

**Duquesne Light Company  
Universal Service and Energy  
Conservation Three Year Plan  
2017-2019**

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## **DUQUESNE LIGHT COMPANY**

### **UNIVERSAL SERVICE AND ENERGY CONSERVATION PLAN**

Duquesne Light Company ("Duquesne Light" or "Company") has a comprehensive Universal Service and Energy Conservation Plan, which consists of its Customer Assistance Program ("CAP"), Customer Assistance and Referral Evaluation Services ("CARES"), Low Income Usage Reduction Program ("LIURP"), and Hardship Fund. The goals of Duquesne Light's universal service programs are to provide affordable service for low income customers, to maintain the affordability of electric utility service for low income customers, to assist low-income customers to conserve energy and reduce residential utility bills, and to operate its universal service programs in a cost effective and efficient manner.

#### **I. Background**

Duquesne Light's 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 percent of Federal Poverty Level ("FPL"), 2) at least one year of residency at their address, 3) housing expenses that were more than 45 percent 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 customers 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, in order to allow 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 percent of poverty guidelines, and between 51 percent and 100 percent 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 52 Pa.Code §69.265, related to CAP Design Elements and to provide bill affordability. During this same period, analysis was done to determine if CAP percentage levels should be adjusted in accordance with FPL guidelines released in February 2006. This analysis was completed using income and occupant information provided to Duquesne Light 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 percent and 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)

In January 2011, Duquesne Light initiated the "Automatic Enrollment" feature into the CAP Program. Upon receipt of a Low Income Home Energy Assistance Program ("LIHEAP") grant, customers were automatically enrolled in the Company's CAP program at 100% of their budget amount 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 collaboration with its Energy Efficiency and Conservation Act 129 program, "Watt Choices."

In its 2014-2016 plan and as approved by the Commission in the Company's Rate Case Settlement at Docket No. R-2013-2372129, Duquesne Light increased its maximum annual CAP credits to assist low-income customers in managing their energy burden. Duquesne Light increased the maximum CAP credit from \$560 to \$700 for non-heating customers and from \$1,400 to \$1,800 for heating customers. This increase in the maximum CAP credit assisted CAP customers in further managing their energy burden. The Company also agreed to eliminate the requirement for customers to provide their social security number as a prerequisite to CAP participation provided that customers can provide sufficient alternative identification.

## II. Proposed Modifications & Clarifications

The 2017-2019 Universal Services Three Year Plan includes several program enhancements, modifications, and clarifications. Namely, under this plan, the Company will:

- ~~Allow customers to complete CAP enrollment via telephone interview and automatically enroll customers who receive LIHEAP grants into CAP at 85% of their budget amount;~~
- ~~Modify the recertification process to require recertification for customers on fixed incomes;~~
- Implement a targeted CAP outreach program for customers that receive a LIHEAP grant in lieu of auto-enrollment;
- Clarify the zero income application procedure;
- Clarify that customers are provided with information regarding the Company's Universal Service Programs during the CAP intake process;
- Clarify the presentation of CAP benefits received to customers;
- Clarify the hours of operation for CAP agencies;

- Clarify CAP default procedures;
- Assess Smart Comfort program options and provide for third party inspections of Smart Comfort weatherization.

### III. Customer Assistance Program (CAP)

#### 1. 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 customers. Universal Service Program costs, including CAP costs, are recovered through a reconcilable surcharge found in Duquesne Light's Tariff.

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 Duquesne Light and community programs and services.

A major benefit to customers who make full 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 payments of the CAP bill. As customers make full payments of monthly CAP balances, 1/24 of their arrearage will be forgiven each month. Customers also now have the ability to receive arrearage forgiveness on catch up payments made for past due monthly CAP balances.

An additional benefit of CAP is reduced monthly payments. CAP customers are enrolled in Duquesne Light's budget billing program.<sup>1</sup> 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 the household size and gross household income. The remaining deficiency is considered the customer's monthly CAP credit and is applied until the customer reaches the annual CAP credit maximums. The maximum annual CAP credit is \$700 for non-heating customers and \$1,800 for electric heating customers. High use customers have the option to enroll at a higher income category to reduce the likelihood of hitting the annual maximum credit.

<sup>1</sup> Budget billing allows customers to pay approximately the same amount on their Duquesne Light bill each month based on historical usage. The budget amount is recalculated periodically in accordance with the regulations to reflect more current usage. The CAP budget bill payment is calculated by taking the customers' estimated monthly budget bill amount and multiplying it by the appropriate percentage based on income.

Security deposits, if requested, are waived for applicants or customers who are confirmed low income.

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

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

\*Upon receipt of a LIHEAP grant for a customer, an "automatic enrollment" will occur into CAP. When the Company receives a LIHEAP grant, it will automatically place the customer on budget billing at eighty-five (85) percent of the budget bill amount until the time when the customer provides the income and occupancy documentation to determine the appropriate discount percentage. Upon automatic enrollment, the Company sends the customer a CAP income form, as well as an explanation of the program. Should the customer not wish to be enrolled in CAP, the customer may opt-out.

If the auto-enrolled customer has not completed and returned the CAP income form within 30 days, a CBO representative will attempt to contact the customer to encourage the customer to provide the requisite documentation in order to receive the appropriate CAP discount. If the auto-enrolled customer does not complete and return the CAP income form, the customer will remain on CAP at eighty-five (85) percent of the budget bill amount until recertification or until the customer provides proof of income to receive a lower CAP discount.

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

With the exception of those customers that are auto-enrolled in CAP, customers must schedule and complete the enrollment process either in person at one of the Community Based Organization ("CBO") offices or over the phone. This interview allows the customer to receive and explanation of CAP, CARES, and other relevant programs such as LIHEAP. An essential component of the enrollment interview is the discussion of the CAP bill. The customer is provided with a diagram showing the various components of a CAP bill, including the CAP discount, debt forgiveness amount, the maximum annual CAP credit available, and the remaining CAP credit available. The CAP bill also contains a statement explaining that the customer may exceed the maximum CAP credit by an estimated date and that the customer will be required to pay the full budget amount each month until the CAP credit amount is reset on the customer's anniversary date.

At the time of the application, Duquesne Light requests that the applicants provide social security numbers on the application; however, in lieu of providing a social security number, an

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applicant may provide another acceptable form of identification such as a driver's license or other government issued identification. Customers applying for CAP will be informed that a social security number is not required to complete the application process.

Duquesne Light will conduct targeted outreach for customers that receive LIHEAP grants for enrollment in CAP. Duquesne Light will compile a list of customers for whom a LIHEAP grant was received and are not currently enrolled in CAP. The remaining customers will receive a mailing through Community Based Organizations explaining the benefits of the CAP program and instructing the customer on how to apply for CAP. A Benefits Brochure will also be included; this brochure outlines the benefits and responsibilities associated with the CAP program. After a period of one month, if the customer has not enrolled in CAP, a second outreach will be made by the CBO – either via phone or mail.

**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.

**b. Customer Obligations**

All customers remain in the program for as long as they are income qualified and comply with the CAP 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 six months may be required to complete a Smart Comfort visit before enrollment in CAP, so long as landlord approves.
- CAP customers whose base load usage exceeds 500 kWh 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 the time of enrollment are required to complete the "Zero Income Form" and give Duquesne Light permission to verify the income with government agencies such as the Internal Revenue Service ("IRS"), and through bankruptcy proceedings. The Company requests that the customer identify all household members, the address where service is provided and a brief explanation of how household expenses are met on the form. This process is similar to the process used by the Pennsylvania Department of Human Services. The customer must sign and date the form; however, the Company does not require that the form be notarized. The customer's income status may be reviewed every six months to determine if employment or income status has changed. However, if the customer's income status changes, the customer is required contact the Company to notify it of the change.
- Generally, all CAP customers are requested to recertify their income and occupancy information annually. Each year, a letter will be sent requesting updated information for all household members. Customers may recertify through mail. ~~The receipt of a LIHEAP grant will be used to automatically recertify a household for CAP provided the income requirements for LIHEAP and CAP are the same.~~ Customers reporting \$0 household income, unemployment compensation, or self-employment income may be required to recertify every six months. Customers receiving LIHEAP or Crisis grants within the most recent program year will not be required to recertify. However, all customers must recertify their income biannually.
- Exceptions:
  - ~~Customers having a fixed source of income (e.g., Social Security benefits, public assistance, etc.) as the only source of income for their household will be required to recertify every two years;~~
  - ~~Customers receiving LIHEAP or Crisis grants within the most recent program year will not be required to recertify.~~

Duquesne Light's CAP customers currently are not able eligible to shop for an Electric Generation Supplier ("EGS"). However, a customer that has an EGS and wishes to participate in CAP will be advised that Duquesne Light can switch the customer back to Default Service; however, the customer may be subject to a cancellation fee. The customer should check his/her EGS agreement to determine whether there are any fees associated with cancellation.

#### 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 during the initial enrollment interview. 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 CAP obligations may lead to dismissal from the program. The grounds for default are summarized in the chart below:

<u>Grounds for Default</u>	<u>Required 1 Year Stay-out</u>	<u>Opportunity to Cure</u>
<u>Failure to recertify</u>	<u>No</u>	<u>Yes</u>
<u>Failure to complete Smart Comfort Visit</u>	<u>No</u>	<u>Yes</u>
<u>Termination for non-pay</u>	<u>No</u>	<u>Yes</u>
<u>Voluntary Removal from Program</u>	<u>No</u>	<u>Yes</u>
<u>Removal for fraud, material misrepresentation, etc.</u>	<u>Yes</u>	<u>No</u>

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 the 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 generally 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 re-apply. CAP customers will be permitted to re-enroll if service is restored within 30 days. 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.

When a CAP customer's base load usage exceeds 500 kWh per month and the customer refuses to complete a Smart Comfort (LIURP) visit, the customer may be defaulted from the CAP program until the cause of the default has been satisfied.

If a customer fails to provide updated household information, the account may be defaulted from CAP. 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), the customer 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. Upon receipt of a dispute related to a default or removal from CAP, the Company will investigate and provide the customer with its final position and rights to file a complaint with the Commission.

Customers may also request to be removed from CAP. If a customer requests to be removed from CAP, the customer is advised that the customer will not be able to re-enroll in CAP again for twelve (12) months unless the customer shows that he/she has paid amounts equivalent to a CAP payment for the time period outside of CAP. After the twelve (12) month stay-out period, customers may re-enroll in CAP, as described above.

Customers that are determined to have income levels exceeding program limits will be removed from CAP. ~~Current customers moving outside of the Company's service territory will also be removed from CAP, as they will no longer be Duquesne Light customers after moving.~~ Customers may also be removed from CAP for fraud, theft, or tampering.

**d. Consumption and Energy Efficiency Education**

Through CAP, 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 Low Income Usage Reduction Program ("LIURP") representatives and the Company's Smart Comfort contractor, who will analyze customer bills, contact the customers with additional consumption reduction information and may enroll the customers in LIURP and Smart Comfort, Act 129 low income programs (Watt Choices), or other programs to proactively assist in reducing energy usage to normal levels. Customers participating in CAP consent to share their usage information with third party providers.

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

**2. Program Eligibility**

Duquesne Light's CAP discount is available to residential customers whose total gross household income is at or below 150% of the FPL, 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.

Currently existing senior CAP customers with household income between 150% and 200% of the FPL 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 FPL and provided they continue to adhere to the requirements of the Program.

**3. Projected Enrollment Levels & Needs Assessment**

Enrollment levels for the years 2017 through 2019 are based on data from the U.S. Census Bureau and information identified from its internal billing system.

**a. Census Data for Households at or Below 150% of Poverty**

County:	Census	Duquesne	%	Census	%	Estimated
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	<b>Total Households:</b>	<b>Light Residential Customers:</b>	<b>Duquesne Light Customers:</b>	<b>Low Income:</b>	<b>Census Low Income:</b>	<b>Low Income Based on Census:</b>
Allegheny	525,776	461,069	87.69%	136,423	25.95%	119,633
Beaver	70,853	63,450	89.55%	18,435	26.02%	16,509
Westmoreland	151,279	41	0.03%	37,928	25.07%	10
Total	747,908	524,560	70.14%	192,786	25.68%	136,152

**b. Confirmed Low-Income Customers**

	<b>CAP:</b>	<b>Non-CAP Low Income:</b>	<b>Confirmed Low-Income:</b>
2013	36,544	21,628	58,171
2014	35,352	23,440	58,792
2015	35,602	15,772	51,374
Average	35,832	20,280	56,112

**c. Payment Troubled Low-Income Customers**

As the basis of its analysis, Duquesne Light utilized the definition of a payment troubled as found in 52 Pa. Code § 54.72, which defines payment troubled as a "household that has failed to maintain one or more payment arrangements in a one-year period." The Company reviewed the data of payment troubled low-income customers as a percentage of a confirmed low-income customer not on CAP over a three-year period. Duquesne Light's analysis shows that approximately seventeen (17) percent of confirmed low-income customers not in CAP are payment troubled.

**d. Projected Enrollment**

Duquesne Light's analyzed the average CAP enrollment from the past three years:

	2013	2014	2015
Average	36,544	35,352	35,602

Based upon a three year average of CAP enrollment from Duquesne Light's billing system with a 1.5% annual escalation, the estimated net enrollment of active CAP customers by year is shown below:

Year	CAP Enrollment Level <sup>2</sup>
2017	40,093
2018	40,694
2019	41,304

Year:	CAP Enrollment Level <sup>3</sup> :
2017	36,767
2018	37,319
2019	37,878

**4. Program Budget**

To project the budget for 2017-2019, the Company reviewed the costs for the prior three-year plan. The specific projected funding levels for 2017 through 2019 are shown below:

Program Budget:	Administration	CAP Credits	Frozen Arrearage	Total
2017	\$1,996,461	\$14,262,786	\$3,748,953	\$20,008,200
2018	\$2,204,061	\$14,476,395	\$3,805,100	\$20,485,556
2019	\$2,619,382	\$14,693,700	\$3,862,218	\$21,175,301

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	Administration:	CAP Credits:	Frozen Arrearage:	Total:
2017	\$1,830,840	\$13,079,586	\$3,437,954	\$18,348,377
2018	\$2,021,265	\$13,275,780	\$3,489,520	\$18,786,565
2019	\$2,402,115	\$13,474,917	\$3,541,863	\$19,418,895

<sup>2</sup> The projected enrollment levels assume CAP enrollment of 39,500 as of December 31, 2016.

<sup>3</sup> The projected enrollment levels assume CAP enrollment of 36,224 as of December 31, 2016.

The budget above was projected based on the average CAP Credit per customer while only 2015 was used to project the Frozen Arrearage due to the fact that the Frozen Arrearage is now liquidated in 24 months rather than 36 months.

**5. Community-Based Organizations & Customer Outreach**

Holy Family Institute and Catholic Charities currently administer Duquesne Light's CAP and CARES Programs. The organizations oversee a network of CBOs with 26 full time employees (FTEs) at 8 sites (main office location and satellite offices). Duquesne Light worked with the CBOs to ensure that the offices were located in areas with concentrations of confirmed low income customers and relative proximity to transportation and other such factors.

Duquesne Light continues to utilize CBOs in the same manner as in its prior plan. CBOs serve as the CAP administering agencies and accept referrals from various sources. CBOs also contact customers to perform an initial screening for potential program participation and arrange personal interviews at CBO locations and phone interviews. Though CBOs have scheduled hours, customers unable to visit the CBO within those hours will be accommodated outside of normal business hours by appointment and also by phone. For customers with special needs preventing them from visiting the CBO for an interview, home visits may also be scheduled.

CBOs serve as a primary Universal Services contact with the customer, which is maintained throughout the customer's participation in CAP and other Universal Services programs. CBOs will be responsible for attempting to schedule CAP appointments, making timely reminder calls prior to the scheduled appointment and other various assignments that streamline the CAP application/enrollment process and increase efficiency. CBOs will return calls to customers within two (2) business days.

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

<b>Community Based Organizations:</b>	<b>Counties Served:</b>
Catholic Charities	Allegheny
Holy Family Institute, East Liberty	Allegheny
Holy Family Institute, Northside	Allegheny
Holy Family Institute, McKees Rocks	Allegheny
Holy Family Institute, Swissvale	Allegheny
Holy Family Institute, Aliquippa	Beaver
Holy Family Institute, McKeesport	Allegheny
Holy Family Institute, Beaver Falls	Beaver

The Company has expanded its customer outreach in various ways. For instance, Duquesne Light implemented Interactive Voice Response ("IVR") options for customers calling the Company with questions about Universal Services. The use of IVR expedites the pathway enabling a customer to speak with customer service representatives dedicated to Universal Services. Another example of Duquesne Light's customer outreach occurs when CBO representatives visit large multi-family residences for projects such as weatherization, they

generally coordinate with property management in order alert residents that a CBO representative will be on site to explain Duquesne Light's universal services programs. These CBO representatives conduct the full integrated intake process for all programs with interested residents on site, in essence setting up a "Mobile CAP Office or Workforce" to assist customers in a convenient location. The intention is for CAP/CARES representatives to work with the Management Company for the purpose of assisting customers with: CAP enrollment, Hardship Fund/LIHEAP grant application completion, and referral to other assistance agencies/programs that may benefit the customer. Representatives generally create temporary offices in the lobby of the building to assist customers.

In addition, CAP/CARES representatives are encouraged to reach out to a low-income, multi-family dwelling independent of weatherization efforts being conducted at that time and create a rapport with the management company in charge of the building. Once this relationship has been created, the representatives will work with the management company to provide Universal Services program assistance information, guidance and assistance.

#### **6. Organizational Structure of Duquesne Light Staff**

Duquesne Light's Universal Services Department is currently staffed by four dedicated individuals. The department is headed by the Manager of Credit and Universal Services, who is supported by a 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 continues to evaluate staffing as needs arise and augments staffing as necessary.

#### **IV. Customer Assistance Referral and Evaluation Services (CARES)**

##### **1. Program Description**

Duquesne Light's Customer Assistance Referral and Evaluation Services ("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.

The program focuses on residential customers whose income is at or below 150% of the FPL and senior citizens whose income is at or below 200% of the FPL. Customers may be referred to CARES by internal and external sources including but not limited to other Duquesne Light departments, other utility companies, CBOs (e.g., Holy Family and Catholic Charities), 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.

CBOs refer customers to CARES during the initial interview for universal services programs. The CBOs assist these customers in obtaining all available energy assistance for which the household qualifies (e.g., LIHEAP, Crisis, and Dollar Energy Fund) and also make referrals to other programs and services based upon need and availability. For customers with special needs preventing them from visiting the CBO for an interview, home visits may also be scheduled. During home visits, CBO representatives can more quickly determine the basic causes of customers' hardships, as well as verify customers' statements concerning sources of household income. Case Managers also visit identified low-income, multi-family dwellings as well as other gathering places to hold events that encourage and assist CAP enrollment.

## **2. Program Eligibility**

CARES is designed specifically for low-income customers (household income at or below 150% of the FPL) 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 FPL. However, Duquesne Light makes every effort to avoid turning any customer away, regardless of income level.

## **3. Enrollment Levels**

As customers are provided with information on all programs including CARES as part of the CAP enrollment process, Duquesne Light estimates that the enrollment for CARES should approximate the total of CAP new enrollments and eligible seniors seeking assistance. Analysis of customer participation shows that enrollment levels for CARES are consistently around 12,000 customers per year.

## **4. Program Budget**

The specific funding level for 2017 through 2019 is shown below:

<b>Year:</b>	<b>Funding Level:</b>
2017	\$135,000
2018	\$135,000
2019	\$135,000

## **5. Needs Assessment**

The projected participation and funding for 2017 through 2019 is shown below:

<b>Year:</b>	<b>Estimated Budget:</b>	<b>Projected Participation:</b>
2017	\$ 135,000	12,000
2018	\$ 135,000	12,000
2019	\$ 135,000	12,000

## **6. 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. The CBOs refer customers to CARES at the time of the CAP intake interview. CARES is administered by the CBOs listed in the section related to CAP.

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. 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. 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.

## **7. Organizational Structure of Duquesne Light Staff**

Please see Section III (6) on page 11 for staffing information.

## **V. Hardship Fund**

### **1. Program Description**

Duquesne Light's Hardship Fund is administered by the Dollar Energy Fund ("DEF"). Begun in March 1983, Dollar Energy was one of the first utility-sponsored fuel funds in the nation and 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 the Dollar Energy Fund include:

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

The Hardship Fund operates from October 1st of each year and continues until funds are depleted.

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 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 ("LIHEAP").
- Coordinate and expand the activities of community-based organizations that provide energy-related assistance.
- Help customers understand and access community resources to solve energy payment problems as a step toward greater self-sufficiency.

### **2. Eligibility**

Dollar Energy is designed specifically for low-income residential customers (household income at or below 200% of the FPL) who are unable to pay their electric service. The program focuses on low-income customers who have overdue balances and an inability to pay the full amount of their energy bills. To be eligible, customers must:<sup>4</sup>

1. Have a residential account and reside at the premise address.
2. Have paid a minimum of \$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 (FPL guidelines apply).
5. Provide the Social Security numbers for all members of their household.

The respective operating dates and service status criterion for each timeframe is as follows:

- October 1 to November 30 - Electric service off or in threat of termination.
- December 1 to January 31 - Electric service off only.
- February 1 to February 28 - Electric service off or in threat of termination.
- March 1 until funds are exhausted - Open to all eligible applicants regardless of service status

The Dollar Energy Fund becomes the "fund of last resort" when the customer has applied to LIHEAP, if LIHEAP is open and the customer qualifies for LIHEAP. Approved applicants will receive a grant of up to \$500 to offset an overdue balance. A household can receive only one Dollar Energy Fund grant during a program year. Upon receipt of the grant, a 30-day stay on termination is placed on the account and the grant amount will be applied to the customer's past and current "asked to pay" amounts. Excess payments will be applied to the next month's billed amount.

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<sup>4</sup> The eligibility requirements of the Hardship Fund are those of the Dollar Energy Fund and are not determined by Duquesne Light.

### 3. 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.<sup>5</sup>

	<b>Estimated Budget:</b>	<b>Participation:</b>	<b>Average Grant:</b>
2017	\$750,000	1,820	\$412
2018	\$750,000	1,820	\$412
2019	\$750,000	1,820	\$412

### 4. Needs Assessment

Estimates for the Hardship Fund are based on past program participation levels as shown below:

<b>Year:</b>	<b>Funding:</b>	<b>Participation:</b>	<b>Average Grant:</b>
2013	\$750,000	1,751	\$ 428
2014	\$750,000	1,843	\$ 407
2015	\$750,000	1,845	\$ 407
Average	\$750,000	1,813	\$ 414

### 5. Community-Based Organizations

The Dollar Energy Fund utilizes community based organizations in Duquesne Light's service territory to validate household income and process applications. 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.

#### **Community Based Organizations:**

Allegheny Center Alliance Church  
 Allegheny County DHS/OCS  
 Allegheny Valley Association of Churches  
 Brashear Association's Neighborhood Employment Center  
 Brashear Center  
 Catholic Charities – Beaver  
 Catholic Charities – Pittsburgh  
 Coraopolis Community Development Foundation  
 Energy & Environment Community Outreach (EECO) Center  
 Goodwill of Southwestern Pennsylvania – McKeesport  
 Goodwill of Southwestern Pennsylvania – Southside  
 Hazelwood YMCA  
 Holy Family Institute – Aliquippa

#### **Counties Served:**

Allegheny  
 Allegheny  
 Allegheny  
 Allegheny  
 Allegheny  
 Beaver  
 Allegheny  
 Allegheny  
 Allegheny  
 Allegheny  
 Allegheny  
 Allegheny  
 Beaver

<sup>5</sup> Administrative support is recovered through the Universal Service Charge.



## **VI. Smart Comfort (LIURP)**

### **1. 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 FPL and senior citizens whose gross household income is less than 200% of the FPL, with base load electric usage more than 500 kWh per month and who have been a resident at their current address for at least six months.

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.
- To provide safer living conditions for low-income customers through the reduction of secondary heating devices.
- To educate the customer on current conservation practices.
- To 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 ensure the customer understands the concepts such as monthly kWh usage and usage comparisons.
  - Provide education on ways to reduce electric usage.
  - Develop partnership with customer to reduce electric usage.
- Determination of Smart Comfort measures to provide
  - A blower door test will be conducted if it is determined to be beneficial in ascertaining measures to be installed.
  - 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 ranges, 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 of the unit as well as life of the dwelling will exceed 12 years.
- The program also includes potential central air-conditioning change-out if 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 that can be undertaken by the customers. These workshops are held in different locations in Duquesne Light's service territory.

## **2. Program Eligibility**

The following are eligibility requirements for Smart Comfort:

- Low-income customers with a household income at or below 150% of FPL;
- Senior customers with household income at or below 200% of FPL;
- Special needs customers with a household income at or below 200% of FPL;<sup>6</sup>
- Electric base load usage greater than 500 kWh;
- Resident at that premise for at least six months.

Exceptions from the above eligibility requirements:

- Residency and base load requirements are waived for total-electric homeowners;
- Residency requirements are waived for non-heating CAP homeowners.

Duquesne Light will continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education.

## **3. Program Integration**

Duquesne Light has and will continue to coordinate its Smart Comfort program with its Watt Choices programs, as well as with gas company LIURP programs. The Company refers confirmed low-income customers who participate in any of its general residential programs to its Watt Choices low-income programs, its Universal Service programs, and LIHEAP. Duquesne Light will facilitate this coordination by inviting representatives from the Natural Gas Distribution Companies ("NGDCs") with overlapping service territories and representatives of the Commonwealth's Weatherization Assistance Program ("WAP") to its Act 129 Stakeholder meetings to discuss existing and possible enhancements to its coordination efforts.

<sup>6</sup> Not more than 50% of Smart Comfort participants will be households between 150% and 200% of FPL and not more than 20% of the budget will be utilized for these customers.

When possible, a common weatherization contractor performs an integrated electric and natural gas energy audit at the customer's home. The cost of the audit is shared and measures installed are financed by the utility benefiting from the energy efficient measure installed. In those situations when the energy audit is scheduled for a household eligible for Smart Comfort, the energy auditor inquires if the customer also would like a referral to the natural gas utility for possible energy-efficient gas heating measures. If the response is affirmative, the customer is required to sign a consent form permitting Duquesne Light to provide the necessary information to the natural gas utility.

**4. Projected Enrollment & Needs Assessment**

Enrollment levels for the years 2017 through 2019 are based upon the Rate Case Settlement Agreement at Docket No. R-2013-2372129.

<b>Year:</b>	<b>Enrollment Level</b>
2017	3,100
2018	3,100
2019	3,100

The following needs assessment methodology was provided by BCS in early 2001.

a. Determine the percentage of residential customers by county based on Census data poverty rates for households at or below 150 percent of poverty:

<b>Residential Accounts:</b>	<b>Accounts:</b>	<b>Census Data Poverty Rate:</b>
Allegheny County	461,069	25.95%
Beaver County	63,450	26.02%
Westmoreland County	41	25.07%
Total Residential Accounts	524,560	25.68%

b. Determine the number of households using less than 500 kWh.

<b>Base Load Month:</b>	<b>Accounts &lt;500 kWh:</b>	<b>Total Accounts:</b>	<b>Percent &lt;500 kWh:</b>
April	307,804	527,582	58.3%
May	298,485	506,723	58.9%
September	186,655	521,849	35.8%
October	301,862	520,771	58.0%
Total	1,094,806	2,076,925	52.7%

c. Determine eligible households.

Total Residential Households	524,560
Households Using <500 kWh	(276,510)
Net Base Load Eligible Households	248,050
Average Poverty Rate by Census Data	25.68%
Eligible Households by Poverty Rate	63,699
Deduct Completions in last 6 years & projected 2016	(22,614)
Net Eligible Households	41,085

Duquesne Light proposes to continue providing Smart Comfort services to 3,100 households annually.

### 5. Program Budget

Budget levels for the years 2017 through 2019 shown below indicate current levels and increased levels based upon the Rate Case Settlement Agreement at Docket No. R-2013-2372129. The average job costs in 2015 were \$2,064 and \$448 for electric heat and base load service, respectively. The following budget reflects expending five percent of the budget for electric heating service jobs.

	Electric Heat		Base Load		Total	
	Jobs	Budget	Jobs	Budget	Jobs	Budget
2017	155	\$321,634	2,945	\$1,334,066	3,100	\$1,655,700
2018	155	\$321,634	2,945	\$1,334,066	3,100	\$1,655,700
2019	155	\$321,634	2,945	\$1,334,066	3,100	\$1,655,700

During the life of the USECP, unspent funds will be carried over from one program year to the next.

### 6. Community Based Organizations and Outreach

Conservation Consultants, Inc. ("CCI") currently administers Duquesne Light's Smart Comfort program. The organization oversees a network of 9 FTEs throughout Duquesne Light's service territory. Additionally, Duquesne Light will continue to work with other utilities and community based organizations to jointly address the conservation, reduction, and assistance needs for customers utilizing electric space heaters. 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 discuss any proposed changes to its universal service programs 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*.

**7. Organizational Structure of Duquesne Light Staff**

Please see Section III (6) on page 11 for staffing information.

