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Tishekia E. Williams
Senior Counsel

June 28, 2013

VIA OVERNIGHT MAIL

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Duquesne Light Company Universal Service and Energy
Conservation Plan for 2014-2016
Docket No. M-2013-2350946**

Dear Secretary Chiavetta:

Attached for filing is Duquesne Light Company's Petition for Approval and Modification of its 2014-2016 Universal Service and Energy Conservation Plan ("2014-2016 USP"). Also enclosed is a clean and redlined copy of the amended 2014-2016 USP. Copies have been served on interested parties as indicated by the certificate of service.

Please feel free to contact me with any questions.

Respectfully,

Tishekia E. Williams

Attachments

cc: Grace McGovern
Certificate of Service

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JUN 28 2013

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Duquesne Light Company Petition for :
Approval and Modification of its 2014- : Docket No. M-2013-2350946
2016 Universal Service and Energy :
Conservation Plan :

PETITION OF DUQUESNE LIGHT COMPANY

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to 52 Pa. Code. §§ 5.41 and 5.91, Duquesne Light Company (“Duquesne Light” or the “Company”) hereby files a Petition for Approval and Modification of its 2014-2016 Universal Service and Energy Conservation Plan (“2014-2016 USP”).

I. BACKGROUND

1. Duquesne Light is a public utility as that term is defined under Section 102 of the Public Utility Code, 66 Pa. C.S. § 102, certificated by the Commission to provide electric service in the City of Pittsburgh and in Allegheny and Beaver Counties in Pennsylvania. Duquesne Light is also an electric distribution company (“EDC”) and a default service provider as those terms is defined under Section 2803 of the Public Utility Code. 66 Pa. C.S. § 2803. Duquesne Light provides electric distribution service to approximately 585,000 customers.

2. Duquesne Light’s is represented by:

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SECRETARY'S BUREAU**

The Company requests that all notices and communications regarding this proceeding be served as indicated above.

3. On January 25, 2013, the Pennsylvania Public Utility Commission (“Commission”) entered its Opinion and Order (“*January 25 Order*”) regarding the Petition of Duquesne Light Company (“Duquesne Light” or the “Company”) for Approval of a Default Service Program and Procurement Plan for the period June 1, 2013 through May 31, 2015 (“DSP VI”) at docket number P-2012-2301664.

4. In the January 25 Order, the Commission directed the Company to work with the Office of Competitive Markets Oversight (“OCMO”) ¹ to develop a plan that will allow the Customer Assistance Program (“CAP”) customers to purchase generation supply from EGSs, ensure that retail market enhancement programs will be available to CAP customers, and allows LIHEAP benefits to be used by low-income customers who choose an EGS by January 1, 2014. *Petition of Duquesne Light Company for Approval of its Default Service Plan*, Docket No. P-2012 2301664, p. 186.

5. On February 28, 2013, Duquesne Light filed its 2014-2016 Universal Service and Energy Conservation Plan (2014-2016 USP) for Commission approval.² Therein, the Company proposed a number of enhancements to CAP. Additionally, the Company noted that it would file an amendment to its 2014-2016 USP that allows CAP customers to shop for generation supply from electric generation suppliers in June 2013. The Company’s amended plan is attached hereto.

¹ The Company discussed its CAP portability plan with OCMO representatives on April 24, 2013. Additionally, the Company discussed its CAP portability plan with interested stakeholder on April 19, 2013 and again on June 27, 2013 at its Universal Services Collaborative.

² The Company’s February 28, 2013 filing has not been approved by the Commission. Moreover, the Company has not received any comments from interested stakeholders.

II. CAP PORTABILITY

6. Presently, Duquesne Light CAP customers are permitted to purchase generation supply from an EGS only if billed separately for EGS charges. This requirement is due in large part to current information technology (“IT”) systems limitations.

7. Effective January 1, 2014, and upon Commission approval, Duquesne Light CAP customers will be permitted to purchase generation supply from any EGS while maintaining all CAP benefits and protections provided that the customer receives consolidated billing from Duquesne Light. The Company also plans to implement additional protections for CAP customers to prevent them from enrolling with an EGS whose price is higher than the PTC effective January 1, 2015 (the “PTC Protection”).

8. The initial cost of implementing CAP Portability is approximately \$930,000 which includes \$880,000 in incremental costs for IT systems changes including design, analysis, programming, testing and acceptance. The Company proposes to recover these IT related costs in base rates. The Company estimates an additional \$50,000 in incremental costs for education and change management and proposes to recover these costs through the Universal Service Plan Surcharge. The Company also anticipates additional costs to implement the PTC Protection in the second phase. The Company’s proposed cost recovery for the PTC Protection will be provided in its direct testimony.

9. In developing its CAP portability plan, Duquesne Light is guided by a few key principles. First, the Company aims to implement a plan that is straightforward and easy for CAP customers and EGS’ to participate in and understand. In addition, Duquesne Light recognizes that CAP customers may opt to enroll with an EGS whose price is higher than the Company’s Price-to-Compare (“PTC”) potentially increasing the costs to the customer and other residential customers. Therefore, the Company seeks to minimize potential increased costs to

residential customers resulting from CAP customer shopping, costly and time consuming IT systems changes and administrative burden. Finally, the Company aims to maintain existing consumer protections for CAP customers.

10. To that end, effective January 1, 2014 and upon Commission approval CAP customer will be permitted to shop for generation supply while receiving the benefits of CAP. Effective January 1, 2015, the Company plans to implement the PTC Protection. As explained in the attached 2014-2016 USP, the primary benefits of Duquesne Light's CAP program include 1) an opportunity for arrearage forgiveness over a 24 month period of time, 2) a reduced payment arrangement based on ability to pay, 3) CAP credit write off, 4) protection against loss of electric service, and 5) referrals to other community programs and services.

11. Eligible customers that enroll in CAP with an outstanding balance have an opportunity to eliminate their pre-program arrears. Each month that the customer makes full, on-time monthly payments in CAP, 1/24 of their arrearage will be forgiven. All payments made in excess of the requested CAP amount due, with the exception of LIHEAP and Dollar Energy grants, will be applied to the arrears to further reduce the amount of the delinquent balance.

12. All CAP customers will continue to be enrolled in budget billing and required to pay a portion of their full budget amount based on their income level. The difference between the amount requested and the customer's full monthly budget is the "CAP credit." CAP credit may not exceed \$560.00 for non-heating customers and \$1,400.00 for electric heating customers annually.

13. All CAP customers will be required to pay a percentage of their budget amount based on their gross household income as follows:

Income level	Rate RS Budget %	Rate RH Budget %
0-50% of FPL	30%	45%
50-100% of FPL	60%	65%
100-150% of FPL	85%	80%
LIHEAP	100%	100%

14. Finally, effective January 1, 2014, CAP customers may purchase generation supply from an EGS and receive the same benefits described herein and more fully in the 2014-2016 USP. Shopping and non-shopping CAP customers will be subject to the provisions of the Company's Commission approved 2014-2016 USP.

15. The details of the Company's plan will be fully outlined in the Company's direct testimony on the timeframe outlined below.

III. PROPOSED LITIGATION SCHEDULE

16. In order to ensure that CAP customers may shop for generation supply by January 1, 2014, the Company is respectfully requesting expedited review and the following litigation schedule:

June 28, 2013	Amended 2014-2016 USP filed
July 29, 2013	Prehearing conference and Duquesne Light Direct Testimony
September 9, 2013	Other parties Direct Testimony
September 23, 2013	Rebuttal Testimony
October 7, 2013	Surrebuttal Testimony
October 15, 2013	Hearings

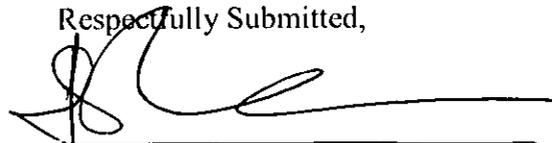
October 30, 2013 Main Brief
November 11, 2013 Reply Brief
November 15, 2013 Certify the Record

17. Duquesne Light is serving copies of this filing on the Commission’s Bureau of Investigation and Enforcement, Pennsylvania Office of Consumer Advocate, Pennsylvania Office of Small Business Advocate, and all parties to the Company’s DSP VI proceeding.

IV. REQUESTED RELIEF

WHEREFORE, for all of the foregoing reasons, Duquesne Light Company respectfully requests that the Pennsylvania Public Utility Commission approve the instant Petition granting expedited review of the Company’s 2014-2016 Universal Service Plan and publish notice of this filing in the July 13, 2013 edition of the *Pennsylvania Bulletin* with intervention required by July 26, 2013.

Respectfully Submitted,



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Date: June 28, 2013

**Duquesne Light Company
Universal Service and Energy
Conservation Three Year Plan
2014-2016**

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JUN 28 2013

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Duquesne Light Company

CUSTOMER ASSISTANCE PROGRAM (CAP)

I. Background

Duquesne Light Company's ("Duquesne Light" or "Company") Customer Assistance Program ("CAP") was first implemented as a pilot in September 1995. CAP is a special payment program for low-income, payment-troubled customers. The initial CAP pilot was designed to help customers' lower their electric consumption thereby achieving an affordable electric bill. Eligibility for the initial CAP pilot was limited to customers with 1) a gross household income at or below 150% of the federal poverty guidelines, 2) at least one year residency at their address, 3) housing expenses that were more than 45% of their gross income, 4) customers who made 3 to 9 payments in the past year, and 5) had at least a \$400 arrearage on their electric bill. The program's case management approach offered significant support and in depth guidance to the customer to change their payment and usage behavior patterns. *Different iterations of the main program offered different program benefits to micro-segments of the eligible population.*

In January of 2001, Duquesne Light simplified the program by easing eligibility requirements and removing the residency, arrearage and payment history requirements. The Company also eliminated the 3-year program limit requirements, so now any and all income-eligible, payment-troubled customers who maintain a satisfactory payment-history under CAP are able to stay in the program, regardless of arrearages.

In 2004, Duquesne Light simplified the program further by eliminating the customer co-pay of \$5 per month. The Company also reduced the CAP customers' payment requirements for customers below 50% of poverty guidelines, and between 51% and 100% of poverty guidelines in accordance with the Pennsylvania Public Utility Commission ("Commission") CAP Compliance Guidelines.

In January 2007, Duquesne Light again adjusted the CAP customers' payment requirements in accordance with the 52 Pa.Code. §69.265, related to CAP Design Elements and provide bill affordability. During this same period, analysis was done to determine if CAP percentage levels should be adjusted in accordance to the federal poverty guidelines released in February 2006. This analysis was completed using income and occupant information provided to DLC by the CAP customer. It was found that CAP customers in certain income categories were able to afford a higher percentage of their budget bill. Accordingly, CAP customers required payments were increased between 5%-10% percent for the following three income levels.

- 101%-150% non-heat CAP customers (RS) (5% Increase)
- 51%-100% heat CAP customers (RH) (5% Increase)
- 101%-150% heat CAP customers (RH) (10% Increase)

Finally, in January 2011, Duquesne initiated the "Automatic Enrollment" feature into the CAP Program. Upon receipt of a LIHEAP grant, customers were automatically referred for potential enrollment in the Company's CAP program and collections were temporarily halted to permit customers time to complete the CAP enrollment process including income verification.

Also, in order to encourage conservation, minimum payments and maximum annual CAP credits were strictly enforced. Consistent with the Company's commitment to encouraging energy conservation, in January 2012, Duquesne Light piloted the installation of Smart Strip surge protectors as part of a collaborative with its Energy Efficiency and Conservation Act 129 program, "Watt Choices."

II. Program Description

Building on the Company's experience and evaluation, Duquesne Light's proposed program maintains important features while enhancing affordability for low income customers, *strengthening the program integrity, and minimizing cost to other residential customers.* Duquesne Light's CAP will continue to provide needed assistance to low-income, payment-troubled customers (i.e., at or below 150% of the Federal poverty level and a demonstrated or expressed inability to pay their electric service bill). Universal Service Program costs, including CAP costs, are recovered through a reconcilable surcharge found in Duquesne Light's Tariff.

The 2014-2016 Universal Services Three Year Plan includes several program enhancements. Namely, under this plan, the Company will:

- Allow CAP customers to receive restoration payment agreements while remaining in CAP;
- Clarify the application of maximum credits on CAP accounts;
- Clarify that customers are permitted to receive the benefits of CAP at one service location at a time. CAP customers may not enroll in CAP at two separate service locations concurrently;
- Shorten the arrears forgiveness timeframe from 36 to 24 months to allow good paying customers to bring their accounts into good standing more quickly;
- Clarify and add that a customer may be defaulted from CAP for engaging in fraud, material misrepresentations, meter tampering, theft of service, failure to recertify their income, failure to complete an energy conservation visit, or failure to apply for grant assistance. In the case of theft of service or material misrepresentations regarding eligibility criteria, a defaulted customer may be back-billed in accordance with Commission regulations for previously unbilled consumption, or the full tariff rate;
- Allow CAP customers to shop for electric generation while retaining their benefits.

The primary features of CAP include:

- An opportunity for arrearage forgiveness over a specified period of time;
- A reduced payment arrangement based on ability to pay;
- CAP credit write off;

- Protection against loss of electric service;
- Referrals to other community programs and services.

A major benefit to customers who make full and timely monthly payments in accordance with their CAP payment arrangement is the complete forgiveness of their pre-program arrears. For customers who enroll in CAP with an outstanding balance, they have an opportunity to eliminate their pre-program arrears by making full and timely payments each month. As customers make full, on-time monthly payments in CAP, 1/24 of their arrearage will be forgiven each month. All payments made in excess of the requested CAP amount due, with the exception of LIHEAP and Dollar Energy grants, will be applied to the arrears to further reduce the amount of the delinquent balance.

An additional benefit of CAP is reduced monthly payments. CAP customers are enrolled in Duquesne Light's budget billing program.¹ Rather than paying their total budget amount based on the full tariff rate, CAP customers are required to pay a percentage of their total budget amount based on their total gross household income. The remaining deficiency is considered the customer's monthly CAP credit and is currently limited to \$560.00 for non-heating customers and \$1,400.00 for electric heating customers annually.² CAP customers will receive monthly credits up to the annual maximums. High use customers have the option to enroll at a higher income category to reduce the likelihood of hitting the annual maximum credit.³

CAP customers are billed at a percentage of the tariff budget bill, based on their income level as outlined in the chart below:

Income Category:	Residential Service Percentage of Budget Bill Payment:	Residential Electric Heat Percentage of Budget Bill Payment:
0% to 50% of Poverty	30%	45%
51% to 100% of Poverty	60%	65%
101% to 150% of Poverty	85%	80%
LiHEAP Recipient *	100%	100%

*Upon receipt of a LiHEAP grant for a customer, an "automatic enrollment" will occur. When the Company receives a LiHEAP grant, it will send an outreach letter to the customer that describes CAP, the criteria necessary to participate and a request to provide the household occupancy and income information. The customer will be placed on budget billing and any outstanding balance will be frozen for potential forgiveness upon enrollment in the program. The customer is required to complete the CAP application process and provide all required documents within 6 months from the date the outreach letter was sent. If income information is received within the 6 month required time period and all additional criteria have been achieved,

¹ Budget billing allows customers to pay approximately the same amount on their Duquesne Light bill each month based on historical usage. The CAP budget bill payment is calculated by taking the customers' estimated monthly budget bill amount multiplied by the appropriate percentage based on income.

² Duquesne Light will comply with the Commission's CAP Policy Statement regarding maximum credits.

³ Effective with the implementation of the Company's new Customer Information System, Duquesne Light's monthly bill will provide the customer with the current credit amount, total credit to date, projected date that the maximum credit will be exhausted in the absence of conservation of the credit applied.

the customer will then be placed in the proper income percentage category based on the number of residents at the premise and will receive the reduced payment associated with that category. If, however, the customer fails to provide the requested criteria in the allotted time frame or has not met the additional criteria requirements, the account will be defaulted from the CAP Program and all outstanding monies will be returned to the total account balance.

Grandfathered senior participants between 150% and 200% of Federal Poverty Level will pay 85% of their budget amount for RS – Residential Service and 80% of their budget amount for RH – Residential Electric Heat Service.

Additionally, customers that are currently enrolled in CAP at a special discount rate due to extenuating circumstances shall be grandfathered at those rates so long as the extenuating circumstances continue.

a. Exceptions to Income Categories

Percent of budget bill and CAP maximum deficiency amounts for CAP participants may be adjusted for extenuating circumstances including, but not limited to, the following:

- * Addition to the household
- * Serious illness or medical condition
- * Consumption increase beyond control of customer (health related)
- * Severe weather conditions
- * Structural damage to home

If, in their opinion, the calculated payment is out of reach of the customer, CAP Case Representatives can recommend a CAP budget percentage payment that is tailored to these special circumstances. However, because of the potential for abuses in the system, Duquesne Light may require that all customers recommended for exceptions receive an in-home visit and energy audit. Duquesne Light will rely on Company records and/or the results of the audit and visit on a case-by-case basis to approve or disapprove the exception.

b. Customer Obligations

All customers would remain in the program for as long as they are income qualified and comply with the CAP program requirements and guidelines. Additionally, energy conservation plays an important role in helping CAP customers control their energy costs. Accordingly, customer obligations under CAP include:

- Customers are required to pay their bill each month, on time and in full.
- All electric heat customers may be required to complete a Smart Comfort (LIURP) visit before enrollment in CAP.
- All residential service customers who own their home and have a base load usage in excess of 500 kWh per month may be required to complete a Smart Comfort visit before enrollment in CAP.

- All residential service customers who are renters, have a base load usage in excess of 500 kWh per month, and have resided at the premise for at least 6 months may be required to complete a Smart Comfort visit before enrollment in CAP.
- CAP customers whose baseload usage exceeds 500kWh after time of enrollment and who have not had a Smart Comfort (LIURP) visit within the last seven years may be required to complete a Smart Comfort visit.
- Customers who report \$0 household income at time of enrollment are required to complete the “zero income form” to enroll in the program, and provide Duquesne Light with the ability to verify their income with government agencies. The customer’s income status may be reviewed periodically to determine if employment status has changed.
- Customers are subject to annual and biannual recertification. Some customers may be automatically recertified if they make 9 monthly payments within a 12 month consecutive period, and have no past due CAP arrears. All CAP customers are required to recertify their income and occupancy information biannually.
- CAP participants are required to apply for LIHEAP assistance.

c. Customer Defaults

Duquesne Light extends every reasonable consideration to CAP customers to avoid dismissal from the program. Program requirements and benefits are clearly explained up front; customer communications are frequent if problems arise; and extenuating circumstances are carefully evaluated. However, CAP cannot function properly without the commitment and cooperation of customers, social service agencies, and Duquesne Light. Customers’ non-compliance with customer obligations may lead to dismissal from the program.

CAP customers are required to pay their CAP amount in full and on time each month. If payment is not received within five business days after bill due date, the collection process will begin. If a CAP account is terminated, the customer may be required to pay their entire past due balance as a condition of restoration unless eligible for a payment agreement. CAP customer restoration agreements will be issued in accordance with 66 Pa.C.S. §1407.

If a CAP account is terminated and service is not restored within 14 days, the customer will be defaulted from CAP and required to reapply. Once defaulted from CAP, the customer may not be permitted to re-enroll for a period of one year, or until the cause of default has been satisfied at the Company’s discretion.

If a CAP customer’s baseload usage exceeds 500kWh after time of enrollment and they refuse to complete a Smart Comfort (LIURP) visit, they may be defaulted from the CAP program. Additionally, if a customer fails to provide updated household information or updated household income when requested, the account may be defaulted from the CAP Program. If a CAP customer is found to have greater income than what was originally reported (e.g., by means of a received PUC complaint, court records, factual testimony, company records, or other reputable source), they may be defaulted from the CAP Program and back-billed at the full tariff rate.

All applicants and CAP customers may appeal denials for default dismissals. Customers may call Duquesne Light at 1-888-393-7600 to speak to a Universal Service Group representative. If Duquesne Light is unable to satisfy the inquiry with the customer, Chapter 56 dispute rights will be provided as required.

d. Energy Efficiency Education

Through the CAP program, Duquesne Light attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Company representatives provide consumer education in the following areas:

- * Low cost/no cost energy conservation tips
- * Explanation of weatherization measures
- * Home heating and cooling systems
- * Electric bill and analysis of usage

The company analyzes all CAP customers' usage monthly to identify customers whose usage increases to levels outside established norms. This High Consumption Report is provided to LIURP representatives, who analyze customer bills, contact the customers with additional consumption reduction information and may enroll the customers in LIURP or other programs to proactively assist in reestablishing energy usage levels within norms.

The CAP Case Representatives are responsible for analyzing the individual situations and for recommending changes to consumption or percentage of budget bill if warranted by the circumstances. CAP Case Representatives explain the customer's responsibility related to annual kWh usage and their billed charges should they exceed their maximum annual CAP Credit allowance at the time of enrollment. This matter is analyzed and discussed again, if appropriate, during annual program participation re-certification.

III. Program Eligibility

Duquesne Light's CAP discount is available to residential customers whose total gross household income is at or below 150% of poverty, and have demonstrated or expressed an inability to pay their electric service bill. Customers may not receive the benefits of CAP at multiple service locations simultaneously. If a customer has concurrent service, they may be billed at the CAP rate for a single location only.

Customers that purchase their generation supply from electric generations suppliers ("EGS") may enroll in CAP and receive a discount on the distribution, transmission and generation portions of their bill as long as they receive consolidated billing from Duquesne Light.

Currently existing senior CAP customers with household income between 150% and 200% of the federal poverty level shall be grandfathered so that they will not be removed from the current

benefit programs, as long as their income levels are at or below 200% of the Federal Poverty Level and provided they continue to adhere to the requirements of the Program.

IV. Projected Enrollment Levels

Enrollment levels for the years 2014 through 2016 are based on annual program funding amounts. The estimated net enrollment of active CAP customers by year is shown below:

Year:	CAP Enrollment Level:
2014	41,650
2015	44,150
2016	46,650

CAP enrollment and budget plan estimates were based on previous program participation over a historical 3 year period. The CAP enrollment levels were determined based on the average historical increase experienced from 2009-2011 that totaled approximately 2,500 per year.

V. Program Budget

The specific funding level for 2014 through 2016 is shown below:

Year:	Funding Level:
2014	\$21,191,435
2015	\$22,423,346
2016	\$23,705,256

The budget was projected based on the average cost of frozen arrearage and CAP credit write off per customer divided by the average number of enrolled customers over the three year period.

VI. Community-Based Organizations

Goodwill of SW PA and Holy Family Institute currently administers Duquesne Light Company's CAP Program. The organizations oversee a network of CBO's with 21 full time employees (FTEs) at 10 sites (main office location and satellite offices). After recent studies were conducted on the location concentration of confirmed low income customers, proximity to transportation and other such factors, CAP offices were relocated as to better accommodate customers.

CAP administering agencies have the responsibility to take referrals from the various sources established, contact the customers to conduct initial screening for potential program participation, and arrange personal interviews at agency locations if applicable to determine eligibility and finalize enrollment. Thereafter, the administering agency serves as a primary CAP contact with the customer, which is maintained throughout their CAP participation. CAP Agencies will be responsible for attempting to schedule CAP appointments, making timely

reminder calls prior to the scheduled appointment and other various assignments that will streamline the CAP application/enrollment process and increase efficiency.

Training in the use of Duquesne Light’s Customer Information System (“CIS”)and the administration of CAP is provided by Duquesne Light representatives. This enables administering agencies to enroll customers in real time through direct connection with Duquesne Light’s system.

As appropriate, Duquesne Light Company will seek additional organizations to operate the CAP Program to ensure that the increased enrollment goals are achieved in future program years. Current administering organizations and the counties they serve are listed below:

Community Based Organizations:	Counties Served:
Goodwill of SW PA , McKeesport	Allegheny
Goodwill of SW PA , Southside	Allegheny
Holy Family Institute, East Liberty	Allegheny
Holy Family Institute, Northside	Allegheny
Holy Family Institute, McKeesRocks	Allegheny
Holy Family Institute, Swissvale	Allegheny
North Hills Community Outreach	Allegheny
Holy Family Institute, Aliquippa	Beaver
Holy Family Institute, Duquesne	Allegheny
Holy Family Institute, Beaver Falls	Beaver

VII. Organizational Structure of Duquesne Light Company Staff

Duquesne Light’s Universal Services Department is currently staffed by four dedicated individuals. The department is lead by Manager of Credit and Universal Services, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)
 - Customer Service Representatives (2)

Duquesne Light Company has been able to administer a cost effective program utilizing this similar organization structure since 2008.

Duquesne Light Company

CARES

I. Program Description

Duquesne Light's Customer Assistance Referral Evaluation Service (CARES) assists payment-troubled and special needs customers obtain necessary social service support and assistance. The primary objectives of the CARES program are to:

- * Help customers experiencing payment hardships to manage their electric bills by providing them with information, resources and encouragement.
- * Make tailored referrals to company and community assistance programs.
- * Maintain and/or establish partnerships and alliances with social service agencies, government offices, and community organizations to ensure maximum and timely assistance for customers who have personal or family hardships.
- * Act as an internal advocate for payment-troubled customers.

The program targets residential customers whose income is less than 150% of the federal poverty guideline and senior citizens whose income is less than 200% of the federal poverty guideline. Customers may be referred to CARES by Duquesne Light, other utilities, community based organizations, the PUC, or word of mouth. An outreach worker or community agency acts as an intermediary between the customer and the Company in an effort to link the customer to the necessary social service programs that will enhance the customer's ability to pay for electric service.

Outreach workers contact referred customers and when necessary makes home visits to the customer. Home visits are useful in analyzing customers' hardships, bill-paying problems, and ability to pay. The CARES counselors use home visits only for customers with medical problems, disabilities or speech difficulties. During home visits, they can more quickly determine the basic causes of customers' hardships, as well as verify customers' statements concerning sources of household income. In the course of making these home visits, they provide customers with energy education and conservation tips and information about where and how to apply for assistance.

Case managers are encouraged to offer customers more frequent conservation information and aid the customer with the completion of grant applications when these programs are available. Case Managers visit identified low-income multi-family dwellings as well as other gathering places to hold events that encourage and assist CAP enrollment.

Another key component of CARES is the establishment of payment agreements. Because of the unusual and often complicated situations affecting customers' ability to pay, case managers have significant flexibility in establishing payment agreements. They may set up payment plans that reflect customers' ability to pay and hardship circumstances. Payment plans are monitored by the agents. Customers who miss payments are contacted to remind them of the missed payment. Counselors are urged to give these customers priority attention and to use all means available to help the customer pay their electric bills.

II. Program Eligibility

CARES is designed specifically for low-income customers (household income at or below 150% of the federal poverty level) who are unable to pay their electric service bills in full. Also eligible are customer households headed by senior citizens whose combined household income is at or below 200% of the federal poverty level. However, Duquesne Light makes every effort to avoid turning any customer away, regardless of income level.

III. Enrollment Levels

There are no established enrollment targets for CARES. Duquesne Light's experience indicates that the number of customers served in CARES is estimated to be 10,000 to 15,000 annually.

IV. Program Budget

The specific funding level for 2014 through 2016 is shown below:

Year:	Funding Level:
2014	\$135,000
2015	\$135,000
2016	\$135,000

V. Community-Based Organizations

Duquesne Light recognizes the importance of establishing and expanding its network of contacts and working relationships with CBOs. Simply put, CARES could not function without the cooperation and assistance of local organizations. CARES is administered by Goodwill of SW PA and Holy Family Institute.

The organization oversees a network of CBO's with 4 FTE's at 4 sites.

Community Based Organizations:	Counties Served:
Goodwill of SW PA, McKeesport	Allegheny and Beaver
Goodwill of SW PA , Southside	Allegheny and Beaver
Holy Family Institute, Pittsburgh	Allegheny and Beaver
Holy Family Institute, Aliquippa	Allegheny and Beaver

These organizations act as "brokers" who attempt to match customers' needs with existing company and/or community programs. The CARES counselors analyze customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services that are offered by social service agencies, community organizations, and Duquesne Light Company. In addition, they initiate follow-up to determine the outcome of referrals to social agencies and company programs.

Another key responsibility of the CARES Counselors is to establish close working relationships with external organizations and internal departments at Duquesne Light Company. Social service agencies and other community groups are essential to the success of CARES because they provide the needed services for payment-troubled customers. The relationship between the CARES counselors and the other agency caseworkers is carefully nurtured and strengthened because the program cannot function effectively without the cooperation of social service organizations.

VI. Organizational Structure of Duquesne Light Company Staff

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is lead by *Manager of Credit and Universal Services*, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)
 - Customer Service Representatives (2)

Duquesne Light has been able to administer a cost effective program utilizing this similar organization structure since 2008.

Duquesne Light Company Hardship Fund

I. Program Description

Duquesne Light's Hardship Fund is a partnership with Dollar Energy Fund (DEF). Begun in March 1983, Dollar Energy was one of the first utility-sponsored fuel funds in the nation. Duquesne was one of the founding utilities. Customers may contribute to the program by pledging monthly to their electric bill payments, by sending in a check or by electing to contribute online.

The primary features of Dollar Energy include:

- * Direct financial assistance for overdue energy bills
- * Protection against shutoffs
- * Referral to other programs and services

Another key feature of Dollar Energy is that the program operates year-round pending funding availability throughout the Company's service area. As a result of ongoing donations from customers, Duquesne Light Company disburses the funding monthly to the Dollar Energy Fund. Duquesne Light's funding may be used to pay the electricity bill for residential non-heating or residential heating service.

Duquesne Light makes a significant contribution above and beyond the sums collected from customers. Each year, the Company will match the total of all donations, up to \$370,000. Additionally, the Company provides funds to DEF to assist in defraying administrative costs. The administrative amounts totaled up to \$65,000 annually for years 2004 thru 2007 and up to \$75,000 annually between 2008 and 2013.

The Company promotes the program through bill inserts, Company website, radio advertisements, direct referrals by Duquesne Light Customer Service Representatives, community based events and the Dollar Energy Fund Organization itself.

a. Key Objectives

The overall objectives of Dollar Energy are as follows:

- * Provide financial assistance to qualified low-income families who are having difficulty paying their energy bills.
- * Offer financial assistance to low-income households who may be ineligible for the Low Income Home Energy Assistance Program.
- * Coordinate and expand the activities of community-based organizations that provide energy-related assistance.
- * Help customers understand and access community resources to solve heat, light and water payment problems as a step toward greater self-sufficiency.

II. Eligibility

Dollar Energy is designed specifically for low-income residential customers (household income at or below 200% of the federal poverty level) who are unable to pay their electric service. The program targets low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. To be eligible, customers must:

1. Have a residential account.
2. Have paid at least \$150 toward their utility bill within the last 90 days or made three consecutive CAP Payments. Senior citizens (age 62 and over) must have paid at least \$100.
3. Have a balance on their electric bill of at least \$100. Senior citizens age 62 and over may have a zero balance, as long as there is no existing credit on the account.
4. Provide proof of monthly household income (Federal Income Guidelines apply).
5. Provide the Social Security numbers for all members of their household.
6. October 1 to November 30 - Have electric service that is off or in threat of termination.
7. December 1 to January 31 - Have electric service that is off only.
8. February 1 to February 28 - Have electric service that is off or in threat of termination.
9. March 1 until funds are exhausted - Open to all eligible applicants regardless of service status⁴

This program becomes the “fund of last resort” when other energy assistance programs are not available to the customer. Upon receipt of the grant, a 30-day stay on termination is placed on the account and the grant amount is applied to the customer’s account balance.

III. Projected Budget

Duquesne Light’s Hardship Fund is a partnership with Dollar Energy Fund. Duquesne Light will match customer contributions up to \$375,000 annually. In addition, up to \$75,000 will be provided for administrative support.⁵

IV. Community-Based Organizations

The Dollar Energy Fund is administered by a number of community based organizations in Duquesne Light’s service territory, including Holy Family Institute and Goodwill of SW PA. These organizations have solid reputations and experience in delivering services to low-income households in the Duquesne Light service area. The administration of the program is a collaborative effort between Dollar Energy and the organizations listed below.

⁴ The dates listed in this section, numbers 6-9, are determined by the Dollar Energy Fund. Duquesne Light will comply with DEF program rules.

⁵ Administrative support is recovered through the Universal Service Charge.

V. Organizational Structure of Duquesne Light Company Staff

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is lead by Manager of Credit and Universal Services, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)
 - Customer Service Representatives (2)

Duquesne Light has been able to administer a cost effective program utilizing this similar organization structure since 2008.

Duquesne Light Company Smart Comfort (LIURP)

I. Program Description

Smart Comfort is Duquesne Light's low-income usage reduction program (LIURP). The program targets residential customers whose gross household income is less than 150% of the federal poverty guideline and seniors whose gross household income is less than 200% of the federal poverty guideline, whose base load electric usage is more than 500 kWh per month and who have been a resident at their current address for at least six months.

Pittsburgh area has dwellings in great need of energy conservation measures. Many have gas furnaces installed, but which have been shut-off for maintenance reasons or due to non-pay. Accordingly, the residents of these dwellings often use costly electric space heaters to stay warm. Use of these heaters drives up their energy bills. Accordingly, Smart Comfort key objectives are:

- To reduce the energy usage and electric bills of low-income customers.
- To increase the ability to pay for low-income customers.
- Provide safer living conditions for low-income customers through the reduction of secondary heating devices.
- To educate the customer on current conservation practices.
- Make tailored referrals to company and other assistance programs such as CAP, Dollar Energy Fund or private funds, LIHEAP, and other weatherization programs.

Smart Comfort has evolved from strictly weatherization to an "end use" strategy. Usage reduction measures include cost effective appliance and lighting replacements in addition to determining if weatherization is warranted.

a. Summary of Program Process and Installation Measures

- Perform walk through audit
 - Investigate potential saving areas within the house.
 - Measure usage of targeted electrical equipment within the house.
- Provide energy education
 - Explain Smart Comfort program in depth.
 - Explain current electricity bill in detail to insure customer understands concepts such as monthly kWh usage and usage comparisons.
 - Provide education on ways to reduce usage of electricity.
 - Develop partnership with customer to reduce electrical usage.
- Determination of Smart Comfort measures to provide
 - Standard measures include compact fluorescent light bulbs, mattresses, refrigerators and freezers, electric hot water tanks or tank wraps, window/central air-conditioning units, heat pumps, air infiltration measures, smart strips and home insulation.

- At the discretion of the energy manager, potential measures include furnaces, electric dryers, electric stoves, water pumps, and electric blankets.
- The *minimum usage requirement for a refrigerator change-out will continue to be 5 kWh per day.*
- The program includes potential window air-conditioning unit change-outs if the life of the replacement A/C unit and the life of the dwelling will exceed 12 years.
- The program also includes potential central air-conditioning change-out given that the life of the unit as well as the life of the dwelling exceeds 12 years.
- Customer monitoring and follow up
 - Energy managers may contact Smart Comfort recipients to discuss their usage and the resulting increase in consumption.
 - Energy Managers may also contact Smart Comfort recipients to reinforce energy education.

Additionally, low-income customers, whose base load usage is less than 500 kWh per month, are invited to take part in energy conservation workshops. These workshops provide conservation education, energy reduction tips, and usage reduction measures they can install themselves. These workshops are held in different locations in Duquesne Light's service territory.

b. 2014-2016 Program Enhancements

For the 2014-2016 plan Duquesne Light will enhance the program with the application of solar and alternative energy sources, window film on south facing windows to reduce cooling expenditures, and washer/dryer combination change-outs.

II. Program Eligibility

Smart Comfort is designed specifically for low-income customers (household income at or below 150% of the federal poverty level) who are unable to pay their electric service bills in full. Also eligible are households whose combined household income reaches 200% of the federal poverty level with priority given to households headed by senior citizens. No more than 50% of Smart Comfort participants will be customers between 150% and 200% of poverty.

Smart Comfort targets customers whose base load electric usage is more than 500 kWh per month and have been a resident at their current address for at least six months. There is a six (6) month residency requirement. However, the residency and base load usage requirements for all electric heat customers who are homeowners will be waived. The residency requirement will be waived for residential non-heating service CAP customers who are homeowners. All electric heat customers who are homeowners will have the base load usage and residency requirements waived. Duquesne Light Company will also continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education.

III. Projected Enrollment

Enrollment levels for the years 2014 through 2016 are based on annual program funding amounts and settlement agreements since 2006. The detailed breakout of enrollment by funding type is

located in the table enclosed in the Program Budget section. The estimated net enrollment of active customers by year is shown below:

Year:	Total Enrollment Level	Annual Enrollment Level	Settlement Enrollment Level
2014	2,555*	1,900	655
2015	2,555*	1,900	655
2016	2,555*	1,900	655

*1,900 from the recent Needs Based Assessment for LIURP + 655 additional enrollments based on the rate case settlement amount of \$350,000 divided by \$534 (cost per job).

IV. Program Budget

The specific funding level for each of the next four-years is shown below:

Year:	Funding Level:
2014	\$1,364,600*
2015	\$1,364,600*
2016	\$1,364,600*

* \$1,014,600 from the recent proposed needs based budget plus a \$350,000 commitment.

The detailed program budget and targeted enrollment levels are comprised of the needs based budget and the settlement commitment. During the life of the plan, under-spent funds will be carried over from one program year to the next.

	Year:	Funding Level:	Enrollment Level:
I. Proposed Budget	2014	\$1,014,600	1,900
	2015	\$1,014,600	1,900
	2016	\$1,014,600	1,900
II. Additional Commitment	2014	\$350,000	655
	2015	\$350,000	655
	2016	\$350,000	655
III. Total Budget (I+II)	2014	\$1,364,600	2,555
	2015	\$1,364,600	2,555
	2016	\$1,364,600	2,555

V. LIURP Needs Analysis

Based upon the methodology enclosed below, it has been determined that needs based budget and enrollment targets for 2013 through 2016 are the following:

Year:	Needs Based Enrollment Target:	Needs Based Budget:	Proposed Needs Based Enrollment Target	Proposed Needs Based Budget *
2014	1,900	\$1,014,600	2,555	\$1,364,600
2015	1,900	\$1,014,600	2,555	\$1,364,600
2016	1,900	\$1,014,600	2,555	\$1,364,600

- The needs based budget is \$1,014,600 (\$534 per visit x 1,900 visits) per year based on this determination. Duquesne Light intends to continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education. Duquesne Light had begun concentrating efforts on these endeavors since 2009 and found that it increased the cost per unit when compared to that of single family dwellings. The 4 year average cost per job is \$534. Using this thought process; Duquesne Light recommends a total Budget amount of \$1,364,600. This number is made up of the 1,900 enrollment target multiplied by \$534 (\$1,014,600) in addition to the \$350,000 from the recent rate case settlement. The total proposed enrollment target is comprised of the 1,900 Needs Based Enrollment Target plus the additional jobs allowed from the rate case settlement amount (\$350,000 divided by \$534 per job equals 655 jobs).

Methodology

The Smart Comfort Needs Based Assessment was based upon the following methodology.

LIURP Needs Assessment:

A needs assessment can be calculated by using the Census data and Company data. The percentage of households in the appropriate poverty level is the relevant Census data that can be applied to Company county population data to determine the total universe of potentially eligible customers (before we begin to make exclusions). Please note that up to 20% of the LIURP budget may be spent on households with an income between 150% and 200% of poverty.

There are three types of exclusions that reduce the size of the potentially eligible population. First, exclusions can be made of low users. It is important for the Company to determine the minimum pre-treatment usage levels for each job type (space conditioning, water heating and base load) that are cost effective. Second, customers who have received LIURP services in the last seven years should be subtracted from the projected need. Third, the company should be able to apply a "refusal rate" that is based upon its LIURP history to complete the final deduction in the needs assessment.

The following is a narrative explanation of the formula and the required steps:

1. County Census data provides the percentage of customers who are in the applicable

poverty (income) levels for LIURP. Multiply the Company county data by the county Census data (the percentage in the income levels).

2. Use company usage data and LIURP experience regarding the cost effectiveness of treating customers at various usage levels to determine the appropriate usage levels for each job type and deduct the accounts which have usage that is too low to receive cost effective LIURP services.

3. Deduct the customers who have already received program services (over the past seven years) from this number.

4. Apply the customer refusal rate (note: this should be getting smaller as LIURP and CAP eligibility become more closely linked – customers who are eligible for CAP should no longer be able to refuse LIURP services.)

Analysis

- As of January 2013, there were 527,602 active residential accounts for Duquesne Light. 463,343 accounts were in Allegheny County and 64,259 in Beaver County.
- It was determined that the number of residential accounts should be adjusted downwards by 3.7% to reflect the actual number of households in each county. Applying this factor, there were 508,081 active residential households for Duquesne Light (446,199 in Allegheny County and 61,882 in Beaver County).

	Total:	Allegheny County:	Beaver County:
Residential Accounts	527,602	463,343	64,259
Households with more than 1 account (3.7%)	19,521	17,144	2,377
Net Residential Households	508,081	446,199	61,882

- Using the 500 kWh base load criteria, the base load months of April and May 2012, September, and October 2012 were analyzed. For each month, the number of accounts that used less than 500 kWh was determined and an average percentage of accounts that would not qualify were calculated. 45.2% of the accounts would not qualify for Smart Comfort based upon their usage. Hence, the number of potential households was reduced by 45.2%, leaving 278,428 households (244,517 in Allegheny County and 33,911 in Beaver County).

Baseload Month:	Accts < 500 kWh:	Total Accts:	% Accts < 500 kWh:
Apr-12	311,622	525,619	59.3%
May-12	287,975	525,149	54.8%
Sep-12	201,168	525,207	38.3%
Oct-12	307,003	525,500	58.4%
TOTAL:	1,107,768	2,101,475	52.7%

	Total:	Allegheny County:	Beaver County:

Net Residential Households	508,081	446,199	61,882
Customers Using Less Than 500 kWh Base load (52.7%)	267,759	235,147	32,612
Net Residential Base load Eligible Households	240,322	211,052	29,270

- Applying the poverty rate for each county, it was determined that there are 63,416 low-income households within the usage criteria (55,718 in Allegheny County and 7,698 in Beaver County).

County:	Poverty Rate:
Allegheny	26.4%
Beaver	26.3%

	Total:	Allegheny County:	Beaver County:
Net Residential Base load Eligible Households	240,322	211,052	29,270
Net Residential Base load Eligible Households within the Poverty Rate	63,416	55,718	7,698

- Reducing the Smart Comfort eligible households by the number of Smart Comfort participants in the last seven years leaves 47,306 potential households.

Year:	Smart Comfort Participants:
2006	3,378
2007	4,688
2008	4,189
2009	4,250
2010	3,637
2011	3,231
2012	2,792
Total:	26,165

	Number of Accounts:
Net Residential Base load Eligible Households within Poverty Rate	63,416
Smart Comfort Participants	26,165
Net Potential Smart Comfort Eligible Accounts	37,251

- A reasonable quantity of visits per year, assuming no refusal rate, was calculated by dividing the net potential accounts by 20, leaving 1,863 accounts per year.
- Hence it has been determined that **1,900 Smart Comfort visits per year** would be a reasonable level for 2014-2016.
- Based on the last four years, the average cost per visit totaled \$534. The needs based budget is \$1,014,600 (\$534 per visit x 1,900 visits) per year based on this determination. **Duquesne Light intends to continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education.**

Duquesne had begun concentrating efforts on these endeavors since 2009 and found that it increased the cost per unit when compared to that of single family dwellings. The 4 year average cost per job is \$534. Accordingly, Duquesne Light would recommend a total Budget amount of \$1,364,600. This number is made up of the 1,900 enrollment target multiplied by \$534 (\$1,014,600) in addition to the \$350,000 from the recent rate case settlement. The total proposed enrollment target is comprised of the 1,900 Needs Based Enrollment Target plus the additional jobs allowed from the rate case settlement amount (\$350,000 divided by \$534 per job equals 655 jobs).

VI. Community Based Organizations and Outreach

Conservation Consultants, Inc. currently administers Duquesne Light Company's Smart Comfort program. The organization oversees a network of 11 FTE's throughout Duquesne Light's service territory. Additionally, Duquesne Light will continue to work with other utilities and community based organizations to seek means by which the companies can jointly address the conservation, reduction, and assistance needs of housing described above. The Company will maintain a cooperative relationship with natural gas providers so that screening and audit costs are not duplicated, and seek synergies to increase the number of customers receiving service from all utilities in the area.

- Duquesne will also increase outreach attempts to:
 - Provide outreach to customers who received Dollar Energy Grants as possible Smart Comfort candidates.
 - Continue to meet with a collaborative of local and state representatives of the low-income community and community based organizations (CBOs) and commit to bring forward any proposed changes to its universal service programs for discussion prior to implementation. The purpose of the collaborative is to explore alternatives to improve the effectiveness and/or efficiency of universal services within the budgets of the programs
 - In partnership with the Energy and Conservation Program (Act 129) – Watt Choices, potential installation of Smart Strip surge protectors will be installed when conducting energy audits.
 - Duquesne will work with property owners of low income housing to effectively provide weatherization and meet the needs of all low income customers located at the premise. This includes total-electric, multi-family dwellings, but does not include master metered properties.

VI. Organizational Structure of Duquesne Light Company Staff

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is lead by Manager of Credit and Universal Services, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)

- Customer Service Representatives (2)

Duquesne Light Company has been able to administer a cost effective program utilizing this similar organization structure since 2008.

**Duquesne Light Company
Universal Service and Energy
Conservation Three Year Plan
2014-2016**

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~~February 28, 2013~~

Duquesne Light Company

CUSTOMER ASSISTANCE PROGRAM (CAP)

I. Background

Duquesne Light Company's ("Duquesne Light" or "Company") Customer Assistance Program ("CAP") was first implemented as a pilot in September 1995. CAP is a special payment program for low-income, payment-troubled customers. The initial CAP pilot was designed to help customers' lower their electric consumption thereby achieving an affordable electric bill. Eligibility for the initial CAP pilot was limited to customers with 1) a gross household income at or below 150% of the federal poverty guidelines, 2) at least one year residency at their address, 3) housing expenses that were more than 45% of their gross income, 4) customers who made 3 to 9 payments in the past year, and 5) had at least a \$400 arrearage on their electric bill. The program's case management approach offered significant support and in depth guidance to the customer to change their payment and usage behavior patterns. Different iterations of the main program offered different program benefits to micro-segments of the eligible population.

In January of 2001, Duquesne Light simplified the program by easing eligibility requirements and removing the residency, arrearage and payment history requirements. The Company also eliminated the 3-year program limit requirements, so now any and all income-eligible, payment-troubled customers who maintain a satisfactory payment-history under CAP are able to stay in the program, regardless of arrearages.

In 2004, Duquesne Light simplified the program further by eliminating the customer co-pay of \$5 per month. The Company also reduced the CAP customers' payment requirements for customers below 50% of poverty guidelines, and between 51% and 100% of poverty guidelines in accordance with the Pennsylvania Public Utility Commission ("Commission") CAP Compliance Guidelines.

In January 2007, Duquesne Light again adjusted the CAP customers' payment requirements in accordance with the 52 Pa.Code. §69.265, related to CAP Design Elements and provide bill affordability. During this same period, analysis was done to determine if CAP percentage levels should be adjusted in accordance to the federal poverty guidelines released in February 2006. This analysis was completed using income and occupant information provided to DLC by the CAP customer. It was found that CAP customers in certain income categories were able to afford a higher percentage of their budget bill. Accordingly, CAP customers required payments were increased between 5%-10% percent for the following three income levels.

- 101%-150% non-heat CAP customers (RS) (5% Increase)
- 51%-100% heat CAP customers (RH) (5% Increase)
- 101%-150% heat CAP customers (RH) (10% Increase)

Finally, in January 2011, Duquesne initiated the "Automatic Enrollment" feature into the CAP Program. Upon receipt of a LIHEAP grant, customers were automatically referred for

potential enrollment in the Company's CAP program and collections were temporarily halted to permit customers time to complete the CAP enrollment process including income verification. Also, in order to encourage conservation, minimum payments and maximum annual CAP credits were strictly enforced. Consistent with the Company's commitment to encouraging energy conservation, in January 2012, Duquesne Light piloted the installation of Smart Strip surge protectors as part of a collaborative with its Energy Efficiency and Conservation Act 129 program, "Watt Choices."

II. Program Description

Building on the Company's experience and evaluation, Duquesne Light's proposed program maintains important features while enhancing affordability for low income customers, strengthening the program integrity, and minimizing cost to other residential customers. Duquesne Light's CAP will continue to provide needed assistance to low-income, payment-troubled customers (i.e., at or below 150% of the Federal poverty level and a demonstrated or expressed inability to pay their electric service bill). Universal Service Program costs, including CAP costs, are recovered through a reconcilable surcharge found in Duquesne Light's Tariff.

The 2014-2016 Universal Services Three Year Plan includes several program enhancements. Namely, under this plan, the Company will:

- Allow CAP customers to receive restoration payment agreements while remaining in CAP;
- Clarify the application of maximum credits on CAP accounts;
- Clarify that customers are permitted to receive the benefits of CAP at one service location at a time. CAP customers may not enroll in CAP at two separate service locations concurrently;
- Shorten the arrears forgiveness timeframe from 36 to 24 months to allow good paying customers to bring their accounts into good standing more quickly;
- Clarify and add that a customer may be defaulted from CAP for engaging in fraud, material misrepresentations, meter tampering, theft of service, failure to recertify their income, failure to complete an energy conservation visit, or failure to apply for grant assistance. In the case of theft of service or material misrepresentations regarding eligibility criteria, a defaulted customer may be back-billed in accordance with Commission regulations for previously unbilled consumption, or the full tariff rate;
- ~~Provide a timeframe and process for allowing CAP~~ Allow CAP customers to shop for electric generation while retaining their benefits.

The primary features of CAP include:

- An opportunity for arrearage forgiveness over a specified period of time;

- A reduced payment arrangement based on ability to pay;
- CAP credit write off;
- Protection against loss of electric service;
- Referrals to other community programs and services.

A major benefit to customers who make full and timely monthly payments in accordance with their CAP payment arrangement is the complete forgiveness of their pre-program arrears. For customers who enroll in CAP with an outstanding balance, they have an opportunity to eliminate their pre-program arrears by making full and timely payments each month. As customers make full, on-time monthly payments in CAP, 1/24 of their arrearage will be forgiven each month. All payments made in excess of the requested CAP amount due, with the exception of LIHEAP and Dollar Energy grants, will be applied to the arrears to further reduce the amount of the delinquent balance.

An additional benefit of CAP is reduced monthly payments. CAP customers are enrolled in Duquesne Light's budget billing program.¹ Rather than paying their total budget amount based on the full tariff rate, CAP customers are required to pay a percentage of their total budget amount based on their total gross household income. The remaining deficiency is considered the customer's monthly CAP credit and is currently limited to \$560.00 for non-heating customers and \$1,400.00 for electric heating customers annually.² CAP customers will receive monthly credits up to the annual maximums. High use customers have the option to enroll at a higher income category to reduce the likelihood of hitting the annual maximum credit.³

CAP customers are billed at a percentage of the tariff budget bill, based on their income level as outlined in the chart below:

Income Category:	Residential Service Percentage of Budget Bill Payment:	Residential Electric Heat Percentage of Budget Bill Payment:
0% to 50% of Poverty	30%	45%
51% to 100% of Poverty	60%	65%
101% to 150% of Poverty	85%	80%
LIHEAP Recipient *	100%	100%

*Upon receipt of a LIHEAP grant for a customer, an "automatic enrollment" will occur. When the Company receives a LIHEAP grant, it will send an outreach letter to the customer that describes CAP, the criteria necessary to participate and a request to provide the household occupancy and income information. The customer will be placed on budget billing and any outstanding balance will be frozen for potential forgiveness upon enrollment in the program.

¹ Budget billing allows customers to pay approximately the same amount on their Duquesne Light bill each month based on historical usage. The CAP budget bill payment is calculated by taking the customers' estimated monthly budget bill amount multiplied by the appropriate percentage based on income.

² Duquesne Light will comply with the Commission's CAP Policy Statement regarding maximum credits.

³ Effective with the implementation of the Company's new Customer Information System, Duquesne Light's monthly bill will provide the customer with the current credit amount, total credit to date, projected date that the maximum credit will be exhausted in the absence of conservation of the credit applied.

The customer is required to complete the CAP application process and provide all required documents within 6 months from the date the outreach letter was sent. If income information is received within the 6 month required time period and all additional criteria have been achieved, the customer will then be placed in the proper income percentage category based on the number of residents at the premise and will receive the reduced payment associated with that category. If, however, the customer fails to provide the requested criteria in the allotted time frame or has not met the additional criteria requirements, the account will be defaulted from the CAP Program and all outstanding monies will be returned to the total account balance.

Grandfathered senior participants between 150% and 200% of Federal Poverty Level will pay 85% of their budget amount for RS – Residential Service and 80% of their budget amount for RH – Residential Electric Heat Service.

Additionally, customers that are currently enrolled in CAP at a special discount rate due to extenuating circumstances shall be grandfathered at those rates so long as the extenuating circumstances continue.

a. Exceptions to Income Categories

Percent of budget bill and CAP maximum deficiency amounts for CAP participants may be adjusted for extenuating circumstances including, but not limited to, the following:

- * Addition to the household
- * Serious illness or medical condition
- * Consumption increase beyond control of customer (health related)
- * Severe weather conditions
- * Structural damage to home

If, in their opinion, the calculated payment is out of reach of the customer, CAP Case Representatives can recommend a CAP budget percentage payment that is tailored to these special circumstances. However, because of the potential for abuses in the system, Duquesne Light may require that all customers recommended for exceptions receive an in-home visit and energy audit. Duquesne Light will rely on Company records and/or the results of the audit and visit on a case-by-case basis to approve or disapprove the exception.

b. Customer Obligations

All customers would remain in the program for as long as they are income qualified and comply with the CAP program requirements and guidelines. Additionally, energy conservation plays an important role in helping CAP customers control their energy costs. Accordingly, customer obligations under CAP include:

- Customers are required to pay their bill each month, on time and in full.
- All electric heat customers may be required to complete a Smart Comfort (LIURP) visit before enrollment in CAP.

- All residential service customers who own their home and have a base load usage in excess of 500 kWh per month may be required to complete a Smart Comfort visit before enrollment in CAP.
- All residential service customers who are renters, have a base load usage in excess of 500 kWh per month, and have resided at the premise for at least 6 months may be required to complete a Smart Comfort visit before enrollment in CAP.
- CAP customers whose baseload usage exceeds 500kWh after time of enrollment and who have not had a Smart Comfort (LIURP) visit within the last seven years may be required to complete a Smart Comfort visit.
- Customers who report \$0 household income at time of enrollment are required to complete the “zero income form” to enroll in the program, and provide Duquesne Light with the ability to verify their income with government agencies. The customer’s income status may be reviewed periodically to determine if employment status has changed.
- Customers are subject to annual and biannual recertification. Some customers may be automatically recertified if they make 9 monthly payments within a 12 month consecutive period, and have no past due CAP arrears. All CAP customers are required to recertify their income and occupancy information biannually.
- CAP participants are required to apply for LIHEAP assistance.

c. Customer Defaults

Duquesne Light extends every reasonable consideration to CAP customers to avoid dismissal from the program. Program requirements and benefits are clearly explained up front; customer communications are frequent if problems arise; and extenuating circumstances are carefully evaluated. However, CAP cannot function properly without the commitment and cooperation of customers, social service agencies, and Duquesne Light. Customers’ non-compliance with customer obligations may lead to dismissal from the program.

CAP customers are required to pay their CAP amount in full and on time each month. If payment is not received within five business days after bill due date, the collection process will begin. If a CAP account is terminated, the customer may be required to pay their entire past due balance as a condition of restoration unless eligible for a payment agreement. CAP customer restoration agreements will be issued in accordance with 66 Pa.C.S. §1407.

If a CAP account is terminated and service is not restored within 14 days, the customer will be defaulted from CAP and required to reapply. Once defaulted from CAP, the customer may not be permitted to re-enroll for a period of one year, or until the cause of default has been satisfied at the Company’s discretion.

If a CAP customer’s baseload usage exceeds 500kWh after time of enrollment and they refuse to complete a Smart Comfort (LIURP) visit, they may be defaulted from the CAP program. Additionally, if a customer fails to provide updated household information or updated household

income when requested, the account may be defaulted from the CAP Program. If a CAP customer is found to have greater income than what was originally reported (e.g., by means of a received PUC complaint, court records, factual testimony, company records, or other reputable source), they may be defaulted from the CAP Program and back-billed at the full tariff rate.

All applicants and CAP customers may appeal denials for default dismissals. Customers may call Duquesne Light at 1-888-393-7600 to speak to a Universal Service Group representative. If Duquesne Light is unable to satisfy the inquiry with the customer, Chapter 56 dispute rights will be provided as required.

~~d. CAP Portability~~

~~Consistent with the Commission Opinion and Order issued at docket number P-2012-230664, Duquesne Light will work with interested stakeholders on a plan that will enhance CAP customer's ability to purchase generation supply from electric generation suppliers while retaining their CAP benefits by January 2014.~~

e.d. Energy Efficiency Education

Through the CAP program, Duquesne Light attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Company representatives provide consumer education in the following areas:

- * Low cost/no cost energy conservation tips
- * Explanation of weatherization measures
- * Home heating and cooling systems
- * Electric bill and analysis of usage

The company analyzes all CAP customers' usage monthly to identify customers whose usage increases to levels outside established norms. This High Consumption Report is provided to ~~LIURP~~ LIURP representatives, who analyze customer bills, contact the customers with additional consumption reduction information and may enroll the customers in LIURP or other programs to proactively assist in reestablishing energy usage levels within norms.

The CAP Case Representatives are responsible for analyzing the individual situations and for recommending changes to consumption or percentage of budget bill if warranted by the circumstances. CAP Case Representatives explain the customer's responsibility related to annual kWh usage and their billed charges should they exceed their maximum annual CAP Credit allowance at the time of enrollment. This matter is analyzed and discussed again, if appropriate, during annual program participation re-certification.

III. Program Eligibility

Duquesne Light's CAP discount is available to residential customers whose total gross household income is at or below 150% of poverty, and have demonstrated or expressed an

inability to pay their electric service bill. Customers may not receive the benefits of CAP at multiple service locations simultaneously. If a customer has concurrent service, they may be billed at the CAP rate for a single location only.

Customers that purchase their generation supply from from electric generations suppliers ("EGS") may enroll in CAP and receive a discount on the distribution, transmission and generation portions of their bill as long as they receive consolidated billing from Duquesne Light.

Currently existing senior CAP customers with household income between 150% and 200% of the federal poverty level shall be grandfathered so that they will not be removed from the current benefit programs, as long as their income levels are at or below 200% of the Federal Poverty Level and provided they continue to adhere to the requirements of the Program.

IV. Projected Enrollment Levels

Enrollment levels for the years 2014 through 2016 are based on annual program funding amounts. The estimated net enrollment of active CAP customers by year is shown below:

Year:	CAP Enrollment Level:
2014	41,650
2015	44,150
2016	46,650

CAP enrollment and budget plan estimates were based on previous program participation over a historical 3 year period. The CAP enrollment levels were determined based on the average historical increase experienced from 2009-2011 that totaled approximately 2,500 per year.

V. Program Budget

The specific funding level for 2014 through 2016 is shown below:

Year:	Funding Level:
2014	\$21,191,435
2015	\$22,423,346
2016	\$23,705,256

The budget was projected based on the average cost of frozen arrearage and CAP credit write off per customer divided by the average number of enrolled customers over the three year period.

VI. Community-Based Organizations

Goodwill of SW PA and Holy Family Institute currently administers Duquesne Light Company's CAP Program. The organizations oversee a network of CBO's with 21 full time

employees (FTEs) at 10 sites (main office location and satellite offices). After recent studies were conducted on the location concentration of confirmed low income customers, proximity to transportation and other such factors, CAP offices were relocated as to better accommodate customers.

CAP administering agencies have the responsibility to take referrals from the various sources established, contact the customers to conduct initial screening for potential program participation, and arrange personal interviews at agency locations if applicable to determine eligibility and finalize enrollment. Thereafter, the administering agency serves as a primary CAP contact with the customer, which is maintained throughout their CAP participation. CAP Agencies will be responsible for attempting to schedule CAP appointments, making timely reminder calls prior to the scheduled appointment and other various assignments that will streamline the CAP application/enrollment process and increase efficiency.

Training in the use of Duquesne Light's Customer Information System ("CIS") and the administration of CAP is provided by Duquesne Light representatives. This enables administering agencies to enroll customers in real time through direct connection with Duquesne Light's system.

As appropriate, Duquesne Light Company will seek additional organizations to operate the CAP Program to ensure that the increased enrollment goals are achieved in future program years. Current administering organizations and the counties they serve are listed below:

Community Based Organizations:	Counties Served:
Goodwill of SW PA , McKeesport	Allegheny
Goodwill of SW PA , Southside	Allegheny
Holy Family Institute, East Liberty	Allegheny
Holy Family Institute, Northside	Allegheny
Holy Family Institute, McKeesRocks	Allegheny
Holy Family Institute, Swissvale	Allegheny
North Hills Community Outreach	Allegheny
Holy Family Institute, Aliquippa	Beaver
Holy Family Institute, Duquesne	Allegheny
Holy Family Institute, Beaver Falls	Beaver

VII. Organizational Structure of Duquesne Light Company Staff

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is lead by Manager of Credit and Universal Services, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)
 - Customer Service Representatives (2)

Duquesne Light Company has been able to administer a cost effective program utilizing this similar organization structure since 2008.

Duquesne Light Company **CARES**

1. Program Description

Duquesne Light's Customer Assistance Referral Evaluation Service (CARES) assists payment-troubled and special needs customers obtain necessary social service support and assistance. The primary objectives of the CARES program are to:

- * Help customers experiencing payment hardships to manage their electric bills by providing them with information, resources and encouragement.
- * Make tailored referrals to company and community assistance programs.
- * Maintain and/or establish partnerships and alliances with social service agencies, government offices, and community organizations to ensure maximum and timely assistance for customers who have personal or family hardships.
- * Act as an internal advocate for payment-troubled customers.

The program targets residential customers whose income is less than 150% of the federal poverty guideline and senior citizens whose income is less than 200% of the federal poverty guideline. Customers may be referred to CARES by Duquesne Light, other utilities, community based organizations, the PUC, or word of mouth. An outreach worker or community agency acts as an intermediary between the customer and the Company in an effort to link the customer to the necessary social service programs that will enhance the customer's ability to pay for electric service.

Outreach workers contact referred customers and when necessary makes home visits to the customer. Home visits are useful in analyzing customers' hardships, bill-paying problems, and ability to pay. The CARES counselors use home visits only for customers with medical problems, disabilities or speech difficulties. During home visits, they can more quickly determine the basic causes of customers' hardships, as well as verify customers' statements concerning sources of household income. In the course of making these home visits, they provide customers with energy education and conservation tips and information about where and how to apply for assistance.

Case managers are encouraged to offer customers more frequent conservation information and aid the customer with the completion of grant applications when these programs are available. Case Managers visit identified low-income multi-family dwellings as well as other gathering places to hold events that encourage and assist CAP enrollment.

Another key component of CARES is the establishment of payment agreements. Because of the unusual and often complicated situations affecting customers' ability to pay, case managers have significant flexibility in establishing payment agreements. They may set up payment plans that reflect customers' ability to pay and hardship circumstances. Payment plans are monitored by the agents. Customers who miss payments are contacted to remind them of the missed payment. Counselors are urged to give these customers priority attention and to use all means available to help the customer pay their electric bills.

II. Program Eligibility

CARES is designed specifically for low-income customers (household income at or below 150% of the federal poverty level) who are unable to pay their electric service bills in full. Also eligible are customer households headed by senior citizens whose combined household income is at or below 200% of the federal poverty level. However, Duquesne Light makes every effort to avoid turning any customer away, regardless of income level.

III. Enrollment Levels

There are no established enrollment targets for CARES. Duquesne Light's experience indicates that the number of customers served in CARES is estimated to be 10,000 to 15,000 annually.

IV. Program Budget

The specific funding level for 2014 through 2016 is shown below:

Year:	Funding Level:
2014	\$135,000
2015	\$135,000
2016	\$135,000

V. Community-Based Organizations

Duquesne Light recognizes the importance of establishing and expanding its network of contacts and working relationships with CBOs. Simply put, CARES could not function without the cooperation and assistance of local organizations. CARES is administered by Goodwill of SW PA and Holy Family Institute.

The organization oversees a network of CBO's with 4 FTE's at 4 sites.

Community Based Organizations:	Counties Served:
Goodwill of SW PA, McKeesport	Allegheny and Beaver
Goodwill of SW PA, Southside	Allegheny and Beaver
Holy Family Institute, Pittsburgh	Allegheny and Beaver
Holy Family Institute, Aliquippa	Allegheny and Beaver

These organizations act as "brokers" who attempt to match customers' needs with existing company and/or community programs. The CARES counselors analyze customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services that are offered by social service agencies, community organizations, and Duquesne Light Company. In addition, they initiate follow-up to determine the outcome of referrals to social agencies and company programs.

Another key responsibility of the CARES Counselors is to establish close working relationships with external organizations and internal departments at Duquesne Light Company. Social service agencies and other community groups are essential to the success of CARES because they *provide the needed services for payment-troubled customers*. The relationship between the CARES counselors and the other agency caseworkers is carefully nurtured and strengthened because the program cannot function effectively without the cooperation of social service organizations.

VI. Organizational Structure of Duquesne Light Company Staff

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is lead by Manager of Credit and Universal Services, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)
 - Customer Service Representatives (2)

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Duquesne Light Company Hardship Fund

I. Program Description

Duquesne Light's Hardship Fund is a partnership with Dollar Energy Fund (DEF). Begun in March 1983, Dollar Energy was one of the first utility-sponsored fuel funds in the nation. Duquesne was one of the founding utilities. Customers may contribute to the program by pledging monthly to their electric bill payments, by sending in a check or by electing to contribute online.

The primary features of Dollar Energy include:

- * Direct financial assistance for overdue energy bills
- * Protection against shutoffs
- * Referral to other programs and services

Another key feature of Dollar Energy is that the program operates year-round pending funding availability throughout the Company's service area. As a result of ongoing donations from customers, Duquesne Light Company disburses the funding monthly to the Dollar Energy Fund. Duquesne Light's funding may be used to pay the electricity bill for residential non-heating or residential heating service.

Duquesne Light makes a significant contribution above and beyond the sums collected from customers. Each year, the Company will match the total of all donations, up to \$370,000. Additionally, the Company provides funds to DEF to assist in defraying administrative costs. The administrative amounts totaled up to \$65,000 annually for years 2004 thru 2007 and up to \$75,000 annually between 2008 and 2013.

The Company promotes the program through bill inserts, Company website, radio advertisements, direct referrals by Duquesne Light Customer Service Representatives, community based events and the Dollar Energy Fund Organization itself.

a. Key Objectives

The overall objectives of Dollar Energy are as follows:

- * Provide financial assistance to qualified low-income families who are having difficulty paying their energy bills.
- * Offer financial assistance to low-income households who may be ineligible for the Low Income Home Energy Assistance Program.
- * Coordinate and expand the activities of community-based organizations that provide energy-related assistance.
- * Help customers understand and access community resources to solve heat, light and water payment problems as a step toward greater self-sufficiency.

II. Eligibility

Dollar Energy is designed specifically for low-income residential customers (household income at or below 200% of the federal poverty level) who are unable to pay their electric service. The program targets low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. To be eligible, customers must:

1. Have a residential account.
2. Have paid at least \$150 toward their utility bill within the last 90 days or made three consecutive CAP Payments. Senior citizens (age 62 and over) must have paid at least \$100.
3. Have a balance on their electric bill of at least \$100. Senior citizens age 62 and over may have a zero balance, as long as there is no existing credit on the account.
4. Provide proof of monthly household income (Federal Income Guidelines apply).
5. Provide the Social Security numbers for all members of their household.
6. October 1 to November 30 - Have electric service that is off or in threat of termination.
7. December 1 to January 31 - Have electric service that is off only.
8. February 1 to February 28 - Have electric service that is off or in threat of termination.
9. March 1 until funds are exhausted - Open to all eligible applicants regardless of service status⁴

This program becomes the “fund of last resort” when other energy assistance programs are not available to the customer. Upon receipt of the grant, a 30-day stay on termination is placed on the account and the grant amount is applied to the customer’s account balance.

III. Projected Budget

*Duquesne Light’s Hardship Fund is a partnership with Dollar Energy Fund. Duquesne Light will match customer contributions up to \$375,000 annually. In addition, up to \$75,000 will be provided for administrative support.*⁵

IV. Community-Based Organizations

The Dollar Energy Fund is administered by a number of community based organizations in Duquesne Light’s service territory, including Holy Family Institute and Goodwill of SW PA. These organizations have solid reputations and experience in delivering services to low-income households in the Duquesne Light service area. The administration of the program is a collaborative effort between Dollar Energy and the organizations listed below.

⁴ The dates listed in this section, numbers 6-9, are determined by the Dollar Energy Fund. Duquesne Light will comply with DEF program rules.

⁵ Administrative support is recovered through the Universal Service Charge.

Community Based Organizations:	Counties Served:
NHCO – Allison Park	Allegheny
South Hills Interfaith Ministries	Allegheny
Salvation Army – Brackenridge	Allegheny
Salvation Army – Braddock	Allegheny
Clairton Family Center	Allegheny
Coraopolis Community Development Foundation	Allegheny
Focus on Renewal	Allegheny
Holy Family Institute – McKees Rocks	Allegheny and Beaver
Goodwill of Southwestern Pennsylvania – McKeesport	Allegheny
Salvation Army – McKeesport	Allegheny
Allegheny Valley Association of Churches	Allegheny
Allegheny Center Alliance Church	Allegheny
Allegheny County DHS/OCS	Allegheny
Brashear Center	Allegheny
Catholic Charities – Diocese of Pittsburgh	Allegheny
Catholic Charities – Pittsburgh	Allegheny
Energy & Environment Community Outreach (EECO) Center	Allegheny
Family Resources, Inc.	Allegheny
Hazelwood YMCA	Allegheny
Holy Family Institute – East Liberty	Allegheny
Holy Family Institute – Edgewood Towne Center	Allegheny
Holy Family Institute – Northside Common Ministries	Allegheny
Jubilee Association, Inc.	Allegheny
Lemington Community Services	Allegheny
Lincoln Park Family Center	Allegheny
Lutheran Service Society	Allegheny
Mt. Washington Community Development Corporation	Allegheny
Nabhi Christian Ministries – Lincoln Ave	Allegheny
Neighborhood Employment Center	Allegheny
NHCO – North Boroughs	Allegheny
Northern Area Multi-Service Center	Allegheny
Primary Care Health Services – Alma – Illery Medical Center	Allegheny
Primary Care Health Services – Hill House Health Center	Allegheny
Salvation Army – Frankstown Road Pittsburgh	Allegheny
Society of St. Vincent de Paul	Allegheny
St. Mark’s Lutheran Church	Allegheny
St. Paul Cathedral	Allegheny
Wilkinsburg Community Ministry	Allegheny
The Franklin Center	Beaver
Catholic Charities	Beaver
Housing Opportunities of Beaver County Inc.	Beaver
Salvation Army – Beaver Falls	Beaver
Ministerium Social Services	Beaver
Focus on Renewal	Beaver
Lawrence County Community Action Partnership	Beaver

V. Organizational Structure of Duquesne Light Company Staff

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is lead by Manager of Credit and Universal Services, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)
 - Customer Service Representatives (2)

Duquesne Light has been able to administer a cost effective program utilizing this similar organization structure since 2008.

Duquesne Light Company Smart Comfort (LIURP)

I. Program Description

Smart Comfort is Duquesne Light's low-income usage reduction program (LIURP). The program targets residential customers whose gross household income is less than 150% of the federal poverty guideline and seniors whose gross household income is less than 200% of the federal poverty guideline, whose base load electric usage is more than 500 kWh per month and who have been a resident at their current address for at least six months.

Pittsburgh area has dwellings in great need of energy conservation measures. Many have gas furnaces installed, but which have been shut-off for maintenance reasons or due to non-pay. Accordingly, the residents of these dwellings often use costly electric space heaters to stay warm. Use of these heaters drives up their energy bills. Accordingly, Smart Comfort key objectives are:

- To reduce the energy usage and electric bills of low-income customers.
- To increase the ability to pay for low-income customers.
- Provide safer living conditions for low-income customers through the reduction of secondary heating devices.
- To educate the customer on current conservation practices.
- Make tailored referrals to company and other assistance programs such as CAP, Dollar Energy Fund or private funds, LIHEAP, and other weatherization programs.

Smart Comfort has evolved from strictly weatherization to an "end use" strategy. Usage reduction measures include cost effective appliance and lighting replacements in addition to determining if weatherization is warranted.

a. Summary of Program Process and Installation Measures

- Perform walk through audit
 - Investigate potential saving areas within the house.
 - Measure usage of targeted electrical equipment within the house.
- Provide energy education
 - Explain Smart Comfort program in depth.
 - Explain current electricity bill in detail to insure customer understands concepts such as monthly kWh usage and usage comparisons.
 - Provide education on ways to reduce usage of electricity.
 - Develop partnership with customer to reduce electrical usage.
- Determination of Smart Comfort measures to provide
 - Standard measures include compact fluorescent light bulbs, mattresses, refrigerators and freezers, electric hot water tanks or tank wraps, window/central air-conditioning units, heat pumps, air infiltration measures, smart strips and home insulation.

- At the discretion of the energy manager, potential measures include furnaces, electric dryers, electric stoves, water pumps, and electric blankets.
- The minimum usage requirement for a refrigerator change-out will continue to be 5 kWh per day.
- The program includes potential window air-conditioning unit change-outs if the life of the replacement A/C unit and the life of the dwelling will exceed 12 years.
- The program also includes potential central air-conditioning change-out given that the life of the unit as well as the life of the dwelling exceeds 12 years.
- *Customer monitoring and follow up*
 - Energy managers may contact Smart Comfort recipients to discuss their usage and the resulting increase in consumption.
 - Energy Managers may also contact Smart Comfort recipients to reinforce energy education.

Additionally, low-income customers, whose base load usage is less than 500 kWh per month, are invited to take part in energy conservation workshops. These workshops provide conservation education, energy reduction tips, and usage reduction measures they can install themselves. These workshops are held in different locations in Duquesne Light's service territory.

b. 2014-2016 Program Enhancements

For the 2014-2016 plan Duquesne Light will enhance the program with the application of solar and alternative energy sources, window film on south facing windows to reduce cooling expenditures, and washer/dryer combination change-outs.

II. Program Eligibility

Smart Comfort is designed specifically for low-income customers (household income at or below 150% of the federal poverty level) who are unable to pay their electric service bills in full. Also eligible are households whose combined household income reaches 200% of the federal poverty level with priority given to households headed by senior citizens. No more than 50% of Smart Comfort participants will be customers between 150% and 200% of poverty.

Smart Comfort targets customers whose base load electric usage is more than 500 kWh per month and have been a resident at their current address for at least six months. There is a six (6) month residency requirement. However, the residency and base load usage requirements for all electric heat customers who are homeowners will be waived. The residency requirement will be waived for residential non-heating service CAP customers who are homeowners. All electric heat customers who are homeowners will have the base load usage and residency requirements waived. Duquesne Light Company will also continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education.

III. Projected Enrollment

Enrollment levels for the years 2014 through 2016 are based on annual program funding amounts and settlement agreements since 2006. The detailed breakout of enrollment by funding type is

located in the table enclosed in the Program Budget section. The estimated net enrollment of active customers by year is shown below:

Year:	Total Enrollment Level	Annual Enrollment Level	Settlement Enrollment Level
2014	2,555*	1,900	655
2015	2,555*	1,900	655
2016	2,555*	1,900	655

*1,900 from the recent Needs Based Assessment for LIURP + 655 additional enrollments based on the rate case settlement amount of \$350,000 divided by \$534 (cost per job).

IV. Program Budget

The specific funding level for each of the next four-years is shown below:

Year:	Funding Level:
2014	\$1,364,600*
2015	\$1,364,600*
2016	\$1,364,600*

* \$1,014,600 from the recent proposed needs based budget plus a \$350,000 commitment.

The detailed program budget and targeted enrollment levels are comprised of the needs based budget and the settlement commitment. During the life of the plan, under-spent funds will be carried over from one program year to the next.

	Year:	Funding Level:	Enrollment Level:
I. Proposed Budget	2014	\$1,014,600	1,900
	2015	\$1,014,600	1,900
	2016	\$1,014,600	1,900
II. Additional Commitment	2014	\$350,000	655
	2015	\$350,000	655
	2016	\$350,000	655
III. Total Budget (I+II)	2014	\$1,364,600	2,555
	2015	\$1,364,600	2,555
	2016	\$1,364,600	2,555

VI LIURP Needs Analysis

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Based upon the methodology enclosed below, it has been determined that needs based budget and enrollment targets for 2013 through 2016 are the following:

<u>Year:</u>	<u>Needs Based Enrollment Target:</u>	<u>Needs Based Budget:</u>	<u>Proposed Needs Based Enrollment Target</u>	<u>Proposed Needs Based Budget *</u>
<u>2014</u>	<u>1,900</u>	<u>\$1,014,600</u>	<u>2,555</u>	<u>\$1,364,600</u>
<u>2015</u>	<u>1,900</u>	<u>\$1,014,600</u>	<u>2,555</u>	<u>\$1,364,600</u>
<u>2016</u>	<u>1,900</u>	<u>\$1,014,600</u>	<u>2,555</u>	<u>\$1,364,600</u>

- The needs based budget is \$1,014,600 (\$534 per visit x 1,900 visits) per year based on this determination. Duquesne Light intends to continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education. Duquesne Light had begun concentrating efforts on these endeavors since 2009 and found that it increased the cost per unit when compared to that of single family dwellings. The 4 year average cost per job is \$534. Using this thought process; Duquesne Light recommends a total Budget amount of \$1,364,600. This number is made up of the 1,900 enrollment target multiplied by \$534 (\$1,014,600) in addition to the \$350,000 from the recent rate case settlement. The total proposed enrollment target is comprised of the 1,900 Needs Based Enrollment Target plus the additional jobs allowed from the rate case settlement amount (\$350,000 divided by \$534 per job equals 655 jobs).

Methodology

The Smart Comfort Needs Based Assessment was based upon the following methodology.

LIURP Needs Assessment:

A needs assessment can be calculated by using the Census data and Company data. The percentage of households in the appropriate poverty level is the relevant Census data that can be applied to Company county population data to determine the total universe of potentially eligible customers (before we begin to make exclusions). Please note that up to 20% of the LIURP budget may be spent on households with an income between 150% and 200% of poverty.

There are three types of exclusions that reduce the size of the potentially eligible population. First, exclusions can be made of low users. It is important for the Company to determine the minimum pre-treatment usage levels for each job type (space conditioning, water heating and base load) that are cost effective. Second, customers who have received LIURP services in the last seven years should be subtracted from the projected need. Third, the company should be able to apply a "refusal rate" that is based upon its LIURP history to complete the final deduction in the needs assessment.

The following is a narrative explanation of the formula and the required steps:

1. County Census data provides the percentage of customers who are in the applicable

poverty (income) levels for LIURP. Multiply the Company county data by the county Census data (the percentage in the income levels).

2. Use company usage data and LIURP experience regarding the cost effectiveness of treating customers at various usage levels to determine the appropriate usage levels for each job type and deduct the accounts which have usage that is too low to receive cost effective LIURP services.

3. Deduct the customers who have already received program services (over the past seven years) from this number.

4. Apply the customer refusal rate (note: this should be getting smaller as LIURP and CAP eligibility become more closely linked – customers who are eligible for CAP should no longer be able to refuse LIURP services.)

Analysis

- As of January 2013, there were 527,602 active residential accounts for Duquesne Light, 463,343 accounts were in Allegheny County and 64,259 in Beaver County.
- It was determined that the number of residential accounts should be adjusted downwards by 3.7% to reflect the actual number of households in each county. Applying this factor, there were 508,081 active residential households for Duquesne Light (446,199 in Allegheny County and 61,882 in Beaver County).

	<u>Total:</u>	<u>Allegheny County:</u>	<u>Beaver County:</u>
<u>Residential Accounts</u>	<u>527,602</u>	<u>463,343</u>	<u>64,259</u>
<u>Households with more than 1 account (3.7%)</u>	<u>19,521</u>	<u>17,144</u>	<u>2,377</u>
<u>Net Residential Households</u>	<u>508,081</u>	<u>446,199</u>	<u>61,882</u>

- Using the 500 kWh base load criteria, the base load months of April and May 2012, September, and October 2012 were analyzed. For each month, the number of accounts that used less than 500 kWh was determined and an average percentage of accounts that would not qualify were calculated. 45.2% of the accounts would not qualify for Smart Comfort based upon their usage. Hence, the number of potential households was reduced by 45.2%, leaving 278,428 households (244,517 in Allegheny County and 33,911 in Beaver County).

<u>Baseload Month:</u>	<u>Accts < 500 kWh:</u>	<u>Total Accts:</u>	<u>% Accts < 500 kWh:</u>
<u>Apr-12</u>	<u>311,622</u>	<u>525,619</u>	<u>59.3%</u>
<u>May-12</u>	<u>287,975</u>	<u>525,149</u>	<u>54.8%</u>
<u>Sep-12</u>	<u>201,168</u>	<u>525,207</u>	<u>38.3%</u>
<u>Oct-12</u>	<u>307,003</u>	<u>525,500</u>	<u>58.4%</u>
<u>TOTAL:</u>	<u>1,107,768</u>	<u>2,101,475</u>	<u>52.7%</u>

	<u>Total:</u>	<u>Allegheny County:</u>	<u>Beaver County:</u>

Net Residential Households	<u>508,081</u>	<u>446,199</u>	<u>61,882</u>
Customers Using Less Than 500 kWh Base load (52.7%)	<u>267,759</u>	<u>235,147</u>	<u>32,612</u>
Net Residential Base load Eligible Households	<u>240,322</u>	<u>211,052</u>	<u>29,270</u>

- Applying the poverty rate for each county, it was determined that there are 63,416 low-income households within the usage criteria (55,718 in Allegheny County and 7,698 in Beaver County).

County:	Poverty Rate:
<u>Allegheny</u>	<u>26.4%</u>
<u>Beaver</u>	<u>26.3%</u>

	Total:	Allegheny County:	Beaver County:
Net Residential Base load Eligible Households	<u>240,322</u>	<u>211,052</u>	<u>29,270</u>
Net Residential Base load Eligible Households within the Poverty Rate	<u>63,416</u>	<u>55,718</u>	<u>7,698</u>

- Reducing the Smart Comfort eligible households by the number of Smart Comfort participants in the last seven years leaves 47,306 potential households.

Year:	Smart Comfort Participants:
<u>2006</u>	<u>3,378</u>
<u>2007</u>	<u>4,688</u>
<u>2008</u>	<u>4,189</u>
<u>2009</u>	<u>4,250</u>
<u>2010</u>	<u>3,637</u>
<u>2011</u>	<u>3,231</u>
<u>2012</u>	<u>2,792</u>
Total:	<u>26,165</u>

	Number of Accounts:
Net Residential Base load Eligible Households within Poverty Rate	<u>63,416</u>
Smart Comfort Participants	<u>26,165</u>
Net Potential Smart Comfort Eligible Accounts	<u>37,251</u>

- A reasonable quantity of visits per year, assuming no refusal rate, was calculated by dividing the net potential accounts by 20, leaving 1,863 accounts per year.
- Hence it has been determined that **1,900 Smart Comfort visits per year** would be a reasonable level for 2014-2016.
- Based on the last four years, the average cost per visit totaled \$534. The needs based budget is \$1,014,600 (\$534 per visit x 1,900 visits) per year based on this determination. **Duquesne Light intends to continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education.**

Duquesne had begun concentrating efforts on these endeavors since 2009 and found that it increased the cost per unit when compared to that of single family dwellings. The 4 year average cost per job is \$534. Accordingly, Duquesne Light would recommend a total Budget amount of \$1,364,600. This number is made up of the 1,900 enrollment target multiplied by \$534 (\$1,014,600) in addition to the \$350,000 from the recent rate case settlement. The total proposed enrollment target is comprised of the 1,900 Needs Based Enrollment Target plus the additional jobs allowed from the rate case settlement amount (\$350,000 divided by \$534 per job equals 655 jobs).

V. Community Based Organizations and Outreach

Conservation Consultants, Inc. currently administers Duquesne Light Company's Smart Comfort program. The organization oversees a network of 11 FTE's throughout Duquesne Light's service territory. Additionally, Duquesne Light will continue to work with other utilities and community based organizations to seek means by which the companies can jointly address the conservation, reduction, and assistance needs of housing described above. The Company will maintain a cooperative relationship with natural gas providers so that screening and audit costs are not duplicated, and seek synergies to increase the number of customers receiving service from all utilities in the area.

- Duquesne will also increase outreach attempts to:
 - Provide outreach to customers who received Dollar Energy Grants as possible Smart Comfort candidates.
 - Continue to meet with a collaborative of local and state representatives of the low-income community and community based organizations (CBOs) and commit to bring forward any proposed changes to its universal service programs for discussion prior to implementation. The purpose of the collaborative is to explore alternatives to improve the effectiveness and/or efficiency of universal services within the budgets of the programs
 - In partnership with the Energy and Conservation Program (Act 129) – Watt Choices, potential installation of Smart Strip surge protectors will be installed when conducting energy audits.
 - Duquesne will work with property owners of low income housing to effectively provide weatherization and meet the needs of all low income customers located at the premise. This includes total-electric, multi-family dwellings, but does not include master metered properties.

VI. Organizational Structure of Duquesne Light Company Staff

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is lead by Manager of Credit and Universal Services, who is supported by senior analyst and customer service representatives as follows:

- Manager Credit and Universal Services (1)
 - Senior Analyst for Universal Services (1)

- Customer Service Representatives (2)

Duquesne Light Company has been able to administer a cost effective program utilizing this similar organization structure since 2008.

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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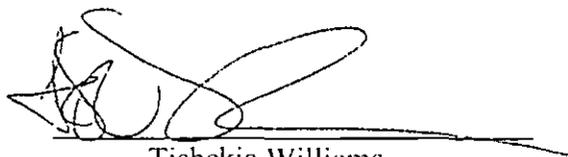
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Date: June 28, 2013



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UPS CampusShip: View/Print Label

1. **Ensure there are no other shipping or tracking labels attached to your package.** Select the Print button on the print dialog box that appears. Note: If your browser does not support this function select *Print from the File menu to print the label.*
2. **Fold the printed sheet containing the label at the line so that the entire shipping label is visible.**
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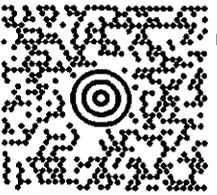
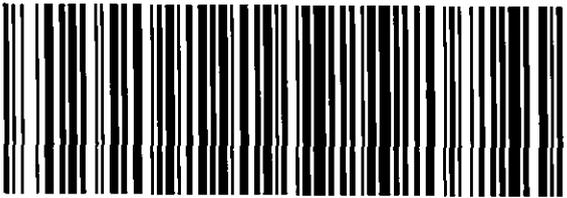
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