credits that are paid in high credit months (*e.g.*, cold weather for a heating customer) will be recaptured in months when the CAP payment exceeds the percentage of income payment. As a result, over the course of the year, the bill is equal to the CAP percentage of income. If the program is that customers pay the percentage of income or the actual bill, whichever is less, the customer will obviously be paying a lower energy burden than that prescribed by the Commission's CAP Policy Statement. The OCA submits that, at a minimum, the percentage of income burdens should be seasonally adjusted to make it less likely that the CAP payment would be less than the actual usage.

OCA Reply Comments at 17.

Duquesne states that its Average Bill calculation methodology includes the previous 12 months' usage to calculate an average bill amount, which is then recalculated every 4 months. Usage older than 12 months is dropped from the recalculation and replaced by the most recent usage. Duquesne Reply Comments at 12.

Duquesne argues customers should not be required to pay the designated PIPP based on income if the customer is using less electricity than their maximum energy burden amount and establishing such a requirement would punish low-income customers for conserving energy. Duquesne Reply Comments at 12.

Resolution: We disagree with OCA's interpretation of a customer's payment responsibility in a PIPP CAP. Specifically, OCA's assertion that a PIPP CAP reflects the percent of income a customer should pay over the course of a year. We note the energy burdens in the CAP Policy Statement (2020) reflect the recommended *maximum* amount a customer should be charged for electric and natural gas service. Likewise, PIPPs should reflect the maximum percent of income customers should pay in a CAP on an annual basis. Customers should be permitted to pay less than the maximum PIPP amount if their annual average energy costs are lower. As Duquesne noted, requiring the customer to always pay the PIPP amount eliminates any incentive for the customer to conserve energy.

Duquesne did not, however, provide an analysis based on CAP billing in 2018 and 2019, as requested in the Tentative Order. Thus, there are no data to compare Duquesne's methodology with the recommended methodology in Section 69.265(8)(vii) of the CAP Policy Statement (2020), 52 Pa. Code § 69.265(8)(vii), which recommends utilities evaluate household CAP bills at least quarterly to determine whether the customer's CAP credit amount or billing method is appropriate. Further, considering the PIPP changes and the potential cost of system changes to automate four evaluations per year rather than three evaluations per year, data more current than 2018 and 2019 will provide a more relevant analysis to determine if four evaluations per year provides a significantly greater benefit for customers than three evaluations per year. Accordingly, we will not require Duquesne to make system changes to evaluate CAP bills at least once per quarter (*i.e.*, four times per year), as opposed to every four months (*i.e.*, three times per year), at this time.

m. Defaulted from CAP for Exceeding Income Limits

The Proposed 2020 USECP states that CAP customers found to have greater income than previously reported may be defaulted from the program and back-billed at the full tariff rate. These customers will be given a chance to submit income documentation before any adverse action is taken against their account. Should Duquesne find the additional information "insufficient," the customer could be removed from CAP. Customers may appeal to Duquesne regarding this decision. Proposed 2020 USECP at 15.

The Tentative Order asked Duquesne to: (1) identify the number of CAP customers who were removed from the program and back-billed at the full tariff rate for having income higher than previously reported for 2018 and 2019; (2) to provide the amount back-billed for each impacted customer; (3) to clarify what deadline or timetable these CAP customers were given to provide new income documentation (*i.e.*, by the end of the month, etc.) or other information as requested to avoid defaulting from CAP; and (4) to outline how Duquesne lets the affected customer know it is requesting further information, removing the customer from CAP, and their right to appeal such a decision (*i.e.*, by telephone, mail, or other). Duquesne was asked to provide all letters and employee scripts related to this process. Tentative Order at 30.

Duquesne reports it has never removed customers from CAP and back-billed at the full tariff rate. Duquesne Supplemental Information at 16.

Comments

CAUSE-PA requests that Duquesne remove this provision from its USECP. CAUSE-PA is concerned that customers removed from CAP and billed in the proposed manner would encounter significant monthly bill increases and face possible termination. CAUSE-PA Comments at 26. CAUSE-PA recommends that, if Duquesne should wish to implement this policy in the future, it should work with its IEAG to define the circumstances that would cause a CAP customer to be back-billed, as this action should be rare. CAUSE-PA Comments at 27.

Duquesne replies that it is not opposed to removing this provision from its USECP. Duquesne Reply Comments at 14.

Resolution: As Duquesne has clarified that it is not currently enforcing this policy, we support its removal from the 2020 USECP. Accordingly, we direct Duquesne to remove the provision from its Revised 2020 USECP that customers removed from CAP for exceeding income limits may be back-billed.

n. Adopt a Consumer Education and Outreach Plan (CEOP)

The Tentative Order asked Duquesne to provide a CEOP and address the following: (1) indicate which education and outreach initiatives are new and which initiatives represent existing, ongoing practices to help the most vulnerable customers; and (2) provide examples of consumer education letters, postcards, bill inserts, educational brochures, and outbound call messaging scripts. Tentative Order at 31.

Duquesne's Supplemental Information includes a "Consumer Education and Outreach Plan" that describes, *inter alia*, Duquesne's direct customer outreach initiatives, including community events, representation on local boards and task forces, Customer Care Center referrals, and solicitations through bill messaging and inserts, service line publications, video, and social media postings. Duquesne also describes its internal outreach initiatives to promote programs and how it trains its customer service representatives, CBO representatives, and universal service representatives about its universal service programs. Duquesne Supplemental Information Attachment N at 75-76.

Duquesne also reports it conducts additional outreach to educate customers and stakeholders about its LIURP and CARES programs through, *inter alia*, posters with tear-off tabs with contact numbers and brochures. Duquesne provides LIURP audit customers with an energy usage reference guide that contains conservation tips and an electric safety booklet. Duquesne Supplemental Information Attachment N at 75-76.

Duquesne provided examples of its Smart Comfort consumer education materials, including *Smart Comfort* at Duquesne Supplemental Information at 77-92 (Attachment N1), *Easy Ways to be More Energy Efficient at Home* at Duquesne Supplemental Information at 93-116 (Attachment N2), *DLC Comprehensive Audit Cost Reference Guide* at Duquesne Supplemental Information at 117 (Attachment N3), *Help Your Home Meet Its Savings Potential* at Duquesne Supplemental Information at 118 (Attachment N4), and *More Comfort, No Cost* at Duquesne Supplemental Information at 77-120 (Attachments N1-N5).

Comments

CAUSE-PA supports Duquesne's CEOP and recommends that Duquesne work with its IEAG to develop a more comprehensive and specific plan. CAUSE-PA Comments at 27.

OCA notes Duquesne's CEOP did not specifically include targeted efforts toward CAP customers with incomes at 0%-50% of the FPIG. OCA would like to see a section in Duquesne's plan that addresses efforts toward this specific income group. OCA Comments at 18.

CAUSE-PA agrees with OCA that customers with incomes at 0%-50% of the FPIG should receive targeted outreach and education efforts. CAUSE-PA recommends Duquesne use GIS mapping tools to identify gaps in services to harder-to-reach populations. CAUSE-PA Reply Comments at 16.

Duquesne maintains that its CEOP has a comprehensive outreach strategy and that, "[c]arving out a separate communication for the 0-50% [FPIG] customer population would only drive up program costs and yield little to no increased rate of CAP enrollment." Duquesne Reply Comments at 12.

Resolution: While noting some concerns and areas for follow-up, the Commission approves and accepts Duquesne's initial CEOP as well as the shared educational materials that were submitted. Duquesne shall include its current CEOP as part of its Revised 2020 USECP with the notation that the CEOP is an evolving process and may be modified and enhanced within the duration of the 2020 USECP.

However, the CEOP does not provide any information about Duquesne's future goals or initiatives for education and outreach efforts. The CEOP reflects current practices rather than a strategy to go beyond the status quo and increase enrollments and awareness of its programs.

Furthermore, the Commission agrees with CAUSE-PA's recommendation that Duquesne should continue to work with its IEAG to further enhance its CEOP as an evolving process. This should include providing further details about new and ongoing/existing efforts and determining if additional methods of outreach would be helpful.

We also strongly encourage Duquesne to consider adding an additional education component to inform customers about the importance of understanding their energy burden to foster customer awareness of how much their household is spending on energy. This information could help incentivize customers to embrace household conservation efforts and increase enrollment in universal service programs.

Accordingly, we direct Duquesne also to continue working with its IEAG including the Commission's Office of Communications to enhance its CEOP. For the duration of its 2020 USECP, Duquesne shall file and serve, by March 1 at Docket No. M-2019-3008227, beginning in 2023, annual updates to its CEOP and include outreach and education actions taken.

o. Unearned Income for a Child

Duquesne stated it intended to maintain its current provision of counting government benefits issued for the benefit of the child (such as SSI or SSDI) as household income. January 6 Cover Letter at 8.

The Tentative Order asked Duquesne to identify the following statistics for 2017, 2018, and 2019: (1) the number of CAP customers receiving unearned income for minor children; (2) the number of customers determined income-ineligible for CAP who reported unearned income for minor children; (3) the amount of additional CAP credit expenditures if unearned income for minors had been excluded; and (4) the projected additional annual costs to its CAP including increased enrollment, arrearage forgiveness, and CAP credits associated with excluding unearned income for minors through 2025. Tentative Order at 32.

Duquesne clarifies that 2,209 CAP customers in 2019 and 1,811 CAP customers in 2020 reported receiving unearned income for minor children. It reports that it does not have the requested data for 2017 and 2018. Duquesne Supplemental Information at 18. Duquesne states that it has not retained the income of customers that did not qualify for CAP, therefore it cannot determine the number of customers determined income-ineligible with unearned income for minor children. Duquesne Supplemental Information at 18.

Comments

Duquesne reports that it does not have the data requested by the Commission for 2017, 2018, and 2019 but estimates that waiving unearned income for minor children could increase CAP enrollments by approximately 350-700 per year and increase arrearage forgiveness costs by as much as $150,000 annually. Furthermore, Duquesne estimates that approximately 1,078 existing CAP customers would see their PIPP payments changed if unearned minor income is excluded. Duquesne estimates additional CAP credits for these customers could also increase CAP costs by as much as $150,000 annually. Duquesne Supplemental Information at 18-20.

August 2021 Joint Petition

The August 2021 Joint Petitioners propose, *inter alia*, to exclude government benefits (*i.e.*, SSI or SSD) issued for the benefit of a child from the household income calculation beginning January 2023. August 2021 Joint Petition at 6.

Statements of Support

CAUSE-PA and OCA separately support the exclusion of unearned child income from the household income calculation for CAP customers, noting that this change is consistent with 66 Pa. C.S. § 1403[31] and Section 69.262 of the CAP Policy Statement (2020), 52 Pa. Code § 69.262. CAUSE-PA Statement of Support at 9 and OCA Statement of Support at 11.

Resolution: We find that the proposed exclusion of unearned income for minors is consistent with the definition of household income in Chapter 14 and the CAP Policy

[31] 66 Pa. C.S. § 1403 defines "household income" as the "combined gross income of all adults in a residential household who benefit from the public utility service."

Statement (2020). Accordingly, we approve the proposal in the August 2021 Joint Petition to exclude government benefits issued to minors when determining household income for CAP. Duquesne is directed to clarify that unearned income of minor children will be excluded when determining CAP eligibility and benefits beginning January 2023 in its Revised 2020 USECP.

p. CAP Final Billing

The Commission entered the *Staff Review of Customer Assistance Program (CAP) Final Billing Methods* Order on March 12, 2020, at Docket No. M-2019-3010190 (CAP Final Bill Order).[32] The CAP Final Bill Order details how various energy public utilities calculate final CAP bills, summarizes stakeholder input on the issues, and calls attention to existing statutory and regulatory provisions relating to billing.

Duquesne reported that it calculates both residential tariff rate charges based on actual usage and a prorated CAP bill based on the number of days of the bill. CAP customers are then final billed based on the lesser of the residential tariff rate charges or the prorated CAP final bill. CAP Final Bill Order at 7.

The Proposed 2020 USECP did not describe Duquesne's CAP final billing process and the Tentative Order therefore asked Duquesne to address how its final CAP billing practices reflect compliance with the relevant statutes and regulations as discussed in the CAP Final Bill Order. Tentative Order at 33. Duquesne did not address this requested analysis in its Supplemental Information.

[32] https://www.puc.pa.gov/pcdocs/1658123.docx.

Comments

CAUSE-PA supports Duquesne's CAP Final Billing methodology and states that it believes that Duquesne's practice is fair and provides an affordable CAP rate bill for the entirety of a household's time in CAP. CAUSE-PA Comments at 30.

Resolution: The CAP Policy Statement (2020) does not specifically address how EDCs should calculate a CAP customer's final billing period bill. However, 66 Pa.C.S. § 1303 provides that public utilities are to compute bills under the "rate" most beneficial to the customer. As noted in the CAP Final Bill Order, the Commission considers a CAP customer to be enrolled in the program until either the effective date of the customer's requested removal from CAP or until service is terminated/discontinued. CAP Final Billing Order at 20. Therefore, a CAP customer should be billed no more than the prorated CAP billing amount for usage incurred during a final billing period.

We find Duquesne's reported final CAP billing policy, as described in the CAP Final Bill Order, as just and reasonable and in the public interest because it ensures customers pay no more than the prorated CAP amount for their final usage period. Accordingly, the Commission directs no changes to Duquesne's CAP Final Bill methodology. We direct Duquesne to include its CAP final billing policy in its Revised 2020 USECP.

q. Refund of Security Deposits

The Proposed 2020 USECP states that security deposits collected prior to a customer being confirmed low-income will be refunded upon low-income confirmation, regardless of whether the customer enrolls into CAP. Proposed 2020 USECP at 12. The Proposed 2020 USECP does not clarify if the deposit will be refunded to the customer or applied to the account balance.

The Tentative Order asked Duquesne to elaborate on: (1) whether relevant security deposits are refunded to low-income customers or credited to their accounts in some manner (*e.g.*, current usage or IPA or PPA with excess deposit refunds carried forward to the next billing period); and (2) the implications of how this process impacts the customer's CAP bill. Tentative Order at 33.

Duquesne states that security deposits are refunded at the time of CAP enrollment to the customer's account and that any existing deposit or accumulated interest are applied to the existing customer's account balance. If a credit exists, it is applied to future charges and reduces the customer's subsequent billed amounts. If a refund is less than the customer's account balance, it is applied to the balance and reduces the amount deferred for PPA arrearage. Duquesne Supplemental Information at 21.

Comments

CAUSE-PA opposes the manner in which Duquesne refunds security deposits. CAUSE-PA asserts that Duquesne's methodology is in opposition to 66 Pa.C.S. § 1404(a.1), which prohibits collecting cash deposits from households at or below 150% of FPIG. CAUSE-PA Comments at 31. CAUSE-PA maintains any refunded security deposits should be returned to the customer and only be applied to the account balance upon request. CAUSE-PA further states that it is concerned that Duquesne would apply a refunded security deposit to pay down an applicant's PPA balance, which are otherwise frozen and eligible for forgiveness, rather than as a credit to future asked-to-pay amounts. CAUSE-PA Comments at 31-32.

Duquesne disagrees with CAUSE-PA's assessment and maintains it is properly refunding security deposits to its low-income customers as required by law. It avers that nothing in the statute or Commission orders restrict utilities from applying a customer's prior payment to an unpaid balance. Duquesne avers such a policy may increase universal service costs and uncollectible amounts recovered from other ratepayers. Duquesne Reply Comments at 15.

Resolution: Both the statute and Commission regulations prohibit requiring a cash deposit for utility service from customers who are confirmed to be eligible for a CAP. *See* 66 Pa. C.S. § 1404(a.1)[33] and 52 Pa. Code § 56.32(e)[34]. Commission regulations also state that a public utility must "refund a deposit, along with any applicable interest, within 60 days upon determining that the customer or applicant from whom a deposit was collected is not subject to a deposit…" *See* 52 Pa. Code § 56.53(f). The regulations do not permit the public utility to apply a deposit to a delinquent account balance if it is determined the customer was not responsible to pay the deposit. Accordingly, Duquesne is directed to include the provision in its Revised 2020 USECP that security deposits will not be required from a household that is eligible for CAP.

Furthermore, the matter of existing security deposits from CAP-eligible households that Duquesne is holding is independent of a resolution of Duquesne's 2020 USECP proceeding. Correction of the existing situation does not need to wait until final resolution of the 2020 USECP proceeding. Within 90 days of the entry date of this Order, Duquesne shall send a refund, with applicable interest, to any low-income customer whose deposit was applied to their account balance after determining they are CAP-eligible and not subject to the deposit requirement. This refund may remain in the public utility account only with the customer's consent. Duquesne shall file a status update on these refunds within 120 days of the entry date of this Order at Docket No.

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[33] 66 Pa.C.S. § 1404(a.1) provides that "no public utility may require a customer or applicant that is confirmed to be eligible for a customer assistance program to provide a cash deposit."

[34] 52 Pa. Code § 56.32(e) provides that "a public utility may not require a cash deposit from an applicant who is, based upon household income, confirmed to be eligible for a customer assistance program. An applicant is confirmed to be eligible for a customer assistance program by the public utility if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility's customer assistance programs."

M-2019-3008227 identifying the number and total amount of past security deposits refunded.

2. LIURP (Smart Comfort)

Smart Comfort is Duquesne's LIURP and assists low-income customers to conserve energy and reduce energy bills by installing weatherization measures and providing energy education. To be eligible for Smart Comfort, a household must (1) have income at or below 150% of the FPIG (or at or below 200% of the FPIG for seniors and special needs customers), (2) have baseload usage of over 500 kWh per month,[35] and (3) have been a resident at the premise for at least six months. Duquesne waives its baseload usage and six-month residency requirements for income-eligible electric-heat households. Duquesne also waives its six-month residency requirement for non-heating CAP households.

All customers enrolled in Smart Comfort receive either a walk-through or blower door energy survey/audit to determine all beneficial, cost-effective measures.[36] Energy conservation measures provided by Smart Comfort may include, but are not limited to, the following services: lighting measures, insulation, heat pump repair/replacement, window/central air condition installation, refrigerator/freezer replacement, and attic ventilation, furnaces, water heater repair/replacement, and energy education.

Duquesne will complete a yearly review of high CAP credit customers from the previous year and prioritize those customers for Smart Comfort treatment. High CAP credit customers are defined as those CAP customers that have used over $1,000 in CAP credits from the previous year.

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[35] Per the terms of the Duquesne's 2021 BRC, LIURP usage threshold requirements will be waived for CAP customers who exceed their maximum CAP credit limits prior to the end of the program year. September 2021 Joint Petition at 14, ¶56.
[36] *See* 52 Pa. Code § 58.11.

a. New Smart Comfort Initiatives

Duquesne is proposing to implement three new LIURP initiatives as part of its Proposed 2020 USECP:

1. ***De Facto* Heating Remediation** – Provides heating remediation services and education to income-eligible customers using inefficient supplemental heating (*i.e., de facto* heating). Customers for this initiative will be identified by winter electric usage patterns. CAP customers will be prioritized. Duquesne is proposing to allocate $100,000 to this initiative annually. Unspent funds will not be rolled over into the following year. Proposed 2020 USECP at 31-32.

2. **Emergency Repair Fund (ERF)** – Serves income-eligible homeowners whose residences are considered unsafe and in immediate need of repair. CAP customers are prioritized for this program, but Duquesne states it will also accept customers not enrolled in CAP as long as funding is available. Duquesne may refer customers to the Emergency Repair Fund Program when Duquesne becomes aware of unsafe conditions in the customer's home, or customers can directly apply with Duquesne. Emergency Repair Fund services may include remediation of other health and safety conditions, including electrical inspection, when electric service has been off for a year or more. Duquesne proposes an allocation up to $50,000 for this initiative annually. Unspent funds will not be rolled over into the following year. Proposed 2020 USECP at 32.

3. **Knob-and-Tube Remediation** – Remediates knob-and-tube home wiring for income-eligible customers referred by local NGDCs that require this electrical issue be remediated before the customer can participate in the NGDC's gas weatherization program. The customer must also own the home and have a central air conditioner that is less than or equal to a 12 Seasonal Energy Efficiency Ratio (SEER). Duquesne is proposing to allocate $100,000 to this initiative annually.

> Unspent funds will not be rolled over into the following year. Proposed 2020 USECP at 32.

The Tentative Order asked Duquesne several questions regarding these proposed programs. Tentative Order at 36. The questions and Duquesne's responses are summarized below.

What winter electric usage patterns triggers a De Facto Heating Remediation intervention and what services are provided?

Duquesne explains that a *De Facto* Heating Remediation intervention will occur when a customer's usage on the residential non-electric heat rate is over 1,000 kWh in a winter month, or if the customer tells Duquesne that they use electric space heaters. Duquesne Supplemental Information at 22.

What methods are available for a customer to directly apply for the Emergency Repair Fund?

Duquesne states that customers can directly apply to the Emergency Repair Fund by contacting Duquesne in a number of ways, including via the call center, a dedicated email address, and the online application on Duquesne's website. Duquesne Supplemental Information at 22.

Why must electric service be off "for a year or more" to qualify for additional health and safety remediation, including electrical inspection?

Duquesne explains that a customer's electric service must be off "for a year or more" to qualify for additional health and safety remediation, including electrical inspection, due to the following reasons:

> The referenced provision in the Plan is intended to mitigate the added challenges that customers may face when seeking to establish service at

> formerly-abandoned premises. Where the service to a premises has been off for a year or more, an electrical inspection is required to ensure that the service can be safely reenergized. The costs of the inspection, and required repairs to the premises that the inspection may identify, can be a barrier for Income Eligible customers. This Plan provision is designed to allow Duquesne Light to leverage the ERF to help customers overcome these barriers. Note that service does not have to be off for a year for a customer to be eligible for other opportunities under the ERF.

Duquesne Supplemental Information at 22-23.

Why must a homeowner have a central air conditioner to qualify for knob-and-tube remediation and specifically why the central air conditioner must be a 12 SEER?

Duquesne clarifies that a homeowner must have a 12 SEER central air conditioner to qualify for knob-and-tube remediation as this ensures that Duquesne "has an opportunity to realize electric savings from the home weatherization by upgrading the air conditioning to a more efficient unit." Duquesne Supplemental Information at 23.

How will Duquesne advertise these initiatives to the public and educate its contractors?

Duquesne states it plans to advertise its proposed Smart Comfort Initiatives through its marketing materials and website. Furthermore, Duquesne reports it will work with its IEAG to identify how to best communicate these initiatives with its customers as well as educate its contractors via periodic trainings. Duquesne Supplemental Information at 23.

Comments

CAUSE-PA supports the implementation of the proposed Smart Comfort initiatives but questions how the initiatives are funded. Furthermore, CAUSE-PA is concerned that the new initiatives will affect existing LIURP budgets, especially as Duquesne currently does not carry over unspent funding from year to year. CAUSE-PA

Comments at 34. CAUSE-PA believes Duquesne should designate funding to support the three proposed initiatives, spend all available LIURP funds, and make them available to tenants that rent. CAUSE-PA Comments at 34-35.

Resolution: The Commission finds the implementation of these three proposed LIURP initiatives reasonable and in the public interest. We consider the concerns raised by CAUSE-PA about Duquesne's year-to-year LIURP spending as part of the issue of unspent LIURP funds, which are addressed below. Accordingly, Duquesne's three new LIURP initiatives are approved consistent with the discussion below. We direct Duquesne to include the clarifications provided about these programs as part of its Revised 2020 USECP.

b. Unspent LIURP Funds

The Proposed 2020 USECP states that unspent funds for its new Smart Comfort initiatives will not be rolled over into the following year. Proposed 2020 USECP at 31-32.

The Tentative Order raised concerns about this provision, especially in light of deferred LIURP activity and spending in 2020 due to the COVID-19 pandemic. Duquesne was asked to explain its plans for unspent 2020 LIURP funding. Tentative Order at 36-37.

Duquesne states that its projected LIURP enrollment levels are based on its 2013 BRC settlement at Docket No. R-2013-2372129.[37] This settlement established a participation target of 3,100 LIURP jobs per year, and thus its budget is based on this

[37] The Petitioners in Duquesne Light's 2013 BRC were: International Brotherhood of Electrical Workers, Local 29 (IBEW), United States Steel Corporation (U.S. Steel), Citizen Power, Inc. (Citizen Power), Community Action Association of Pennsylvania (CAAP), Interstate Gas Supply, Inc. (IGS), Citizens for Pennsylvania's Future (PennFuture), and the Beaver Falls Municipal Authority (BFMA), BIE, OCA, OSBA, and CAUSE-PA.

enrollment target. Duquesne Supplemental Information at 24. Duquesne explains that history indicates this budget is satisfactory to meet its LIURP participation targets. Duquesne also noted that it has no LIURP waiting list and to date has not refused a customer LIURP due to lack of funding. Due to these reasons, Duquesne is not proposing to roll over unspent 2020 LIURP funds. Duquesne Supplemental Information at 24.

Comments

CAUSE-PA avers that LIURP-eligible customers may have postponed LIURP assistance in 2020 as a result of the pandemic and that sufficient assistance needs to be provided to help low-income customers. CAUSE-PA Comments at 37-38.

August 2021 Joint Petition

The August 2021 Joint Petitioners state that Duquesne will carry over any unspent LIURP funds into the next program year. August 2021 Joint Petition at 6. Specifically, the August 2021 Joint Petitioners propose to carry over unspent Smart Comfort (*i.e.*, Duquesne's LIURP) funds at the end of each year into the next program year and Duquesne will use its best efforts to fully spend its annual Smart Comfort budget on a yearly basis. August 2021 Joint Petition at 6, ¶19.

Statements of Support

CAUSE-PA avers that this LIURP carryover provision is both in the public interest and balances the settlement parties' priorities. It states that LIURP is an important program with unmet need for services and if utilized to its fullest extent, results in universal service program cost reductions through substantial energy usage reduction and improved affordability. CAUSE-PA Statement of Support at 10.

OCA states that it believes this provision is an effective use of LIURP funds that will assist low-income customers with controlling their usage as well as decrease the

CAP shortfall. It states that annual carry over of LIURP funding will ensure that unallocated funding does not go unused. OCA Statement of Support at 8.

Resolution: The Commission finds this provision of the August 2021 Joint Petition reasonable and in the public interest. Accordingly, this provision of the August 2021 Joint Petition is approved. Duquesne is directed to specify in its Revised 2020 USECP that it will carry over unspent LIURP funds into the next program year and make efforts to spend its full program budget each year.

c. Landlord Approval for Smart Comfort Visits

The Proposed 2020 USECP states that landlord approval is required for Smart Comfort visits prior to any structural modifications. Proposed 2020 USECP at 12.

The Tentative Order asked Duquesne to provide a copy of its landlord approval form in order to perform structural modifications to a rented residence and to clarify if it requires additional written landlord permission in order to perform other weatherization measures. Tentative Order at 37.

Duquesne provided a copy of its landlord approval form. Duquesne Supplemental Information at 121, Attachment S. Duquesne states that it does not require additional written landlord permission to perform other types of weatherization measures. Duquesne Supplemental Information at 25.

Comments

CAUSE-PA asserts Duquesne’s landlord approval requirements for Smart Comfort visits are excessive and burdensome to participants. CAUSE-PA Comments at 38. CAUSE-PA states that:

> Landlord approval can act as a significant barrier to otherwise eligible tenants' ability to obtain even the most basic usage reduction services, which makes it critical that landlord approval requirements are not unnecessarily expanded to apply to non-structural usage reduction assistance. CAUSE-PA submits that landlords should only be required to provide approval for structural changes to the property, or for replacement of major appliances owned by the landlord.

CAUSE-PA Comments at 39.

August 2021 Joint Petition

The August 2021 Joint Petitioners propose to modify Duquesne's Landlord Approval Form and related materials. August 2021 Joint Petition at 6-7. Specifically, the Joint Petitioners agree that the Smart Comfort Landlord Approval Form and any related materials will be amended to explain that landlord approval is only mandatory for (1) structural or weatherization property modifications greater than baseload measures or (2) replacement of major landlord-owned appliances. The reference to LED bulb replacements would be removed from the form. August 2021 Joint Petition at 6-7, ¶20.

Statements of Support

CAUSE-PA supports the clarifying amendments to the Landlord Approval Form. It states that the removal of the baseload measures provision will assist in the elimination of barriers for qualifying tenants to receive LIURP services and will also assist Duquesne with its LIURP spending. CAUSE-PA Statement of Support at 11.

OCA states that the proposed modifications will address landlord concerns about LIURP participation and support greater access by low-income renters in the program. CAUSE-PA Statement of Support at 10.

Resolution: Section 58.8 requires public utilities to obtain written permission from landlords for the installation of program measures. 52 Pa. Code § 58.8. We agree with the Joint Petitioners that this requirement for landlord approval does not extend to the provision of baseload measures such as LED bulbs. The Commission finds the changes to the Landlord Approval Form proposed in the August 2021 Joint Petition reasonable and in the public interest. Accordingly, we direct Duquesne to include its amended Landlord Approval Form as an attachment and clarify this practice in its Revised 2020 USECP.

d. Customer Monitoring and Follow-up

The Proposed 2020 USECP states that energy managers “may” contact Smart Comfort participants to discuss their usage and the resulting increase in consumption and “may” reinforce energy education. Proposed 2020 USECP at 30.

The Tentative Order questioned how Smart Comfort customers are selected, what threshold warrants further exploration into their energy usage, and how customers are selected for additional energy education reinforcement. Tentative Order at 38.

Duquesne indicates that energy managers determine Smart Comfort follow-up activity by investigating actual customer energy savings after a LIURP visit. The energy manager reviews the usage pattern based on the past 12 months to determine usage before the in-home audit is conducted, which provides the auditor with valuable information, such as what is causing the most energy usage which guides what education to present at the audit. Duquesne Supplemental Information at 26.

Duquesne states it selects Smart Comfort customers for additional energy education through identifying “…customers that did not achieve weather-normalized savings during the 12 months following completion of the LIURP visit and/or jobs.” Duquesne Supplemental Information at 26. Duquesne plans to prioritize customers with the highest “non-saver usage” and re-engage these customers to find the causes of their high usage, as well as provide tailored education to them. Duquesne indicates that it prioritizes customers that have the highest "non-saver usage." Duquesne Supplemental Information at 26.

Comments

CAUSE-PA supports Duquesne's process for following-up with LIURP participants that continue to experience high usage after receiving services. CAUSE-PA recommends Duquesne should specify a minimum percentage of customers that must receive follow-up and further energy education with a defined usage amount for how customers are selected. It further suggests that Duquesne work with its IEAG to improve its process of educational material distribution. CAUSE-PA Comments at 40.

Resolution: While the Commission is supportive of Duquesne's customer monitoring and follow-up methodology for LIURP, we find merit with CAUSE-PA's recommendation that Duquesne should provide follow-up services and further energy education to at least a minimum percentage of non-saving customers and define usage thresholds for how these customers are selected. Accordingly, we direct Duquesne to work with its IEAG to define these parameters and submit a proposal by or before its next USECP filing.

e. Health and Safety Items

The Proposed 2020 USECP does not specify what health and safety measures beyond carbon monoxide detectors and smoke alarms contractors can install for Smart Comfort participants. The Tentative Order asked Duquesne to provide examples of other health and safety items and/or measures that may be installed by Smart Comfort contractors. Tentative Order at 38.

Duquesne specifies that additional health and safety items or measures that may be installed by Smart Comfort contractors include minor roof repairs, plumbing leaks, minor basement moisture mitigation, knob-and-tube mitigation, and electric panel upgrades. Duquesne Supplemental Information at 27.

Comments

CAUSE-PA asserts that Duquesne's current $600 maximum health and safety allowance is insufficient and should be increased. CAUSE-PA Comments at 41-42.

August 2021 Joint Petition

The Joint Petitioners propose to increase the Smart Comfort per-job budget for health and safety measures for electric heat customers from $600 to $1,000. Additional health and safety measures up to $2,000 may be authorized by Duquesne, with priority given to CAP customers that have reached at least 50% of their maximum CAP credit threshold. August 2021 Joint Petition at 6-7, ¶22.

Statements of Support

CAUSE-PA supports this increase as it will assist with eliminating health and safety barriers for customers eligible for Smart Comfort. It states that many households are ineligible to obtain services as a result of health and safety conditions. CAUSE-PA asserts that an increased budget will produce a larger number of eligible households receiving essential health and safety conditions remediations. CAUSE-PA Statement of Support at 11-12.

OCA notes that health and safety complications could stop Duquesne from being able to (1) weatherize a home, and (2) reduce a CAP customer's high usage. It states that additional funding assigned to health and safety measures enables Duquesne to treat high-user homes that would have previously been deferred. CAUSE-PA Statement of Support at 10.

Resolution: Duquesne has addressed our initial inquiry by providing examples of health and safety items and/or measures that may be installed by Smart Comfort contractors. The Commission has previously expressed support for expanding allowances for health and safety measures to address deficiencies that may have otherwise resulted in LIURP deferrals.[38] Therefore, we approve the provision in the August 2021 Joint Petition to increase Duquesne's per job allowance for health and safety measures. Accordingly, we direct Duquesne to include this change and the additional clarifications provided regarding health and safety measures in its Revised 2020 USECP.

f. Third-Party Inspections

The Proposed 2020 USECP states that a third-party will perform an independent inspection on up to 10% of completed electric heating jobs and up to 5% of electric baseload jobs after Smart Comfort measures are installed. Proposed 2020 USECP at 30.

The Tentative Order asked Duquesne to explain what steps are taken if an installed measure is not operating efficiently and/or an increase of energy usage is found during a third-party inspection. Furthermore, Duquesne was asked to define what "up to 10%" and "up to 5%" encompasses and whether the numbers are actually less than 10% and 5%. Duquesne was asked to provide details on the percentage of inspections conducted in 2017, 2018, and 2019. Tentative Order at 39.

Duquesne explains that if an installed measure is not operating efficiently and/or an increase of energy usage is found during a third-party inspection, either Duquesne or its contractors contact the customer to schedule a follow-up visit to fix the issue. Furthermore, Duquesne states that on a monthly basis its contractors randomly select jobs for third-party inspections and that the electric heat and non-electric heat customers are separately sampled in this process. Duquesne Supplemental Information at 28.

Duquesne reports it was not required to perform third-party inspections in 2017 and 2018, therefore, no data are available for those years. Duquesne specifies that in 2019, its third-party inspectors inspected 13.6% of comprehensive audits and 7.8% of

[38] For example, see PPL's 2014-2016 USECP, Docket No. M-2013-2367021, at 41-42.

baseload audits. As of November 30, 2020, its third-party inspectors have inspected 21.9% of comprehensive audits and 11.8% of baseload audits year-to-date. Duquesne Supplemental Information at 28.

Comments

CAUSE-PA is concerned that Duquesne is not performing enough third-party inspections, which it states are essential to guarantee that program participants are getting high-quality services. It suggests that the "up to" USECP language be removed and that 10% of completed electric heating jobs and 5% of electric baseload jobs be a requirement. CAUSE-PA Comments at 42-43.

Resolution: Based on the additional information provided by Duquesne, we find its current third-party inspection methodology and performance satisfactory. The percentages of the independent third-party inspections performed reflect that Duquesne is inspecting at least 10% of completed electric heating jobs and at least 5% of electric baseload jobs after Smart Comfort measures are installed. However, the Commission agrees with CAUSE-PA that the "up to" qualifiers should be removed for the inspection thresholds. The "up to" language is unnecessarily confusing and does not reflect whether Duquesne is meeting these percentage targets. Accordingly, we direct Duquesne to clarify that third-party inspections should be completed on a minimum of 10% of completed electric heating jobs and a minimum of 5% of completed electric baseload jobs in its Revised 2020 USECP.

g. Smart Comfort Job Tracking

This issue was not addressed in the Tentative Order.

August 2021 Joint Petition

The Joint Petitioners propose to track the number of deferred Smart Comfort jobs by month and the reason for each deferral. Duquesne will also track whether a deferred

Smart Comfort customer was referred to another agency and which agency. August 2021 Joint Petition at 7, ¶21.

Statements of Support

CAUSE-PA states that this additional data tracking will assist Duquesne, the Commission, and stakeholders to identify any remaining barriers for LIURP measure installation. CAUSE-PA avers that allowing for adjustments will ensure Smart Comfort programming reaches as many high-usage customers as possible. CAUSE-PA Statement of Support at 11.

OCA states that this data tracking will permit both Duquesne and stakeholders to better comprehend Smart Comfort deferral issues, why the jobs get deferred, and if additional resources are available to address the issues. OCA asserts this information will assist with addressing missed opportunities for LIURP treatment. CAUSE-PA Statement of Support at 10.

Resolution: The Commission finds merit in tracking the number of households deferred for Smart Comfort and the reasons for those deferrals. Benefits of this tracking may include re-auditing of these households later to determine if the deferral situation still exits or addressing the health and safety situation at a later time if additional funding becomes available. Accordingly, we approve this provision of the August 2021 Joint Petition and direct Duquesne to include it in its Revised 2020 USECP.

h. Smart Comfort Outreach

This issue was not addressed in the Tentative Order.

August 2021 Joint Petition

The Joint Petitioners propose additional targeted Smart Comfort outreach to (1) high-usage residential customers, (2) CAP customers that have reached at least 50% of their maximum CAP credit threshold in less than six months, (3) confirmed low-income (CLI) heating customers exceeding the actual average usage for CLI heating customers, and (4) CLI non-heating customers exceeding the actual average usage for CLI non-heating customers. August 2021 Joint Petition at 7-8, ¶23.

Statements of Support

CAUSE-PA supports Duquesne pursuing more targeted outreach to low-income customers to assist with energy usage reduction, improving affordability, and better household conditions. CAUSE-PA Statement of Support at 12.

OCA states the enhanced outreach will increase the number of eligible LIURP customers and target the customers with the greatest need for LIURP treatment. OCA Statement of Support at 9.

Resolution: The Commission supports additional LIURP outreach for high-usage customers, particularly for those customers already determined low-income. Accordingly, we approve this provision in the August 2021 Joint Petition. Duquesne is directed to include a description of this expanded LIURP outreach in its Revised 2020 USECP.

i. Smart Comfort Eligible Households Expansion

This issue was not addressed in the Tentative Order.

August 2021 Joint Petition

The August 2021 Joint Petitioners propose to expand eligibility for Smart Comfort to (1) CAP customers that have reached at least 50% of their maximum CAP credit threshold in less than six months, (2) CLI heating customers exceeding the system-wide average usage for residential heating customers, and (3) CLI non-heating customers exceeding the system-wide average usage for residential non-heating customers. August 2021 Joint Petition at 8, ¶24.

Statements of Support

CAUSE-PA and OCA support including these groups as LIURP-eligible customers. CAUSE-PA Statement of Support at 12; OCA Statement of Support at 9. CAUSE-PA states that these inclusions will allow those in need to receive LIURP who did not traditionally qualify to receive these services. CAUSE-PA Statement of Support at 12.

Resolution: Duquesne has indicated that it currently has no LIURP waiting list and to date has not refused a customer LIURP due to lack of funding. Duquesne Supplemental Information at 24. Therefore, we find it reasonable and in the public interest to expand Smart Comfort eligibility to include high usage CAP and CLI customers. Accordingly, this provision of the August 2021 Joint Petition is approved. We direct Duquesne to include this expanded LIURP eligibility criteria in its Revised 2020 USECP.

3. CARES

Duquesne's CARES program exists to assist payment-troubled and special needs customers in obtaining necessary social service support and assistance. Duquesne helps customers with payment hardships to manage electric bills, makes referrals to other helpful programs, and maintains or establishes partnerships with various agencies to gain assistance. CARES receives referrals from CBOs and other entities.

CARES is designed to help customers who are unable to pay their electric bill and whose income is at or below 150% of the FPIG or at or below 200% of the FPIG for seniors. However, Duquesne will try to assist households requesting CARES services, regardless of income.

Resolution: Consistent with the Tentative Order, no changes are required regarding this aspect of the Proposed 2020 USECP.

4. Hardship Fund

DEF is the administrator of Duquesne's Hardship Fund program. A Hardship Fund grant provides residential customers with temporary financial help in paying their electric bill. A customer may receive one grant per program year up to a maximum of $500. Duquesne shareholders, employees, and customers are the primary contributors to the fund. Duquesne contributes a dollar-for-dollar match for ratepayer contributions up to $375,000 annually. In addition, Duquesne provides an additional $75,000 for administrative support, which is recovered through its universal service program (USP) rider.

To be eligible for a Hardship Fund grant, a customer must meet the following criteria:

- Have a residential heating account and reside at the premise.
- Total gross household income must be at or below 200% of the FPIG.[39]
- Must have paid a minimum of $150 on the electric account within the past 90 days (minimum of $100 if age 62 and over) or three consecutive CAP payments.
- Must have an account balance of $100 or more (account balance of $0 if age 62 and over, but not a credit balance).
- Must provide income verification.
- Must first apply for a LIHEAP grant, if applicable.

[39] Per the terms of the Duquesne's 2021 BRC, Hardship Fund income eligibility requirements will be increased to 300% of the FPIG from January 1, 2022 to December 31, 2023. September 2021 Joint Petition at 13, ¶53.

Customers who receive a Hardship Fund grant are exempt from termination for 30 days. Duquesne applies the Hardship Fund grant as a credit directly to the customer's monthly bill.

Hardship Fund Eligibility Criteria

The Proposed 2020 USECP is not proposing any changes to Duquesne's existing Hardship Fund program policies and procedures, including its eligibility criteria. However, Duquesne's Hardship Fund administrator, DEF, has recently introduced a requirement on its website[40] that a household cannot receive a grant if the amount is not enough to stop termination or to restore service. This Hardship Fund criterion is not listed in Duquesne's Proposed 2020 USECP. Tentative Order at 41.

Due to the Commission's concern that DEF may be imposing its own hardship fund requirements that have not been approved by the Commission, the Tentative Order asked Duquesne to:

(1) Provide a full description of its Hardship Fund eligibility criteria, especially if its practices differ or expand on the criteria listed on page 24 in its Proposed 2020 USECP;

(2) Clarify whether these requirements apply to all customers seeking Hardship Funds or if Duquesne or DEF use discretion on a case-by-case basis; and

(3) Clarify if it uses the same or similar process for any subset of customers such as senior citizens aged 62 and over.

Tentative Order at 41-42.

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40 https://www.dollarenergy.org/need-help/pennsylvania/hardship-program/

Comments

Duquesne states that it uses identical eligibility criteria for all customer groups except that it waives the balance due and minimum payment requirements for customers aged 62 or older, as described in its Proposed 2020 USECP. Duquesne Supplemental Information at 29.

Duquesne clarifies:

> However, there is a degree of uniqueness to every customer's particular hardship, the Company exercises discretion on a case-by-case basis to meet the needs of a particular customer. An example of an exception could be when a customer has zero income and is not able to pay their minimum payment, but has enlisted a third party to pledge the required amount. The Company can accept this effort by the customer in lieu of the minimum payment.

Duquesne Supplemental Information at 29.

CAUSE-PA echoes the Commission's concerns that DEF may direct the Hardship Fund requirements. CAUSE-PA asserts that program eligibility requirements should remain a utility's responsibility and not dictated by the program administrator. CAUSE-PA also recommends Duquesne continue to waive minimum payment and balance requirements for customers aged 62 and over for the duration of this USECP due to the COVID-19 pandemic and its predicted economic effects on low-income customers. CAUSE-PA Comments at 43-45.

OCA expresses concern that DEF is dictating how the public utility's Hardship Fund is administered. OCA notes the DEF website has specific wording which contradicts or modifies Duquesne's current and proposed USECPs, specifically, "…that a customer cannot receive a grant if the amount is not enough to stop termination or restore service." OCA requests that Duquesne clarify its position on Hardship Fund amounts being required to stop termination or restore service. OCA Comments at 19-20.

Duquesne states that DEF has incorrect information on its website in reference to Duquesne's Hardship Fund eligibility requirements. Duquesne specifies:

> To be eligible for a Hardship Fund grant under the Commission-approved USECP, a customer must have made a sincere effort of payment of $150 within 90 days or at least $100 in the past 90 days for a senior (aged 62 years and above). The Company has, in cases when a customer owes over $500 to be restored or to stop a termination, required the customer to apply for other payment assistance and/or make the good faith payment as outlined above in order to secure a Hardship Fund grant. The statement on Dollar Energy Fund's website that a Duquesne Light customer's application for a Hardship Fund grant will be denied if [the] maximum grant amount will not restore service or stop termination is not consistent with Duquesne Light's practices.

Duquesne Reply Comments at 12-13.

Duquesne states it will inform DEF to correct the website error. Duquesne Reply Comments at 13.

Resolution: Despite Duquesne's statement that it will work with DEF to correct its Hardship Fund policies, it has yet to do so. As of March 2022, the DEF website still indicates that a Duquesne customer's Hardship Fund application will be denied if the maximum grant amount will not restore service or stop service termination.[41]

We have previously addressed the issue of allowing DEF or another contracted CBO to establish the eligibility criteria for a universal service program. In Duquesne's

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[41] https://www.dollarenergy.org/wp-content/uploads/2021/09/2021-2022-PA-Fact-Sheet-Duquesne-Light-Company.pdf (Last accessed on March 21, 2022).

2017-2019 USECP proceeding, Duquesne explained that requiring customers to provide Social Security Numbers to qualify for its Hardship Fund was not its policy but rather the policy of DEF. The Commission found this answer inconsistent with the public utility's responsibilities under the Competition Act:

> Section 2804(9) of Title 66 encourages the use of CBOs "that have the necessary technical and administrative experience to be the *direct providers of services or programs*" (emphasis added).[*sic*] While contracted CBOs may be used to administer universal service programs, the utilities are responsible for setting eligibility requirements, establishing program parameters, and drafting a triennial USECP for Commission approval. A contracted CBO should not dictate the eligibility requirements of a utility's universal service program.

Duquesne Light 2017-2019 USECP Order, Docket No. M-2016-2534323 (order entered on March 23, 2017), at 46.

Duquesne is responsible for establishing the eligibility criteria and policies related to its Hardship Fund. The Commission agrees with OCA and CAUSE-PA that all Hardship Fund grant requirements should be listed in Duquesne's USECP. Hardship Fund eligibility criteria and policies should not change unless approved by the Commission. DEF's website should also mirror the Hardship Fund eligibility criteria and policies reflected in Duquesne's USECP.

Any modification to the hardship fund practices or procedures outlined in Duquesne's USECP must be approved by the Commission prior to implementation. This includes instances where DEF may seek to introduce new Hardship Fund eligibility requirements or restrictions. Until the Commission approves changes to Duquesne's universal service programs, Duquesne must continue to adhere to the practices and procedures in its most recently approved USECP. Public utilities may propose changes to their USECPs in conjunction with the periodic USECP review process, or it may petition for changes in the interval between periodic reviews.

Accordingly, we direct Duquesne to ensure the DEF website accurately reflects its Hardship Fund policies and requirements as outlined in the Proposed 2020 USECP. Within 10 days after final approval of its 2020 USECP, Duquesne shall file and serve a letter at Docket No. M-2019-3006227 to confirm that the DEF website is consistent with Duquesne's 2020 USECP.

B. Eligibility Criteria

Duquesne's various universal service programs have slightly different eligibility criteria as shown in Table 9 below:

Table 9. Eligibility Criteria

Program	Income Criteria	Other Criteria
CAP	150% FPIG or less	- Be a residential customer with income at or below 150% of FPIG. - Demonstrated or expressed an inability to pay electric bill.
LIURP (Smart Comfort)	150% FPIG or less 20% of the Smart Comfort budget may be allocated to customers with incomes up to 200% FPIG (senior and special needs customers)	- Electric baseload usage greater than 500 kWh (waived for CAP customers who exceed their CAP credit limits in a program year). - Resident at address for at least six months. - Residency and consumption requirements waived for EH households. - Residency requirements waived for ENH CAP homeowners.
CARES	Targets those at 150% FPIG or less (200% for senior customers)	- Intended for customers experiencing a temporary hardship and who cannot pay their electric bill.

Hardship Fund	200% FPIG or less[42]	- Have a residential account and reside at the premise. - Provide proof of monthly household income. - Must have paid at least $150 toward the bill within the past 90-day period or made three consecutive CAP payments. Customers over age 62 must have paid at least $100 in the last 90 days. - Have a balance of at least $100 on their account to be eligible to apply. Customers over age 62 may have a zero or greater balance due.

Definition of Senior Citizen

The Proposed 2020 USECP does not provide a standard definition of "senior" customer throughout its universal service program eligibility criteria. Only the eligibility criteria for the Hardship Fund defines a senior customer as a person aged 62 and over. Proposed 2020 USECP at 24.

The Tentative Order and the October 2021 Secretarial Letter requested Duquesne specify how customers are identified as "senior" in each of its universal service programs. October 2021 Secretarial Letter at 2.

Comments

Duquesne clarifies that "senior" refers to customers over the age of 62 at the time of enrollment for all of its universal service programs. Duquesne clarifies:

- The senior designation in the CAP is limited to customers over the age of 62 at time of enrollment whose income is between 150% and 200% of the FPIG. This program is no longer open to customers whose income is above 150% of the FPIG.

[42] Per the terms of the Duquesne's 2021 BRC, Hardship Fund income eligibility requirements will be increased to 300% of the FPIG from January 1, 2022, to December 31, 2023. September 2021 Joint Petition at 13, ¶53.

- The senior designation in the Hardship Fund applies to customers over 62 years at the time of grant application. Duquesne accepts a reduced $100 payment for residential customers aged 62 and over, or three consecutive CAP payments or $100, whichever is less, if the senior customer is enrolled in CAP. Duquesne waives the minimum balance criteria of $100 beginning on March 1.

- The senior designation for the LIURP increases the income eligibility requirement to 200% instead of the standard 150% of the FPIG for customers 62 and over.

- The senior designation for the CARES program includes the senior designation to refer to any customer over the age of 62. There are no eligibility or enrollment criteria specific to that term for CARES.

Duquesne Response to October 2021 Secretarial Letter at 1-2.

Resolution: We are satisfied with Duquesne's clarification of how it defines a customer as "senior" for each of its universal service programs. Accordingly, we direct Duquesne to include these clarifications in its Revised 2020 USECP.

C. <u>Projected Needs Assessment</u>

Duquesne submitted a projected needs assessment in its Proposed 2020 USECP, which is depicted in Table 10.

Table 10. Needs Assessment

1. Total Residential Households	514,610
2. Estimated number of low-income customers at or below 150% of FPIG	103,720
3. Confirmed number of low-income customers	42,132
4. Estimated number of potential Smart Comfort participants	24,494
5. Estimated Cost to serve customers needing Smart Comfort	$14,328,990

Sources: Estimated number of low-income customers at or below 150% of FPIG at Proposed 2020 USECP at 16. All other figures from Proposed 2020 USECP at 35.

Resolution: Consistent with the Tentative Order, no changes are required regarding this aspect of the Proposed 2020 USECP.

D. Projected Enrollment Levels

Table 11 below shows the projected enrollment levels for Duquesne's CAP, LIURP (Smart Comfort), CARES, and the Hardship Fund programs.

Table 11. Projected Enrollment Levels

	2020	**2021**	**2022**	**2023**	**2024**	**2025**
CAP	35,853	36,951	37,320	37,694	38,070	38,451
LIURP (Smart Comfort)	3,100	3,100*	3,100	3,100	3,100	3,100
CARES	12,640	12,640	12,640	12,640	12,640	12,640
Hardship Fund	1,880	1,880	1,880	1,880	1,880	1,880

Sources: 2020 CAP Participation enrollment number is from the *2020 Report on Universal Service Programs & Collections Performance* at 58. 2021-2025 CAP projected enrollment numbers are from the Proposed 2020 USECP at 18. LIURP projected enrollment numbers are from the Proposed 2020 USECP at 34. CARES projected enrollment numbers are from the Proposed 2020 USECP at 22. Hardship Fund projected enrollment numbers are from the Proposed 2020 USECP at 25.
* Duquesne reports serving only 2,104 households through LIURP as of October 31, 2021. Duquesne Response to October 2021 Secretarial Letter at 2.

a. LIURP, CARES, and Hardship Fund Enrollment Projections

Duquesne projects that CAP enrollment will increase by 1% yearly, but the enrollments for its other universal service programs are projected to remain static. Duquesne was asked to provide clarification on why it projects static enrollment levels for its LIURP, CARES, and Hardship Fund programs through 2025. Tentative Order at 44.

Duquesne provided the following clarifications regarding its enrollment projections:

- LIURP enrollment levels are based on its 2013 BRC settlement at Docket No. R-2013-2372129, as discussed above. That settlement led to a participation target of 3,100 LIURP jobs per year, and its 2020 USECP budget, increased through the 2021 BRC settlement, is based on that enrollment target. Duquesne Supplemental Information at 24.

- CARES participation levels have remained at a consistent level over the years, and Duquesne predicts this number will remain consistent. Duquesne Supplemental Information at 31.

- The Hardship Fund budget has been set at $750,000 for years, and its maximum and average grant amounts are stable. Duquesne predicts that both its funding and participation levels will remain consistent. Duquesne Supplemental Information at 31.

Resolution: We are satisfied with the clarifications provided based on the projected enrollment levels in the Proposed 2020 USECP. However, the projections for the Hardship Fund were provided before the Joint Petitioners agreed to increase eligibility to 300% for 2022 and 2023 as part of the 2021 BRC Settlement. Furthermore, Duquesne has pledged to contribute an additional $1 million per year for this two-year period in which Hardship Fund eligibility will be increased. Enrollment levels for the Hardship Fund are likely to be higher than originally projected for those years. Accordingly, we direct Duquesne to include updated Hardship Fund enrollment projections for 2022 and 2023 in its Revised 2020 USECP.

b. Impact of COVID-19 on Universal Service Enrollments and Budgets

Duquesne's universal service enrollment and budget projections for its Proposed 2020 USECP were estimated prior to the onset of COVID-19. The Commission asked Duquesne to consider re-evaluating its enrollment and budgetary estimates projections due to the economic impact of the pandemic. Tentative Order at 44-45.

Duquesne answers that it is hard to accurately predict COVID-19 pandemic economic effects on its universal service programs. As such, it has not projected changes to its universal service program enrollment or budget components attributable to the COVID-19 pandemic but will provide updates as necessary. Duquesne Supplemental Information at 32.

Resolution: We agree that the full economic impact of the COVID-19 pandemic on Pennsylvania residents is still unknown. However, it is likely the pandemic will at least temporarily increase the need and costs of CAPs and other universal service programs.[43] It is important that Duquesne track enrollment and cost trends to determine if program changes are needed to address projected participation spikes or declines. Accordingly, we direct Duquesne to share and discuss universal service enrollment and cost trends and projections with its IEAG on at least an annual basis.

E. **Program Budgets**

As described above, the August 2021 Joint Petitioners propose changes to its CAP and LIURP that may impact annual costs. The August 2021 Joint Petitioners state

[43] *See, for example, COVID-19 Cost Tracking and Creation of Regulatory Assets*, Docket No. M-2020-3019775.

Duquesne would take the following actions if program budgets exceed 10% of its projected annual estimates:

- Meet with settlement parties 60 days in advance of the next year.

- Explain the reasons for the projected cost increase and outline cost containment measures that modify the approved USECP at the meeting.

- File a petition with the Commission after meeting with the settlement parties that explains (1) cost increase reason(s), (2) cost containment measure(s), and (3) submission of other filings required by the Commission, as necessary.

August 2021 Joint Petition at 5, ¶14.

The October 2021 Secretarial Letter requested updated annual enrollment and budget projections for Duquesne's CAP and LIURP based on the proposed changes in the August 2021 Joint Petition. It also requested Duquesne indicate how these changes are projected to impact its universal service charge or other recovery method. October 2021 Secretarial Letter at 2-3.

Duquesne's Response to the October 2021 Secretarial Letter provided the updated CAP and LIURP enrollment and budget projections. Duquesne is not projecting any changes to its annual program enrollments from 2022 through 2025 as a result of the changes in the August 2021 Joint Petition but estimates it will impact annual CAP costs. Duquesne Response to October 2021 Secretarial Letter at 3-4. Compared to the Proposed 2020 USECP projections, the changes in the August 2021 Joint Petition may increase CAP credit expenditures and decrease CAP arrearage forgiveness costs. As seen in Table

12, total annual CAP costs are expected to increase to approximately $38.3 million in 2022 but decrease to approximately $37 million by 2025.

Table 12. 2022-2025 CAP Costs
Proposed 2020 USECP vs. August 2021 Joint Petition

Year	Proposed 2020 USECP	August 2021 Joint Petition
2022	$34,258,387	$38,252,038
2023	$34,672,677	$36,466,700
2024	$35,387,259	$36,724,572
2025	$36,116,766	$36,985,411

Source: Duquesne Response to October 2021 Secretarial Letter at 4.

Table 13 below shows the proposed budget levels for all of Duquesne's universal service components and the calculated average monthly spending per non-CAP customer for 2020-2025.

Table 13. Projected Universal Service Program Budgets

	2020	2021	2022	2023	2024	2025
CAP	$28,228,011	$37,988,346	$38,252,038	$36,466,700	$36,724,572	$36,985,411
LIURP (Smart Comfort)	$1,566,479	$3,053,500	$3,453,500	$3,453,500	$3,453,500	$3,053,500
CARES	$145,000	$145,000	$145,000	$145,000	$145,000	$145,000
Hardship Fund*	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000
Total	$30,014,490	$41,261,846	$41,925,538	$40,140,200	$40,398,072	$40,258,911
Average Monthly Spending per Non-CAP Residential Customer^	$4.93	$6.77	$6.88	$6.59	$6.63	$6.61

Sources: 2020 CAP budget numbers are actual spending amounts, as reported by Duquesne. *2020 Report on Universal Service Programs & Collections Performance* at 70. 2021-2025 CAP projected budget numbers are from Duquesne Response to October 2021 Secretarial Letter at 4. 2020 LIURP budget numbers are actual spending amounts, as reported by Duquesne. *2020 Report on Universal Service Programs & Collections Performance* at 52. LIURP projected budget numbers for 2021-2025 are from the Proposed 2020 USECP at 35 and the September 2021 Joint Petition at 14. CARES projected budget

numbers are from Proposed 2020 USECP at 22. Hardship Fund projected budget numbers are from the Proposed 2020 USECP at 25.
* Hardship Fund donations and contributions are not recovered in base rates, therefore, only the Hardship Fund Administration costs are included in the Universal Service total costs for the spending per residential customer.
^ Based on 507,572 non-CAP residential customers for Duquesne, as reported by Duquesne as of December 31, 2020. *2020 Report on Universal Service Programs & Collections Performance* at 5 and 57.

Duquesne states that it will continue to recover all USECP costs including costs for the proposed changes via Rider No. 5 and that it will begin recovering the costs of CAP frozen arrearages over a 36-month period in 2023. It comments that its cost recovery mechanism is otherwise unchanged. Duquesne Response to October 2021 Secretarial Letter at 5.

Comments

CAUSE-PA comments that the projected increase in both CAP and LIURP costs are just and reasonable while also maintaining minimal increases to residential customer costs. CAUSE-PA asserts that the minimal costs create significant improvements to affordability and energy efficiency for low-income customers. CAUSE-PA Reply Comments at 4.

Resolution: The CAP costs projections in the August 2021 Joint Petition suggest that annual decreases in arrearage forgiveness spending will gradually help offset increases in CAP credit spending through 2025. We accept Duquesne's updated budget projections. We also find the proposal that Duquesne will report to the Commission and stakeholders if program budgets exceed 10% of its projected annual estimates reasonable and in the public interest. Accordingly, these provisions of the August 2021 Joint Petition are approved.

F. **Use of Community-Based Organizations (CBOs)**

The Competition Act directs the Commission to encourage energy utilities to use CBOs to assist in the operation of universal service programs. 66 Pa. C.S. § 2804(9). Duquesne utilizes CBOs to administer its universal service programs. The Catholic Charities and Holy Family Institute administer the CAP and CARES programs, and the Hardship Fund is administered by Dollar Energy Fund through 49 different CBOs.

Smart Comfort

The Proposed 2020 USECP does not specify whether CBOs participate in Smart Comfort administration or service provision. The Tentative Order asked Duquesne to identify whether CBOs administer or provide weatherization services in Smart Comfort and, if so, to provide a description of their duties. Tentative Order at 46.

Duquesne specifies that its following CBOs currently provide Smart Comfort services: *Rebuilding Together Pittsburgh* performs LIURP post-installation third-party inspections; *Pittsburgh Community Services* performs in-home audits; and *Catholic Charities* and *Holy Family Institute* refer customers to Smart Comfort through CAP enrollment, but do not provide Smart Comfort services directly. Duquesne Supplemental Information at 33.

Resolution: We are satisfied with the information provided regarding CBO involvement in Smart Comfort. Accordingly, Duquesne is directed to include this information in its Revised 2020 USECP.

G. <u>Organizational Structure</u>

The organizational structure for Duquesne's Universal Service Programs is as follows:

- One Universal Services Manager
- Two Universal Services Analysts

CAP and CARES agencies have a staff of 27 full-time employees at seven sites. The Dollar Energy Fund is staffed by CBO employees at 49 sites.

Smart Comfort Staffing

The Tentative Order asked Duquesne to provide details about its Smart Comfort staffing levels as none were provided in its Proposed 2020 USECP. Tentative Order at 47.

Duquesne explains that its Smart Comfort program is staffed by a Manager of Universal Services and two analysts which are supported by the Act 129 Energy Efficiency & Conservation income eligible programs Customer Program staff. The Act 129 staff consists of a senior manager and a program analyst that help coordinate the joint jobs with NGDCs. Duquesne Supplemental Information at 34.

Resolution: We are satisfied with the information provided regarding Duquesne's Smart Comfort staffing levels. Accordingly, Duquesne is directed to include this information in its Revised 2020 USECP.

V. PROCEDURE

The Commission has previously required a public utility to file and serve a revised USECP at this stage in a USECP proceeding. That revised USECP was then subject to an exception and reply exception period. Thereafter, the revised USECP and any exceptions would be addressed at a future Public Meeting. This practice for the review and approval for revised USECPs has been in place at the Commission for about five years.

Prior to that time, the Commission directed that a public utility file a revised USECP, or compliance filing, and serve the revised USECP on the Commission's Bureau of Consumer Services (BCS) for review. The Commission did not use an exception and reply exception period, and there was no Public Meeting vote on the USECP compliance filing.[44] If BCS identified an error in the compliance filing, a correction could be directed through the issuance of a Secretarial Letter.

The Commission does, from time to time, adjust its procedures for the review and disposition of the matters that come before it. In the case of USECPs, the Commission's regulations and enabling legislation do not identify a specific process that must be used for the review and approval of these plans. While it was reasonable for the Commission to adopt and try the longer process of exceptions and reply exceptions, that process has resulted in an expenditure of Commission and public utility resources without a corresponding benefit to justify its continued use. We find that BCS is in the best position to determine whether a revised USECP is in compliance with a Commission Order, and that the parties to the proceeding are free to file a protest to a revised USECP if they deem it necessary.

Therefore, we shall return to the prior practice of directing that public utilities serve revised USECPs adopted through final Orders on BCS for compliance review. The Commission will cease the use of an exception and reply exception period for revised

[44] *See PECO Energy Company Universal Service and Energy Conservation Plan for 2016-2018 Submitted in Compliance with 52 Pa. Code §§ 54.74 and 62.4*, Docket No. M-2015-2507139 (order entered on August 11, 2016); *West Penn Power Universal Service and Energy Conservation Plan for 2015-2018, et al.*, Docket Nos. M-2014-2407728, M-2014-2407729, M-2014-2407730, M-2014-2407731 (order entered on May 19, 2015).

USECPs and will not require an additional Public Meeting vote for these compliance filings. This change is effective immediately.[45]

VI. CONCLUSION

Consistent with the discussion above and the ordering paragraphs below, we shall direct Duquesne to file a Revised 2020 USECP reflecting the changes directed herein within 30 days of the date of entry of this Order. With these changes, Duquesne's 2020 USECP is approved and shall take effect, unless otherwise indicated, as of the filing date of its Revised 2020 USECP. The Commission's approval of the 2020 USECP does not limit the Commission's authority to order future changes to the 2020 USECP based on evaluation findings, universal service data, or ratemaking considerations.

Duquesne's existing 2017 USECP, as modified by the 2021 BRC Settlement, will continue in operation in whole or in part until replacement provisions of the Revised 2020 USECP are implemented.

A third-party independent evaluation of Duquesne's universal service programs shall be due on November 1, 2025.

Duquesne's 2020 USECP shall be in effect until its next USECP is approved. Duquesne's next proposed USECP shall be due on or before November 1, 2026, and shall cover five years starting January 1, 2028.[46]

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[45] We are also implementing this change in the National Fuel Gas Corporation's (NFG) 2022-2026 USECP proceeding. *See NFG's 2022-2026 USECP*, Docket No. M-2021-3024935.

[46] By Order entered on October 3, 2019, in *Universal Service and Energy Conservation Plan Filing Schedule and Independent Evaluation Filing Schedule,* Docket No. M-2019-3012601, we established filing schedules for proposed USECPs and third-party independent evaluations of universal service programs through 2025. That order, *inter alia*, established that USECPs would be effective for at least five (5) years after they are approved; the order further provided that the order approving a USECP would specify the deadlines for the filing of the public utility's next proposed USECP and its next third-party independent evaluation of universal service programs. (October 3, 2019 Order at O.P. 6).

Having addressed Duquesne's Proposed 2020 USECP and the comments and reply comments in the record, we note that any issue, comment, or reply comment requesting a further deviation from the Proposed 2020 USECP, but which we may not have specifically delineated herein, shall be deemed to have been duly considered and denied without further discussion. The Commission is not required to consider expressly or at length each contention or argument raised by the parties. *Consolidated Rail Corp. v. Pa. PUC*, 625 A.2d 741 (Pa. Cmwlth. 1993); *see also, generally, U. of PA v. Pa. PUC*, 485 A.2d 1217 (Pa. Cmwlth. 1984); **THEREFORE,**

IT IS ORDERED:

1. The Duquesne Light Company's Universal Service and Energy Conservation Plan for 2020-2025, as amended on January 6, 2020, is approved, subject to the conditions established in this Order, as consistent with Title 66 of the Pennsylvania Consolidated Statutes, Title 52 of the Pennsylvania Code, and Commission practice.

2. That the provisions in the Joint Petition for Settlement filed on August 13, 2021, on behalf of Duquesne Light Company, the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania, and the Office of Consumer Advocate are approved, subject to the conditions established in this Order.

3. That Duquesne Light Company shall file its Revised 2020-2025 Universal Service and Energy Conservation Plan conforming to the conditions established in this Order within thirty (30) days of the entry date of this Order.

4. That Duquesne Light Company's Revised 2020-2025 Universal Service and Energy Conservation Plan must be filed in both clean and redline copies and served on the parties to these dockets.

5. That Duquesne Light Company's Revised 2020-2025 Universal Service and Energy Conservation Plan must be provided electronically in Word®-compatible format to Jennifer Johnson, Bureau of Consumer Services, jennifjohn@pa.gov; Christina Chase-Pettis, Office of Communications, cchasepett@pa.gov; and Louise Fink Smith, Law Bureau, finksmith@pa.gov.

6. That Duquesne Light Company shall incorporate the changes, as directed herein, to its Revised 2020-2025 Universal Service and Energy Conservation Plan, including:

a. Add all universal service changes approved in Duquesne Light Company's 2021 Base Rate Case at Docket Nos. R-2021-3024750, *et al*.
b. Add all proposed universal service changes in the Joint Petition for Settlement filed on August 13, 2021, at Docket No. M-2019-3008227.
c. Clarify the timeframes for income documentation of CAP eligibility.
d. Provide a description of current LIHEAP outreach efforts.
e. Clarify current practice of waiving late payment charges or fees.
f. Clarify how CAP customers are made aware they are approaching or have reached their annual CAP discount limit and how they can qualify for exceptions to this limit.
g. Identify that a 36-month pre-program arrearage forgiveness timeframe will be adopted no later than January 1, 2023.
h. Clarify the CAP application electronic documentation process.
i. Clarify that mailed-in or faxed CAP applications and recertifications are accepted and that submission instructions will be provided upon customer request and describe the recertification outreach processes.
j. Clarify its CAP application process including that follow-up interviews are not mandatory for customers to remain in CAP, that these interviews are provided

within one to three business days to online applicants, and that CBOs will conduct follow-up interviews with any customers who apply in-person when requested.

k. Add the standardized zero-income form as part of the appendix.
l. Remove the provision that customers removed from CAP for exceeding income limits may be back-billed.
m. Add its current Consumer Education and Outreach Plan, noting that this plan may be modified and enhanced within the duration of the 2020-2025 Universal Service and Energy Conservation Plan.
n. Clarify that unearned income of minor children will be excluded when determining CAP eligibility and benefits beginning January 2023.
o. Add its CAP final billing policy.
p. Add the provision that security deposits will not be required from a household that is eligible for CAP.
q. Add the clarifications about the three new Smart Comfort initiatives.
r. Specify that unspent Smart Comfort funds will be carried over into the next program year and that efforts will be made to spend its full program budget each year.
s. Clarify the amended landlord approval process and include the revised Landlord Approval Form as part of the appendix.
t. Identify the increase for Smart Comfort's per job allowance for health and safety measures and include the additional clarifications provided regarding the installation of health and safety measures.
u. Indicate that Smart Comfort third-party inspections will be completed on a minimum of 10% of completed electric heating jobs and 5% of completed electric baseload jobs.
v. Indicate the number of households deferred for Smart Comfort and that the reasons for those deferrals will be tracked.

w. Include a description of the expanded, additional Smart Comfort outreach for high-usage customers, particularly for those customers already determined low-income.
x. Clarify that Smart Comfort eligibility has been expanded to include (1) CAP customers that reach at least 50% of their maximum CAP credit threshold in less than six months, (2) confirmed low-income heating customers exceeding the system-wide average usage for residential heating customers, and (3) confirmed low-income non-heating customers exceeding the system-wide average usage for residential non-heating customers.
y. Clarify how it defines a customer as "senior" for each of its universal service programs.
z. Add updated Hardship Fund enrollment projections for 2022 and 2023.
aa. Explain the involvement of Community-Based Organizations in Smart Comfort.
bb. Provide information regarding Smart Comfort staffing levels.

6. That the Duquesne Light Company shall consult with its Income Eligibility Advisory Group on the following issues:

a. Reviewing the list of income documentation accepted for CAP.
b. Identifying ways to make the electronic CAP application and document submission more accessible and useful to its customers.
c. Analyzing the reasons behind CAP customers failing to recertify.
d. Identifying ways to enhance the Consumer Education and Outreach Plan.
e. Identifying a minimum percentage of non-saving LIURP participants that must receive follow-up and further energy education and define a usage amount for how those customers are selected.
f. Analyzing universal service enrollments, cost trends, and projections on at least an annual basis.

7. That the Duquesne Light Company shall file a proposal to establish a minimum percentage of non-saving Smart Comfort participants that must receive follow-up and further energy education and define a usage amount for how those customers are selected by or before its next Universal Service and Energy Conservation Plan filing.

8. That the Duquesne Light Company shall file and serve, at Docket No. M-2019-3008227, an annual report on CAP customers reaching or exceeding their maximum CAP credit limits for the duration of its 2020-2025 Universal Service and Energy Conservation Plan. This information must be broken down by income tier (*i.e.*, 0%-50%, 51%-100%, and 101%-150%) and heating type (*i.e.*, non-heating and electric heating) and must commence with 2022 data at the latest.

9. That the Duquesne Light Company shall file and serve annual updates to its Consumer Education and Outreach Plan, including outreach and education actions taken, by March 1 each year at Docket No. M-2019-3008227, beginning on March 1, 2023, for the duration of the 2020-2025 Universal Service and Energy Conservation Plan.

10. That the Duquesne Light Company shall file and serve a letter at Docket No. M-2019-3008227 confirming that the Dollar Energy Fund website accurately reflects Duquesne Light Company's Hardship Fund policies and requirements as outlined in the 2020-2025 Universal Service and Energy Conservation Plan within 30 days of entry of this Order.

11. That the Commission's Bureau of Consumer Services, with the assistance of the Commission's Law Bureau, will evaluate Duquesne Light Company's Revised 2020-2025 Universal Service and Energy Conservation Plan as filed and served pursuant to this Order and prepare a Secretarial Letter confirming whether or not the changes in the filing comply with this Order.

12. That this Order be filed at and served on the parties in *Pa. PUC, et al.*, *v. Duquesne Light*, Docket Nos. R-2021-3024750, *et al.*

13. That the Duquesne Light Company 2017-2019 Universal Service and Energy Conservation Plan shall remain in effect in whole or in part, except as expressly modified by the universal service changes approved as a result of the 2021 Base Rate Case at Docket Nos. R-2021-3024750, *et al.*, until its 2020-2025 Universal Service and Energy Conservation Plan is implemented.

14. That security deposits shall be refunded with applicable interest, within 90 days of the entry date of this Order, to any low-income customer whose deposit was applied to their account balance after determining they are CAP-eligible and not subject to the deposit requirement. This refund may remain in the public utility account only with the customer's consent. Duquesne shall file a status update on these refunds within 120 days of the entry date of this Order at Docket No. M-2019-3008227 identifying the number and total amount of past security deposits refunded.

15. That the Petition filed on November 6, 2020, by Duquesne Light Company at Docket Nos. M-2020-3008227 and P-2020-3022770, is denied as moot as the substantive aspects of the Petition have been fully considered herein as part of the Commission's consideration of Duquesne Light Company's Proposed 2020-2025 Universal Service and Energy Conservation Plan.

16. That the Petition filed on December 24, 2020, by Duquesne Light Company, at Docket Nos. M-2016-2534323, M-2019-3008227, and P-2020-3023558, is denied as moot as the substantive aspects of the Petition have been fully considered herein as part of the Commission's consideration of Duquesne Light Company's Proposed 2020-2025 Universal Service and Energy Conservation Plan.

17. That the implementation of a change in energy burden provisions, as proposed by Duquesne Light Company for its 2020-2025 Universal Service and Energy Conservation Plan, prior to Commission approval of the proposed change is referred to the Commission's Bureau of Investigation and Enforcement for whatever action it deems necessary.

18. That Duquesne Light Company shall file its next third-party independent evaluation of its universal service programs on November 1, 2025. This filing shall also be served on the parties to these dockets.

19. That Duquesne Light Company shall file its next Universal Service and Energy Conservation Plan on or before November 1, 2026, which shall cover the five-year period starting January 1, 2028. This filing must also be served on the parties to these dockets.

20. That *Petition of Duquesne Light Company for Implementation of the Percentage of Income Payment Plan Customer Assistance Program as Proposed on January 6, 2020*, Docket No. P-2020-3022770, be marked closed.

21. That *Petition of Duquesne Light Company for Implementation of the Percentage of Income Payment Plan Customer Assistance Program*, Docket No. P-2020-3023448, be marked closed.

22. That *Duquesne Light Company Universal Service and Energy Conservation Plan for 2017-2019 Submitted in Compliance with 52 Pa. Code § 54.74*, Docket No. M-2016-2534323, be marked closed.

BY THE COMMISSION

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: April 14, 2022

ORDER ENTERED: April 21, 2022