

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560

FAX (717) 783-7152
consumer@paoca.org

January 8, 2014

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

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

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824

Enclosures

cc: Joseph Magee, Bureau of Consumer Services (BCS)
Louise Fink-Smith, Law Bureau
Cyndi Page, Office of Communications
Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) files these comments in response to the Public Utility Commission’s (Commission) Tentative Order, issued December 19, 2013, in the above-captioned proceeding.¹

I. INTRODUCTION

On February 28, 2013, Duquesne Light Company (Duquesne or Company) filed the above-captioned Universal Service and Energy Conservation Plan (USECP or Plan) for 2014 through 2016, in accordance with the Commission’s regulations at 52 Pa. Code §§ 54.71-54.78, relating to electric universal service and energy conservation requirements. Subsequently, on June 28, 2013, Duquesne filed a Petition for Approval and Modification of its 2014-2016 Plan.² The “Amended Plan” filed was filed pursuant to the Commission’s Order entered on January 25, 2013, regarding Duquesne’s Petition for Approval of a Default Service Program and Procurement Plan for the period June 1, 2013 through May 31, 2015 at Docket No. P-2012-2301664, in which the Commission directed the Company to work with the Commission’s Office of Competitive Markets Oversight (OCMO) in order to develop a plan to allow CAP customers

¹ The OCA was assisted in the preparation of these Comments by its consultant, Roger D. Colton. Roger Colton is a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton’s work focuses on low-income energy issues, and he has testified and published extensively in this area.

² The OCA filed an Answer to Duquesne’s Petition on July 19, 2013.

to purchase electric generation supply from electric generation suppliers (EGS), to ensure that the retail market enhancement programs will be available to CAP customers, and to ensure that LIHEAP benefits can be used by low-income customers who choose an EGS by January 1, 2014. Petition at ¶ 4.

On August 2, 2013, Duquesne also filed Supplement No. 81 to Tariff Electric - Pa. P.U.C. No. 24 at Docket No. R-2013-2372129, seeking a distribution rate increase. The base rate proceeding is currently pending before the ALJ.

In the Tentative Order issued December 19, 2014, the Commission directed Duquesne and interested parties to comment on the following issues:

1. Application of excess CAP payments to pre-program arrearages;
2. Application of full CAP credits to customer accounts monthly;
3. Compliance of Duquesne's CBOs and contractors with obligations incumbent upon utilities, including accessibility and training;
4. Duquesne's outbound call campaign to enroll into CAP customers in danger of termination;
5. CAP monitoring activities and referrals to LIURP;
6. Requirements for customers who complete a zero income form;
7. Automatic recertification process for CAP customers;
8. LIURP eligibility criteria for customers with special needs/disabilities;
9. Whether Duquesne intends to increase the percentage of customers beyond 20% in 150%-200% FPIG for LIURP, which would in turn require a waiver of Commission regulations;
10. Coordination with NGDCs, consistent with Act 129 mandates, to increase efficiency and cost savings for LIURP;
11. LIURP reporting procedures to ensure that all variables are addressed with supporting data;

12. Remedial education data relative to Smart Comfort recipients with increased usage;
13. Training plans and requirements for weatherization contractors;
14. Application of Dollar Energy Fund grants to customer accounts to alleviate hardships;
15. Separation of Dollar Energy Grant money from dollars recovered through base rates; and
16. LIURP needs assessment, enrollments, budget, and number of LIURP jobs.

Tentative Order at 36-37. The Tentative Order also directed that comments relating to Duquesne's CAP shopping plan be referred to the Duquesne DSP docket, at No. P-2012-2301664. Id. at 5. Given this directive, the OCA will not provide comments on the CAP Shopping Plan at this time in this docket.

Overall, the OCA supports the recommendations of the Commission expressed in the Tentative Order. The OCA provides comments below to some of the issues identified by the Commission in the Tentative Order. The OCA also provides comments addressing issues identified by the OCA in its review of Duquesne's 2014-2016 Plan.

II. COMMENTS

A. Overview.

Duquesne's Plan contains four major components: (1) Customer Assistance Program (CAP) that provides discounted bills for low income residential customers; (2) a Low Income Usage Reduction Program (LIURP), called Smart Comfort, that provides weatherization and usage reduction services to help reduce low-income customer utility bills and usage levels; (3) the Customer Assistance and Referral Evaluation Services (CARES) Program which provides referral services for low-income and special needs customers; and (4) the Hardship Fund in which the Company partners with the Dollar Energy Fund (DEF) to provide grants to customers with incomes up to 200% of the Federal Poverty Level (FPL) who have overdue balances and an inability to pay their bills. Tentative Order at 7. Universal service program costs are recovered through a reconcilable surcharge. Amended Plan at 3.

B. Comments On Certain Commission Identified Issues.

Commission Issue 1. Application of Excess CAP Payments to Pre-Program Arrearages.

The Tentative Order identifies a concern with Duquesne's proposal to apply customer payments in excess of the requested CAP amount to the customer's pre-program arrearages instead of the missed monthly CAP payment amount. Tentative Order at 11. The Commission Tentative Order proposes that excess payments be applied to the missed monthly CAP payment amount. If no payments are past due, the Commission states that the excess amount should be applied to the next month's CAP bill. Per its Tentative Order, the Commission directed Duquesne to adjust its system to change its method of crediting advance payments to comply with the approach outlined in the Tentative Order. Tentative Order at 11. The OCA agrees with this approach and supports this change. Tentative Order at 11.

The Tentative Order identifies a concern regarding Duquesne customers who received the maximum allotment of CAP credits and have their monthly CAP bills revert to a usage-based budget bill at full tariffed rates. Tentative Order at 12-16. Under the current Plan, the maximum CAP credit for a non-heating customer is \$560 and for a heating customer is \$1400. Plan at 3. The Tentative Order cited to approximately 75 customer complaints which showed instances where the customer’s monthly CAP bill changed significantly when their CAP credit amount ran short and they were required to pay 100% of the usage-based budget bill. Tentative Order at 12.

The Commission explains:

Duquesne tracks CAP credits monthly. When the remaining CAP credits become less than the difference between the CAP bill and the usage based bill, Duquesne bills that month for 100% of budget. The remaining CAP credits for which that customer qualifies remain unapplied to the customer’s account. The Commission received approximately 75 complaints from Duquesne customers during 2012 when their monthly bill changed from the CAP discounted amount to 100% of the budget bill. Based on the details provided in these complaints, we are concerned that many of these customers did not benefit from all CAP credits before being asked to pay the full amount of their budget bill.

Tentative Order at 12. In one hypothetical described by the Commission, the customer had a non-heating account. Her household income was 75% of the FPL which qualified her to pay 60% of her budget bill on CAP. Her total annual CAP credits were \$560. Tentative Order at 12-13. The CAP budget bill was sufficient to keep her payments at 60% of the budget bill until the 7th month. At that time, there was only \$36 of her CAP credits remaining and Duquesne “would charge her the full amount of the budget bill because the CAP credits cannot meet the deficiency between the discounted payment and the amount of actual usage.” She would then pay the full amount of the budget bill for the remainder of the 5 months of the year and would never receive the remaining \$36 in CAP credits. Tentative Order at 13. Other customers are charged 100% of

the budget bill for a period of time but can again receive the remaining CAP credit if it is sufficient to fully cover the deficiency in some subsequent month. Tentative Order at 14.

The Tentative Order recommends that Duquesne make adjustments to its billing systems to avoid this problem. The Tentative Order proposes several alternatives: (1) to apply CAP credits to a customer's account until all credits have been fully used; (2) to spread the credits over a 12 month period so a customer would know exactly how much to anticipate as a credit each month; or (3) at a minimum, "a customer's payment should be reduced by any remaining CAP credits, regardless of whether there is enough credit to cover the entire deficiency between actual usage and the discounted CAP payment." Tentative Order at 15-16.

The OCA agrees with the concerns identified by the Tentative Order regarding customers bouncing back and forth between the CAP rate and the full tariffed rate. At a minimum, a customer should always receive the full amount of the maximum CAP credit available, even if the amount is not sufficient to cover the full deficiency. The OCA submits that the best method to resolve this issue may be to spread the credits over a 12-month period, particularly since budget billing is used. In this way, the customer will receive all of the credits that they are entitled to and will not receive dramatically higher bills when the CAP credits run short.

Commission Issue 3. Community Based Organization Call Center Coverage.

The Tentative Order cited to 94 informal complaints received from customers who reported that they are unable to contact the local community based organizations (CBOs) to address CAP problems or disputes, including receiving busy signals and unreturned voicemail messages. Tentative Order at 16. The Tentative Order stated that Duquesne "must ensure any agency with which it contracts for administration of its universal service programs must be accessible to customers." Tentative Order at 17. The OCA agrees with the use of CBOs and

finds that they can be very beneficial to CAP customers and the utility. The CBO, however, must be able to be reached timely by CAP customers. The OCA submits that Duquesne must address any issues with the CBOs in a timely manner and agrees with the Tentative Order that Duquesne must take steps to ensure that the CBOs are accessible to customers.

Commission Issue 7. Automatic Recertification for CAP Customers.

The Tentative Order identifies a concern with Duquesne's recertification practices. Duquesne's Plan provides that:

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.

Plan at 6. The Tentative Order notes its concerns with Duquesne's automatic recertification process and states that it is "based only on timely payments" and "allows customers to remain on CAP when they may no longer be eligible or to receive a higher discount than qualified by their household situation." Tentative Order at 21. The Tentative Order cites to the concerns identified in the Company's 2009 Evaluation that the automatic recertification process was:

[L]ikely to include not only those customers who are well organized, future oriented and frugal, but those whose changed or undisclosed circumstances make them more able to pay and no longer eligible for their discount. [CAP administering] agency staff confirms that when contact is eventually made with customers in this group, many of them are found ineligible or are given a smaller discount.

Tentative Order at 21, citing the 2009 Evaluation at 34. The Commission states that it prefers the receipt of a Low Income Home Energy Assistance Program (LIHEAP) grant be the only mechanism for automatic recertification by a household for CAP. Tentative Order at 21.

The OCA agrees that timely payments should not be the sole basis for recertification of customers. Receipt of a LIHEAP grant is a more accurate assessment of a customer's continued

eligibility for CAP for an automatic recertification of a currently-enrolled CAP customer. For currently-enrolled customers that do not receive a LIHEAP grant, the OCA submits that a recertification process that reviews household income and household size is needed.

Commission Issue 10. Coordination With NGDCs And Act 129 Program.

The Tentative Order recommends that the Company should increase its coordination efforts with natural gas companies such as Peoples Natural Gas, LLC (Peoples) and Columbia Gas of Pennsylvania, Inc. (Columbia) and the Company's Act 129 program. Tentative Order at 23. The OCA supports such coordination and the leveraging of dollars and resources between natural gas distribution companies, electric distribution companies, and Act 129 programs. The Commission notes that Duquesne's LIURP provider, Conservation Consultants, Inc. (CCI) also provides LIURP services for Peoples and Columbia.

The OCA submits that better coordination of the Smart Comfort Program with the NGDCs' LIURP programs as well as Duquesne's Act 129 programs will provide a win-win for ratepayers and for low-income customers. Low-income customers will receive the benefit of lower energy bills and have a greater number of measures installed to address energy conservation issues. Non-low-income residential ratepayers will benefit because lower energy usage will decrease the amount of the CAP shortfall which in turn, will decrease the amount that non-CAP customers must pay for the program.

C. Additional Issues Identified By The OCA's Review Of The Amended Plan.

1. Application Of The LIHEAP Grant To The Customer Bill.

Duquesne currently applies the Low Income Home Energy Assistance Program (LIHEAP) cash grants directly to the Asked-to-Pay amounts in accordance with the 2014 LIHEAP State Plan. As the Commission notes in its Tentative Order, Duquesne filed a Petition

at Docket No. P-2011-2233540 proposing to adopt a “CAP-Plus” which would increase the “Asked-to-Pay” amount in order to offset the increased CAP costs that non-CAP residential customers would pay as a result of the DPW method of applying the LIHEAP cash grants. Tentative Order at 3. Duquesne’s Petition is currently on hold pending the Commonwealth Court decision regarding this issue in the Columbia Natural Gas Company base rate proceeding (PCOC v. Pa. PUC, Docket No. 635 C.D. 2012). The OCA submits that when the matter is concluded, Duquesne Light’s Petition should be addressed by the Commission.

2. Arrearage Forgiveness Component.

In its Plan, Duquesne proposes to shorten the timeframe for arrearage forgiveness from 36 months to 24 months. Plan at 3; Tentative Order at 8. Section 69.265(6)(ix) of the CAP Policy Statement states that arrearage forgiveness should occur over a two to three year period. 52 Pa. Code § 69.265(6)(ix). While the OCA does not anticipate that this will have a significant cost consequence, Duquesne should provide additional information on the cost of this proposed change before a final decision is made.

The OCA has identified an additional concern with the description of the arrearage forgiveness component. From the description in the Plan, Duquesne states that it will provide CAP payments when they are made “on-time.” Plan at 3. The OCA recommends that the Company make clear that arrearage forgiveness will be provided on a month to month basis as complete bill payments are received or as customers “catch-up” with their monthly payments.

3. De Facto Space Heating.

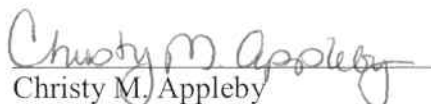
The OCA also supports the Company’s Plan to target LIURP funds towards those customers who are using electricity as their primary heating source through portable space heaters, or de facto heating. Amended Plan at 16. The use of electricity as a de facto primary

heating source is dangerous and is more expensive to the customer because it will use up their maximum CAP credit allowance more quickly. Further, it will increase the cost of the program to non-CAP residential ratepayers because it significantly increases a CAP customer's usage levels. The OCA has recommended in numerous other cases that this problem be addressed and commends the Company for specifically directing LIURP resources towards addressing this problem. The OCA recommends that the Company coordinate such efforts with its Act 129 programs and with other local NDGCs' LIURP programs.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate appreciates the opportunity Comments to this Tentative Order. The OCA respectfully requests that the Company's Plan be amended in accordance with the Tentative Order and the above Comments.

Respectfully Submitted,


Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAAppleby@paoca.org

Amy E. Hirakis
Assistant Consumer Advocate
PA Attorney I.D. # 310094
E-Mail: AHirakis@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

January 8, 2014
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CERTIFICATE OF SERVICE

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

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

Dated this 8th day of January 2014.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Charles Daniel Shields, Senior Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Tishekia Williams, Esq.
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

Sharon E. Webb, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Charles E. Thomas III, Esq.
Thomas T. Niesen, Esq.
Thomas, Long, Niesen & Kennard
212 Locust St., Suite 500
P.O. Box 9500
Harrisburg, PA 17108-9500

Victor P. Stabile, Esq.
Dilworth Paxson LLP
112 Market Street, 8th Fl.
Harrisburg, PA 17101

Brian R. Greene, Esq.
GreeneHurlocker, PLC
707 East Main St., Suite 1025
Richmond, VA 23219

Patrick M. Cicero, Esq.
Harry S. Geller, Esq.
118 Locust Street
Harrisburg, PA 17101

Theodore S. Robinson, Esq.
Citizen Power
2121 Murray Avenue
Pittsburgh, PA 15217

Amy M. Klodowski, Esq.
FirstEnergy Solutions Corp.
800 Cabin Hill Dr.
Greensburg, PA 15601

Brian J. Knipe, Esq.
FirstEnergy solutions Corp.
76 S. Main Street
Akron, OH 44308

Gary A. Jeffries, Esq.
Dominion Retail, Inc.
501 Martindale Street, Suite 400
Pittsburg, PA 15212-5817

Amy Hamilton
Director, Market Initiatives
Exelon Corporation
300 Exelon Way
Kennett Square, PA 19348

Todd S. Stewart, Esq.
William E. Lehman, Esq.
Hawke, McKeon & Sniscak LLP
100 N. 10th Street
P.O. Box 1778
Harrisburg, PA 17101

Vincent A. Parisi, Esq.
IGS Energy
6100 Emerald Parkway
Dublin, OH 43016

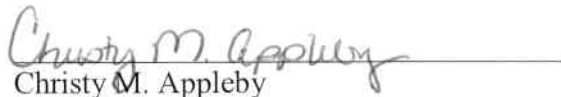
Pamela C. Polacek, Esq.
Teresa K. Schmittberger, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Divesh Gupta, Esq.
Constellation Energy Group, Inc.
100 Constellation Way, Suite 500C
Baltimore, MD 21202

Stephen L. Huntoon, Esq.
NextEra Energy Resources, LLC
801 Pennsylvania Avenue, N.W., Suite 220
Washington, D.C. 20001

Brian Kalcic
Excel Consulting
Suite 720-T
225 S. Meramec Ave.
St. Louis, MO 63105

David I. Fein
VP State Government Affairs, East
Exelon Corporation
10 S. Dearborn St., 47th Floor
Chicago, IL 60603



Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAappleby@paoca.org
Amy E. Hirakis
Assistant Consumer Advocate
PA Attorney I.D. # 310094
E-Mail: AHirakis@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
172006