

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company Universal
Service and Energy Conservation Plan for
2014-2016 Submitted in Compliance with
52 Pa. Code §§ 54.74.

Docket No. M-2013-2350946

**REPLY COMMENTS OF THE COALITION FOR AFFORDABLE UTILITY SERVICES
AND ENERGY EFFICIENCY IN PENNSYLVANIA TO THE
TENTATIVE ORDER ENTERED DECEMBER 19, 2013**

Submitted on behalf of CAUSE-PA
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I. Background

On December 19, 2013, the Pennsylvania Public Utility Commission (“Commission”) issued a Tentative Order (“TO”) to the Amended Petition of the Duquesne Light Company (“Duquesne” or “Company”) for approval of its Universal Service and Energy Conservation Plan (“USECP” or “Plan”) for 2014 through 2016. The Amended Plan was filed on June 28, 2013, in accordance with the Pennsylvania Public Utility Commission’s regulations at 52 Pa. Code §§ 54.71-54.78, relating to electric universal service and energy conservation reporting requirements. In the TO the Commission tentatively approved Duquesne’s Amended Plan, in part, and solicited comments from interested parties. The Commission further noted that to the extent comments and reply comments raise relevant material factual questions, this matter may be referred to the Office of Administrative Law Judge (OALJ) for hearing and decision.

In addition, on June 28, 2013, Duquesne filed a Petition requesting approval and modification of its amended 2014-2016 USECP. The petition seeking to amend the USECP also referenced the Duquesne DSP Petition. The Commission therefore added the USECP docket (M-2013-2350946) to the DSP docket (P-2012-230664) without expressly consolidating the two proceedings. On July 18, 2013, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed an Answer to the June 28, 2013 Petition. In the TO the Commission has noted that comments related to the Duquesne DSP Petition and CAP shopping plan are being directed to Docket No. P-2012-2301664.

In accord with the December 19, 2013 TO, comments were filed by the Company, the Office of Consumer Advocate (“OCA”), and CAUSE-PA on January 8, 2014.

On January 16, 2014, subsequent to the submission of Comments to the TO, the Company filed a Joint Petition for Approval of Non-Unanimous Settlement (“Joint Petition”) in its

distribution base rate pending before the Commission at Docket No. R-2012-2372129. CAUSE-PA is an intervenor in that proceeding, a signatory to the Joint Petition, and has submitted a Statement in Support of the Joint Petition. Among other matters, the Joint Petition proposes resolution a number of the Universal Service matters which were addressed in the TO and commented upon by the parties. In paragraph 38 of the Joint Petition the Company agrees to file an amendment to its USECP within 60 days of approval of the Joint Settlement to incorporate the changes into its USECP.

CAUSE-PA supports the proposed changes to the USECP agreed upon by the Company as a result of negotiations within the currently pending distribution base rate proceeding at Docket No. R-2012-2372129. These proposed changes to the USECP are contained within the Joint Petition filed on January 16, 2014. These Reply Comments reference and reflect the negotiated agreement arrived at by the parties to the Joint Settlement which CAUSE-PA believes are in the public interest. CAUSE-PA's initial comments to the TO are therefore modified in these Reply Comments as a result of the subsequent negotiated agreement arrived at by the parties to the Joint Settlement. In addition, CAUSE-PA replies to the Comments submitted by the Company on other matters, not intended to be resolved by the Joint Petition. CAUSE-PA thanks the Commission for this opportunity to submit these reply comments.

II. Reply Comments

CAP Issues

a. Customer Payments Applied To Pre-Program Arrearages

Duquesne, in its Comments (at 3), indicates that it will no longer apply excess payments to pre-program arrears and that it accepts the Commission's proposed resolution that the Company amend its USECP so that CAP payments will be applied to any missed monthly CAP payment, and if none are past due, the excess amount will be applied to the next month's bill.

CAUSE-PA believes that this modification of the Proposed Plan to be appropriate, in the public interest and requests that the Commission approve it.

CAP Credits and the Billing “Bounce”

In its Comments (at 5) , the Company proposes to apply CAP Credits to customers’ accounts monthly at the time of billing, and until CAP Credits are completely exhausted and asserts that this resolution will address the “bounce-effect.” The Company proposes to calculate the deficiency as the difference between the budget billed amount based on the full tariff rates and the CAP budget amount based upon the customer’s income and occupant information (at 5-6). The company asserts that because only 10-12% of its customers typically reach the CAP maximum, the company does not recommend spreading the CAP credits evenly over the 12 month period for all CAP customers. The Company “believes” that spreading the credits evenly will substantially increase the costs of CAP because it would not be in regard to the customers’ ability to pay and would not encourage conservation (at 5.)

In its Comments, OCA submitted that the best method of applying CAP credits may be to spread the credits over a 12-month period, particularly since budget billing is used. OCA noted that application of credits in this manner will enable the customer to receive all the credits to which they are entitled and will not result in dramatically higher bills when the CAP credits run short. (OCA at 6.)

CAUSE-PA supports the OCA CAP credit application recommendation as it will further ameliorate the effects of a bounce in CAP credits when they run out. The payment bounce, which results in dramatically higher bills when CAP credits run short, creates significant hardships for the affected households.

Further, CAUSE PA takes issue with the Company's reasoning not to adopt the equal monthly billing mechanism. The rationale that a 12-month equalized bill is not based on a customer's ability to pay appears to contradict the company's commitment to incorporate budget billing and to ignore the fact that even when CAP payments are based on budget billing, the CAP bill, although it may be equalized, is always supposed to be based upon a calculation reflecting the customer's ability to pay. The additionally asserted rationale that applying the credits over a 12-month period will not encourage conservation is incorrect in that it does not reflect the realities of CAP customer consumption practices and conservation incentives. The existence of a CAP credit maximum, regardless of how it is applied, is itself an incentive to conserve. The customer is continually incentivized to take action so that the credit is not exhausted and the customer is not subject to higher rates. In addition, the Commission's policy guidelines act as a continuing incentive to the customer not to exceed past annual usage levels.

b. Telephone Coverage at CAP Agencies

In its Comments, the Company indicates that it will require, by contract, that its CAP CBO administrator be accessible to customers and that a call-back within two days will be required. Although this is a step in the right direction, CAUSE-PA submits that these steps by themselves may continue to be inadequate. CAUSE-PA recommended in its comments, that Duquesne ensure that its contractors are accessible to customers and that administrating entities, as agents of Duquesne, must be required to be as accessible and responsive to customer contacts as the regulated entity they represent. A call-back response date of two days, while better than current practice, still does not provide any standard regarding moving toward timely initial call answering times. Initial prompt contact with the customer to resolve immediate concerns relating to critical issues should be the norm. Establishing a system whose ultimate standard is to engage

in a round of “telephone tag” or in person visits is an inadequate response to a serious problem. CAUSE-PA respectfully submits that the Commission require the Company to have adequate initial call answering capability. This standard must be the same for all customers. The call answering capability for CAP customers should not be at lower standards than for other customers. Simply because the Company delegates another entity to administer its CAP, does not justify a second tier capability of call-answering by that entity.

Enrolling Customers in Termination Status into CAP

In its comments, Duquesne indicates that it has implemented a revised outbound call campaign which has resulted in approximately a \$5 million reduced levels of arrears. The Company comments did not provide the details concerning how these arrears were reduced. Did the outbound call campaign reduce arrears as a result of a higher number of CAP enrollments, a greater level of LIHEAP receipts, or more affordable payment agreements? Although each of the outcomes would be beneficial, taken together in a coordinated fashion with CAP enrollment as the cornerstone, the results would be enhanced. As CAUSE-PA noted in its initial comments, Duquesne should proactively market their CAP program to all confirmed low-income households who are on payment agreements currently or in arrears, and institute a process whereby before any confirmed low-income household is placed on a payment agreement they are adequately informed about their ability to be enrolled in CAP, its benefits and obligations. If that household is eligible and requests enrollment, they should be enrolled at that time. Only if the household is ineligible for or chooses not to enroll in CAP should they be placed on a payment agreement.

It is respectfully submitted that the Commission request that the Company provide more specific information and data, prior to final USECP approval, regarding how it is promoting CAP

enrollment and what success, if any the outbound referral process has had in achieving higher CAP enrollment. The provision by the Company of this information should not result in any delay in implementation of the 2014-2016 USECP since should the Commission approve the Universal Service provisions agreed upon by the Joint Petitioners in the current rate case, Duquesne has committed to filing a Petition to amend its USECP

c. Zero Income

In its Comments, Duquesne notes that it requires customers to complete, sign and date a zero income form, but does not require notarization. This is consistent with the guidance provided by the Commission in PECO's USECP. The Company states that its process is similar to that used by the Pennsylvania Department of Public Welfare ("DPW"). CAUSE-PA understands the DPW process to be intended to be administratively adequate while not cumbersome to the individual. CAUSE-PA respectfully submits that it is reasonable to require Duquesne to monitor its process to ensure that it does not impose any financial and logistical burdens on applicants for, or recipients of, CAP who lack resources and to report to the Commission annually the number of individuals requested to complete the zero income form, the number who have successfully done so.

d. Automatic Recertification

The Company's Comments indicate that payment status will no longer be used for automatic recertification. The Company will continue to use receipt of LIHEAP as a basis for recertification, assuming LIHEAP income eligibility levels remain the same. In addition, the Company will request that income and occupant information is updated annually and if the customer does not provide the information, default from the CAP will occur bi-annually. Duquesne estimates that the cost of the required systems modifications will be \$17,250 which it will seek to recover in a future base rate case.

CAUSE-PA believes that the Duquesne proposed process is reasonable. However, given the concerns and present capacities of Duquesne and its current CAP administrative agencies regarding their CAP customer accessibility, response times, and resources, it would appear that the development and implementation of a workable process for CAP customers to submit a formal annual report as envisioned in Duquesne's proposal, should occur only *after* the Company's new CBO contract has resulted in a demonstrated capacity to be accessible to CAP customers in a timely manner and that all CAP customers are appropriately informed and educated about the significance of this change. CAUSE-PA therefore recommends that, rather than authorize recertification changes that may result in additional administrative difficulties for the company and CAP customers, as well as additional systems costs now, the Commission direct Duquesne to incorporate any proposed recertification changes in its next triennial USECP filing with a report detailing the capacity of its CAP administrator to effectuate those changes.

Maximum CAP Credit

As previously noted, while on January 8, 2014, CAUSE-PA in its Comments to the TO addressed the issue of Maximum CAP credits, subsequently, on January 16, 2014, the Company filed a Joint Petition for Approval of Non-Unanimous Settlement ("Joint Petition") in its distribution base rate proceeding before the Commission at Docket No. R-2012-2372129. CAUSE-PA is an intervenor in that proceeding, a signatory to the Joint Petition, and has submitted a Statement in Support of the Joint Petition. In paragraph 38 of the Settlement, Duquesne Light agrees to increase the maximum CAP credits for non-heat customers from \$560 per year to \$700 per year and for heating customers from \$1,400 per year to \$1,800 per year, effective January 1, 2015. CAUSE-PA believes that this proposed modification to the level of CAP credits is a positive action by the Company, is in the public interest, is in accord with prior

Commission recommendations and should be approved by the Commission. CAUSE-PA considers the issues it raised and its comments regarding maximum CAP credits to be addressed as a result of the Joint Settlement and respectfully requests that the Commission approve the Joint Settlement as well as the Petition Duquesne will file to amend its USECP in accord with the Universal Service provisions of that Joint Settlement.

Low Income Usage Reduction Program (Smart Comfort) Issues

In Paragraph 38 of the Joint Settlement submitted by the Company for approval within its currently pending distribution rate increase proceeding, Duquesne Light agrees to an increase in the annual target of LIURP visits from 2,555 in its currently filed Universal Service and Energy Conservation Plan (“USECP”) to 2017 to 3,100 visits. This increase is well justified. CAUSE-PA believes that this proposed modification to the level of LIURP visits is a positive action by the Company and is in the public interest. CAUSE-PA respectfully requests that the Commission approve the Joint Settlement as well as the Petition Duquesne will file to amend the Duquesne USECP in accord with the Universal Service provisions of that Joint Settlement. CAUSE-PA withdraws any of its original comments to this proceeding which in any way conflict with the terms of this Joint Settlement.

III. Conclusion

CAUSE-PA thanks the Commission for this opportunity to submit these reply comments concerning the December 19, 2013 Tentative Order and to modify its initial Comments to reflect the subsequent filing of the Joint Petition for Approval of Non-Unanimous Settlement (“Joint Petition”) in Duquesne’s distribution base rate increase request pending before the Commission at Docket No. R-2012-2372129.

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