

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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December 23, 2010

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Duquesne Light Company Universal Service
and Energy Conservation Plan for 2011-
2013 Submitted in Compliance with 52 Pa.
Code § 54.74
Docket No. M-2010-2161220

Dear Secretary Chiavetta:

Enclosed for filing are the Comments of the Office of Consumer Advocate, in
above-referenced proceeding.

Should you have any questions, please contact our office.

Respectfully Submitted,

A handwritten signature in cursive script that reads "David T. Evrard".

David T. Evrard
Assistant Consumer Advocate
PA Attorney I.D. # 33870

Enclosures

cc: Grace McGovern, BCS – via electronic mail: gmcgovern@state.pa.us
Stephanie Wimer, LAW – via electronic mail: stwimer@state.pa.us
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company Universal	:	
Service and Energy Conservation Plan	:	Docket No. M-2010-2161220
For 2011-2013 Submitted in Compliance	:	
with 52 Pa. Code § 54.74	:	

COMMENTS OF
THE OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

The Office of Consumer Advocate (OCA) files these comments in response to the Public Utility Commission's (Commission) Tentative Order, issued November 23, 2010, in the above-captioned proceeding. As will be explained further below, because a number of issues that arose from the instant proceeding have been addressed as part of the proposed settlement of Duquesne Light Company's (Duquesne or Company) intervening base rate proceeding at Docket No. R-2010-2179522, the OCA requests that the Commission withhold any final order in the instant proceeding until after it has reviewed and ruled on the proposed base rate settlement.

II. BACKGROUND

On February 25, 2010, Duquesne, in accordance with Commission requirements, filed its Universal Service and Energy Conservation Plan (Plan) applicable to the years 2011 through 2013. Duquesne's Plan described the four programs that constitute the Company's effort to assist low income customers maintain utility service. These programs are: the Customer Assistance Program (CAP), which provides discounted rates for eligible low-income customers;

the Smart Comfort program, a low-income usage reduction program (LIURP) that provides weatherization and usage reduction services to eligible low-income customers to help them reduce their electric bills; the Customer Assistance and Referral Evaluation Services (CARES), that provides referral services for low-income and special needs customers; and the Hardship Fund, which provides grants to eligible low-income customers whose service either has been terminated or is threatened to be terminated.

As required by the Commission's regulations, Duquesne's Plan also includes descriptions of the eligibility criteria for each of its programs, a projected needs assessment for the programs, a projection of program enrollment levels, program budgets, plans to use community-based organizations and a description of the Company's organizational structure with regard to administration of its universal service programs.

After the initial submission of its Plan, Duquesne filed amendments to the Plan on three separate occasions, March 31, May 13 and August 5, 2010. The March 31 amendment added a requirement, recommended by the Commission's Office of Trial Staff (OTS), to re-certify CAP customer eligibility on an annual rather than biannual basis. The May 13 amendment altered the method by which Duquesne would apply Low Income Home Energy Assistance Program (LIHEAP) cash grants to the accounts of customers enrolled in its CAP program. This change was necessitated by a change in policy made by the Department of Public Welfare (DPW), the agency that administers LIHEAP.¹ The August 5 amendment corrected errors in the February

¹ Beginning with the 2009-2010 LIHEAP program year, the Department of Public Welfare (DPW) notified Pennsylvania utility companies with CAP programs that LIHEAP grants could no longer be applied to the "CAP shortfall" amount but would be required to be applied to the "asked to pay" amount. Each CAP participant pays a percentage of their full monthly bill based on their income level. The percentage they pay is referred to as their asked to pay amount. The difference between that amount and the amount of the full bill is the "CAP shortfall." In previous years, Duquesne and other utility companies used LIHEAP grant money to reduce the shortfall amount. The change in DPW policy meant that LIHEAP dollars now had to be used instead to reduce the asked to pay amount.

filing related to the Company's automatic enrollment in CAP of those customers who receive a LIHEAP grant.

On July 23, 2010, Duquesne filed a base rate proceeding before the Commission (Docket No. R-2010-2179522). In the course of that proceeding various universal service issues were raised by the Office of Consumer Advocate (OCA) and OTS, including Duquesne's response to the policy change effected by DPW. Both OCA and OTS filed testimony related to these universal service issues. Regarding the DPW policy change, the OCA testimony recommended implementation of a CAP-Plus program, which is described below. A proposed settlement was achieved as to these issues.

On November 23, 2010, the Commission issued a Tentative Order in the instant case in which it approved Duquesne's Plan, as amended. The filed plan (with subsequent Company amendments) that is addressed in the Tentative Order, does not reflect the agreements contained in the proposed base rate settlement since the filing preceded the settlement. In the Tentative Order, the Commission established a thirty-day period in which interested parties could file comments in response to that Order.

III. MANY UNIVERSAL SERVICE-RELATED ISSUES ARE BEING ADDRESSED IN DUQUESNE'S BASE RATE PROCEEDING

The concerns of the OCA with respect to Duquesne's Plan centered on the Company's response to the DPW policy change and on the automatic enrollment feature of its CAP program for recipients of LIHEAP grants. The OCA addressed these concerns, along with concerns regarding Duquesne's proposed universal service cost recovery mechanism, in the OCA's expert witness testimony filed in the base rate proceeding. With regard to the DPW policy change, as noted above, the OCA recommended that Duquesne adopt what is referred to as a CAP-Plus

program under which the asked to pay amount accounts for the value of the LIHEAP grants.² The Commission has previously approved implementation of such a program in the base rate proceeding of Columbia Gas of Pennsylvania at Docket No. R-2009-2149262.

Regarding the automatic enrollment feature of its CAP program, the OCA recommended in its base rate testimony that Duquesne adopt a modification that would ensure that customers so enrolled would be required to document during the six-month provisional enrollment period that they meet all CAP enrollment requirements, including that the customer was payment troubled at the time they received the LIHEAP grant. The OCA also recommended that Duquesne establish a sunset date for its automatic enrollment feature after which the Company could perform an evaluation of the operation of the process as well as determine its impact on total CAP enrollment and total CAP costs. That evaluation would then be used to determine if automatic enrollment would be included in Duquesne's next Universal Service Plan.

The OCA, Duquesne and the other parties to the base rate case addressed the OCA's and other parties' concerns with Duquesne's universal service programs in the proposed settlement of that proceeding. The settlement includes provisions directly addressing the issues the OCA has summarized here. Among other things, the settlement addresses the CAP-Plus issue³ and it provides for a review of the CAP auto-enrollment process. The settlement also addresses concerns the OCA raised with the Company's universal service cost recovery mechanism. It is anticipated that the settlement will be submitted to the presiding Administrative Law Judges in the very near future.

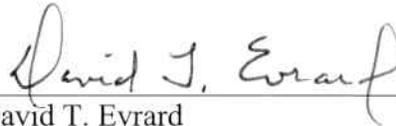
² The OCA submits that it is unreasonable to establish a program such as CAP that sets a customer's bill at an affordable level using ratepayer subsidies and then provides *an additional* subsidy to lower that affordable bill even further. This is the practical effect of DPW's policy change. The CAP Plus program represents a way of addressing the DPW policy without imposing an additional subsidy on non-CAP ratepayers.

³ See the letter filed by Duquesne in this proceeding on December 20, 2010.

IV. CONCLUSION

For the reasons stated above, the OCA respectfully requests that the Commission defer issuance of any final order in the instant proceeding until after it has had the opportunity to review and rule on the proposed settlement that has been reached in Duquesne's pending base rate proceeding at Docket No. R-2010-2179522.

Respectfully Submitted,



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Dated: December 23, 2010

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CERTIFICATE OF SERVICE

Duquesne Light Company Universal :
Service and Energy Conservation Plan : Docket No. M-2010-2161220
for 2011-2013 Submitted in Compliance :
with 52 Pa. Code § 54.74 :

I hereby certify that I have this day served a true copy of the foregoing document, Comments of the Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 23rd day of December 2010.

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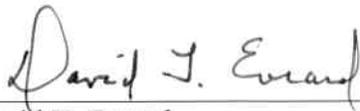
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