

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Duquesne Light Company
Universal Service and Energy
Conservation Plan for 2011-2013
Submitted in Compliance with 52
Pa. Code § 54.74**

**Public Meeting November 19, 2010
2161220-BCS
Docket No. M-2010-2161220**

**STATEMENT OF
COMMISSIONER JOHN F. COLEMAN, JR.**

Before the Commission for disposition is Duquesne Light Company's (Duquesne Light) Universal Service and Energy Conservation Plan for 2011-2013 (Plan). The Duquesne Light Plan contains a Customer Assistance Program (CAP), which provides discounted rates for low-income residential customers.

The Pennsylvania Department of Public Welfare (DPW) has changed the manner in which Low Income Home Energy Assistance Program (LIHEAP) cash grants are applied to CAP accounts. Under the new DPW policy, LIHEAP cash grants can only be applied to a customer's "Asked to Pay" amount of his or her bill and cannot be used to reduce the CAP credit, which is the difference between the "Asked to Pay" amount and the full bill amount. The upshot of the DPW policy change, from a cost perspective, is that a LIHEAP cash grant can no longer be used to offset the CAP credit. Absent some other cost recovery mechanism, this policy change will increase universal service costs paid by non-CAP customers.

As discussed at page 6 of the Tentative Order, Duquesne Light has proposed to modify its CAP to comply with the new DPW policy. Duquesne Light estimates that this modification will cost residential ratepayers \$2.4 million per year.

The Commission recently approved a modification to Columbia Gas of Pennsylvania, Inc.'s (Columbia) CAP to conform to a settlement reached in Columbia's 2010 general rate case regarding the application of LIHEAP grants towards CAP accounts. To more fairly balance the cost burden resulting from the DPW policy change, Columbia agreed to develop a CAP-plus solution proposed by the Office of Consumer Advocate in the rate case.¹ The CAP-plus solution calls for a CAP participant to pay an additional "plus" amount of

¹ The Commission approved the Columbia settlement on August 18, 2010 at Docket No. R-2009-2149262.

approximately \$13 per month towards his or her gas bill.² The Commission approved Columbia's CAP-plus solution on October 14, 2010 at Docket No. P-2010-2195759, reasoning that the CAP-plus calculation is just and reasonable and fairly balances the interests of Columbia's non-CAP residential customers.

Several other energy utilities, including T.W. Phillips Gas and Oil Company (T.W. Phillips) and PPL Electric Utilities (PPL), have agreed as part of base rate settlements to develop and implement a CAP-plus solution in response to the new DPW policy.³

In light of the above, interested parties should address the following in their comments to the Tentative Order issued in this matter: (i) whether the CAP-plus solution approved by the Commission for Columbia and T.W. Phillips is a mechanism that Duquesne Light should develop and implement as part of its CAP beginning with the 2011-2012 heating season and if so, (ii) the appropriate forum for Duquesne Light to develop and implement a CAP-plus solution.



DATE: November 19, 2010

JOHN F. COLEMAN, JR., COMMISSIONER

² Columbia calculated the estimated "plus" amount by dividing the total LIHEAP receivables from the prior heating season by the number of active CAP participants at the start of the current LIHEAP program season. Columbia then divided this figure by twelve and arrived at an estimated \$13.34 per month charge.

³ The Commission approved the T.W. Phillips settlement on November 4, 2010 at Docket No. R-2010-2167797. The PPL settlement remains pending before the Commission.