

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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November 21, 2014

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

RE: Petition of Duquesne Light Company for
A Waiver of Certain Provisions of the
Pennsylvania Public Utility Commission's
Regulations at 52 Pa. Code § 54.4, 52 Pa.
Code § 56.15(7), and 52 Pa. Code § 56.22(a)
Docket No. P-2014-2450281

Dear Secretary Chiavetta:

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

Copies have been served upon all parties of record as shown on the attached 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: Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

197215

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company for :
Waiver of Certain Provisions of the :
Pennsylvania Public Utility Commission’s : Docket No. P-2014-2450281
Regulations at 52 Pa. Code § 54.4, :
52 Pa. Code § 56.15, and 52 Pa. Code § 56.22(a) :

ANSWER
OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On October 29, 2014, Duquesne Light Company (Duquesne or Company) filed its Petition for Waiver of Certain Provisions of the Public Utility Commission’s Regulations. In its Petition, Duquesne requests temporary waiver of three provisions of the Public Utility Code: (1) 52 Pa. Code § 54.4 regarding the order of charges appearing on the customer bill; (2) 52 Pa. Code § 56.15(7) regarding the identification on the customer bill of applied credits and payments; and (3) 52 Pa. Code § 56.22(a) regarding the accrual of late fees. Duquesne states that the “limited and temporary” waivers are necessary due to the replacement of the existing customer information system with a new Customer Care and Billing (CC&B) system. Petition at 1, ¶¶ 6-9. The Office of Consumer Advocate (OCA) responds as follows to Duquesne’s proposed waiver of Sections 56.22(a) and 56.15(7) of the Public Utility Code.

II. ANSWER

The Company seeks a six month waiver of Section 56.22(a) of the Public Utility Code regarding the accrual of late fees and a one month waiver of Section 56.15(7) of the Public Utility Code regarding the identification on the customer bill of applied credits and payments.

52 Pa. Code §§ 56.22(a), 56.15(7). Subject to the comments and conditions below, the OCA does not object to these temporary waivers.

Section 56.22(a) states:

Every public utility subject to this chapter is prohibited from levying or assessing a late charge or penalty on any overdue public utility bill, as defined in § 56.21 (relating to payment), in an amount which exceeds 1.5% interest per month on the overdue balance of the bill. These charges are to be calculated on the overdue portions of the bill only. The interest rate, when annualized, may not exceed 18% simple interest per annum.

52 Pa. Code § 56.22(a). Under its tariff, Duquesne may assess a late payment charge of “1.25% interest per month on the full unpaid and overdue balance of the charges applied by the Company, including EGS charges for those customers who have selected consolidated billing.” Petition at ¶ 13. The Company states that its new billing system is currently formatted so that late payments are calculated monthly based on the entire amount of the outstanding balance on the account at the time of the billing, including prior unpaid late charges. This allows the Company to compound the interest on prior unpaid late charges. *Id.* at ¶ 14. Duquesne states that “[o]nce this modification is implemented, no interest will be charged on unpaid late payment charges that were previously issued.” *Id.* at ¶ 17. The OCA supports Duquesne returning to its prior method of assessing late payment charges after the temporary waiver.

Duquesne requests a six month waiver in order to allow Duquesne to modify the computer system so that no interest will be charged on prior unpaid late charges. *Id.* at ¶ 18. As a consumer protection, Duquesne states that it has safeguards in place to ensure that the “total annual interest charged to delinquent balances does not exceed 1.5% per month or 18% annually, even in cases of lengthy non-payment extending for a year.” *Id.* at ¶ 16. Because the proposal is a temporary, six-month waiver to allow the Company to resolve the problem and the Company has proposed additional consumer safeguards, the OCA does not oppose the proposed six-month

waiver of 56.22(a). If the waiver is approved, the OCA recommends that the waiver explicitly be conditioned on the implementation of Duquesne's safeguards and that the total interest charged shall not exceed 1.5% per month, or 18% annually.

Duquesne also seeks a waiver of 56.15(7) during the first billing cycle under the new CC&B system. Section 56.15(7) states that "the total amount of payments and other credits made to the account during the current billing period must appear on the bill." 52 Pa. Code 56.15(7). The Company states that the initial bills will correctly incorporate any payments made to the account since their last bill. The initial bills, however, may not display all payments and other credits made to the account as individual line items. Petition at ¶ 20. Duquesne avers that this is a one-time occurrence resulting from the transition from one system to the other and that customers may contact Duquesne directly with any questions about the application of credits and payments and to receive their current account balances. *Id.* at ¶ 23. In order to address potential customer confusion, the OCA recommends that the Company provide a bill message or bill insert to inform customers that this is a one-time difference in the billing format due to the implementation of the new billing system and to direct customers to contact the Company with any questions about the status of payments, credits or other billing questions.

III. CONCLUSION

If the Commission grants the waiver of Section 56.22(a) of the Public Utility Code, the OCA recommends that the waiver be limited to six months and that the Company's proposed consumer protections of a maximum of 1.5% per month and 18% per annum be applied. If the Commission grants the waiver of Section 56.15(7) of the Public Utility Code, the OCA recommends that the Company provide a bill message or bill insert to explain to customers the temporary change in the billing format and to direct customers to contact the Customer Call Center if there are any questions about whether payments have been correctly applied.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

Duquesne Light Company for Waiver :
of Certain Provisions of the Pennsylvania : Docket No. P-2014-2450281
Public Utility Commission's Regulations at :
52 Pa. Code § 54.4, 52 Pa. Code § 56.15(7), :
and 52 Pa. Code § 56.22(a) :

I hereby certify that I have this day served a true copy of the foregoing, the Office of Consumer Advocate's Answer, 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 21st day of November 2014.

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