

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

December 2, 2016

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

Re: Duquesne Light Company Universal
Service and Energy Conservation Plan for
2017-2019 Submitted in Compliance with
52 Pa. Code §§ 54.74
Docket No. M-2016-2534323

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Supplemental Comments in the above-referenced proceeding.

Respectfully Submitted,

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

Enclosure

cc: Joseph Magee, Bureau of Consumer Services (jmagee@pa.gov, Email Only)
Sarah Dewey, Bureau of Consumer Services (sdewey@pa.gov, Email Only)
Louise Fink Smith, Law Bureau (finksmith@pa.gov, Email Only)

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company Universal	:	
Service and Energy Conservation Plan for	:	Docket No. M-2016-2534323
2017-2019 Submitted in Compliance with	:	
52 Pa. Code §§ 54.74	:	

SUPPLEMENTAL COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE
ON DUQUESNE'S AMENDED
UNIVERSAL SERVICE AND
ENERGY CONSERVATION PLAN

The Office of Consumer Advocate (OCA) files these Comments in response to the Pennsylvania Public Utility Commission's (Commission) Secretarial Letter issued November 4, 2016, in the above-captioned proceeding.¹

I. INTRODUCTION

On March 16, 2016, Duquesne Light Company (Duquesne or Company) filed the above-captioned Universal Service and Energy Conservation Plan (USECP or Plan) for the years 2017 through 2019, in accordance with the Commission's regulations at 52 Pa. Code § 54.74(a), relating to electric universal service and energy conservation requirements. On August 11, 2016, the Commission entered its Tentative Order on the Plan which requested clarifications from the Company and Comments from interested parties. On August 31, 2016, the OCA, Duquesne, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-

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 consumer 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.

PA) filed Comments, and on September 12, 2016, the OCA, CAUSE-PA and Duquesne filed Reply Comments.

On October 31, 2016, Duquesne filed an amended proposed 2017-2019 USECP (Amended Plan). The Amended Plan proposed the following changes to the 2017-2019 Plan: (1) eliminates auto-enrollment for recipients of the Low Income Home Energy Assistance Program (LIHEAP) grants; (2) describes the targeted CAP outreach for customers that receive LIHEAP grants; (3) clarifies its zero income verification processes and CAP default policies; (4) modifies CAP recertification requirements; and (5) updates CAP enrollment and budget projections. Secretarial Letter at 1.

On November 4, 2016, the Commission issued a Secretarial Letter regarding the Amended Plan. The Commission asked the Company to provide the following information: (1) explain why Duquesne is eliminating its CAP auto-enrollment process for LIHEAP recipients; (2) clarify Duquesne's amended CAP recertification policy; (3) identify what rights a customer has to dispute and/or clarify information gathered from government agencies; (4) clarify whether Duquesne has developed health and safety guidelines and/or allowance thresholds to give contractors some flexibility when encountering repairs needed to provide weatherization services and provide a description of parameters for incidental repairs and/or household disqualification; and (5) provide documentation that the Company's budget billing and CAP rate discounts have been properly applied. Secretarial Letter at 2.

The Secretarial Letter invited interested stakeholders to provide Comments and Reply Comments on the Amended Plan.² The OCA addresses the five issues raised in the Commission's Secretarial Letter below in its Comments.

² On November 15, 2016, the Commission issued a revised Secretarial Letter which extended the Comment period until December 2, 2016, and the Reply Comment period until December 12, 2016.

II. COMMENTS

A. LIHEAP Auto-Enrollment

In its Amended Plan, Duquesne proposes to eliminate the Low Income Home Energy Assistance Program (LIHEAP) auto-enrollment. Amended Plan at 2. In its response to the Commission's questions regarding the change, Duquesne states that the Company is proposing to eliminate the LIHEAP auto-enrollment for two reasons: (1) "to create a true need-based program whereby enrollment is based on the actual verified income of customers" and (2) "to ensure that customers understand and consent to CAP guidelines and participation requirements prior to enrollment." Duquesne Response at 1. In its Amended Plan, the Company also states that it proposes to implement a "targeted CAP outreach program for customers that receive a LIHEAP grant in lieu of auto-enrollment." Amended Plan at 2. As the OCA stated in its Comments to the Company's original Plan, the OCA supports the continuation of a LIHEAP auto-enrollment program by Duquesne. OCA Comments at 3-6.³ To the extent the issue here is with operational aspects of the program, those can be addressed without eliminating auto-enrollment. As the OCA understands the issues raised by Duquesne, Duquesne is concerned with the failure to verify income within the allotted timeframe and with customers losing rights under Chapter 14 as a consequence of auto-enrollment. As discussed below, the OCA submits that program design parameters can be developed to address these issues.

Under Duquesne's current 2014-2016 Plan, upon receipt of a LIHEAP grant, CAP customers are 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." Amended Plan at 2; see, Tentative Order at

³ The Company's current policy is to require the customer to certify income within six months.

7, citing 2014-2016 Plan at 5. The Company then sends CAP customers a letter which explains the CAP benefits and requests verification of household income to determine the appropriate discount. Tentative Order at 7, citing 2014-2016 Plan at 5. If the customer does not provide the appropriate income verification within six months, budget billing is discontinued and all deferred arrearages are returned to the account balance. Tentative Order at 7, citing Duquesne 2014-2016 Plan at 5.

The OCA supports continuation of the current LIHEAP auto-enrollment policy, but understands the concerns that the Company identified in its response to the Commission's questions. Duquesne cites to concerns that customers will not be appropriately incentivized to apply to receive the appropriate discount level under the current program structure and that Duquesne does not have customer consent to enroll the customer in the CAP program. Duquesne Response at 1-2. The Company states that given the risks of losing certain protections under Section 1406(c) of the Public Utility Code, the Company is concerned about the lack of affirmative customer consent to enrollment in the CAP program and may not know of or meet the obligations of CAP. Duquesne Response at 2.

The OCA agrees with the concerns expressed by the Company about a CAP customer's participation on an automatic basis without the customer's full knowledge or understanding of the CAP requirements, obligations and benefits. As the Company correctly identified, the CAP program has certain responsibilities that will otherwise impact a low-income customer's rights for a further payment arrangement going forward under Section 1406(c) of the Public Utility Code. The OCA also agrees with Duquesne that the requirement for verification of the customer's income information is an essential part of the CAP customer's education about the program and an essential part of ensuring that the CAP customer understands his or her

responsibilities under the CAP program. Auto-enrollment of LIHEAP recipients without a requirement of further verification may mean that some CAP customers may not fully understand that they are enrolled in the CAP program and may not know of or meet the obligations of CAP.

The OCA, however, does not agree that these concerns suggest the elimination of auto-enrollment. There are several other approaches to these issues. One approach would be to provide some discount benefit and then shorten the time for verification.⁴ Duquesne uses a six month timeframe for verification. This may be too long a period of time with auto-enrollment. The Commission has previously approved a sixty day enrollment period for PECO's auto-enrollment program. See, PECO 2013-2015 USECP, Docket No. M-2012-2290911, Order at 32 (April 4, 2013). If the customer does not complete the verification and enrollment procedures within sixty days, the customer would no longer be in CAP. This shorter time will make communication and needed action by the customer more immediate to retain the benefit.

This shorter period would also address the Chapter 14 issue. The Company could allow for any necessary payment arrangement under Chapter 14 if the CAP amounts during this shorter sixty day period fell into arrears. While Chapter 14 prevents the Commission from ordering a payment arrangement for CAP arrears, the Company retains this discretion and could implement a process for a payment arrangement through a program rule.

The OCA submits that the Company should maintain a LIHEAP auto-enrollment policy, shorten the period for required recertification of income, and implement a program rule allowing for payment arrangements for this sixty day CAP amount if it falls into arrears.

⁴ Duquesne's current program freezes arrears but still requires the customer to pay 100% of a budget bill. If the customer also saw some discount to the bill, which could be shown or explained, it may provide additional reason for the customer to complete the verification and remain in the program. For example, under the Company's original 2017-2019 Plan, the Company proposed to change the program to enroll CAP customers in the program at a discount of 85% of budget billing. Tentative Order at 8.

B. Amended Recertification Policy

The Commission's Secretarial Letter requested that the Company clarify its recertification policy. In response, Duquesne states that the Company will request income information from all CAP customers whether or not the CAP customer receives a LIHEAP grant. Duquesne Response at 2. The Company, however, states that customers will not be removed from CAP unless the customer fails to recertify income every two years. Duquesne Response at 2.

While the OCA does not oppose income recertification on either an annual or biannual basis, the OCA is concerned that CAP customers may be confused by the difference in treatment for failure to recertify in Year 1 and in Year 2. The OCA submits that when CAP customers are asked to recertify income information in Year 1, but are only required to do so in Year 2, CAP customers may not expect the consequences of failure to recertify in Year 2. The OCA is concerned that CAP customers may not realize that they may be removed from the program if they fail to recertify in Year 2 when there were no consequences for failure to recertify in Year 1.

The OCA submits that CAP customers should only be asked for income information when they are required to recertify. To the extent that the Company implements its recertification policy, the Company should provide CAP customer education regarding the customer's obligations to recertify in Year 2.

C. Verification of Income Information for Zero Income Customers

The Commission requested clarification regarding the customer's ability to dispute information gathered from government agencies. Secretarial Letter at 2. Duquesne clarified that the Company may request a zero-income CAP customer to verify income by providing an IRS transcript. Duquesne Response at 2. The Company states that if the CAP customer believes that

the information provided by the IRS is incorrect, the CAP customer will be given the opportunity to provide supporting or correcting information within 60 days prior to adverse action. Duquesne Response at 2. If the customer fails to produce the information, the customer may then be removed from CAP. Duquesne Report at 2. The OCA appreciates the Company's clarification regarding this issue and agrees that the zero-income CAP participant should be provided the opportunity to verify their income or to clarify any discrepancy with information obtained from other government sources, such as the IRS, prior to removal from the CAP program or a change in the benefits provided under CAP. The OCA also recommends that to extent that the Company proposes to use the information, the Company should ensure that the income information is timely and the income information matches the time period provided in the CAP application.

In its Comments in this proceeding, the OCA expressed concern regarding the Company's proposal to remove CAP customers from the program based upon income information obtained from BCS or other government sources. OCA Comments at 9-10. The OCA recommended that the Company allow the CAP participant the opportunity to verify income or to clarify any discrepancy with the information obtained from the IRS transcript prior to removal from the CAP program or a change in the benefits provided under CAP. Duquesne's response indicates that the Company would provide the CAP customer with the opportunity to clarify or to dispute the income information obtained from another source.

Depending upon the circumstances of the request, there could be a variety of reasons why the CAP customer's income information provided to other sources may differ from the information provided at the time of the CAP application or CAP recertification. In particular, the IRS transcript will reflect annual income versus monthly income from other sources. For

example, a seasonal laborer may have a low total annual income but will have monthly variations, including zero income in some months, which may look different than the income information provided at the time of the application or recertification. Zero income customers may have also lost employment in the time period between the last tax return and the time of recertification or application, so the IRS transcript may not accurately reflect the customer's current income. The income information could otherwise be completely consistent with the information provided at the time of application or recertification.

The OCA agrees that the zero-income CAP participant should be provided the opportunity to verify their income or to clarify any discrepancy with information obtained from other government sources, such as the IRS, prior to removal from the CAP program or a change in the benefits provided under CAP. To the extent that the Company proposes to use the information, the Company should also ensure that the income information is timely and the income information used matches the time period provided in the CAP application.

D. Health and Safety Guidelines

The Commission requested clarification from Duquesne regarding whether the Company employs health and safety guidelines in its Low Income Usage Reduction Program (LIURP). Secretarial Letter at 2. Duquesne responded that the Company does not have health and safety guidelines or allowance thresholds to give LIURP contractors any flexibility with respect to installation of health and safety measures. Duquesne Response at 3. The OCA submits that the Company should include "health and safety" measures or an allowance threshold for such measures in its LIURP Plan.

Other utilities include health and safety measures or allowance thresholds to address problems beyond the scope of the weatherization services which will allow the weatherization

measures to function as intended. Some of the health and safety measures may include installing smoke alarms or carbon monoxide detectors, performing combustion analysis, and identifying potential hazards such as mold, asbestos and moisture. In its recent Order regarding PECO's Universal Service and Energy Conservation Plan, the Commission discussed the importance of these measures:

We remain concerned, however, that routine health and safety measures do not have a separate allowance limit or threshold. The Commission has previously noted that while many homes require substantial rehabilitation and repair work beyond the scope of LIURP, there are numerous homes that could benefit from minor repairs or renovations that enable the installed weatherization measures to function as intended. A customer ultimately benefits from the additional energy savings and comfort provided by having those measures installed.

We strongly suggest that PECO develop a health and safety guideline or allowance threshold to give contractors some flexibility when encountering issues that could be easily remedied with a small investment. Conversely, we do not want the cost of those health and safety measures to adversely affect per job program costs. LIURP reporting has always had a separate category for ancillary or incidental repairs — *i.e.*, those repairs necessary for the proper function of an installed measure. Starting with the reporting for the 2015 Program Year, due by April 30th 2017, PECO is directed to report health and safety measure costs as a separate category and line item, as outlined in the Table 1 and Table 2 reporting forms and defined in the LIURP Codebook. By tracking these costs as a separate category, they can be treated in the same manner as administrative costs and removed from the overall job cost and savings calculations, but the costs can still be tracked and monitored.

PECO 2016-2018 USECP, M-2015-2507139, at 50 (August 11, 2016) (footnotes omitted); see also, PPL 2014-2016 USECP. Docket No. M-2013-2367021, at 41-42 (September 11, 2014).

The OCA submits that Duquesne should permit expenditures for health and safety in baseload jobs where the contractor believes additional measures are warranted.

E. Budget Billing and CAP Rate Discounts

In its Secretarial Letter, the Commission requested documentation that the Company's budget billing and CAP rate discounts have been properly applied. Secretarial Letter at 2.

Duquesne states in its response that the CAP bills are correctly calculated, but the calculations used to create the bills are complex. Duquesne Response at 3. The Company states that the CAP bill calculations should be simplified and be more clearly presented on the bill. Duquesne Response at 3. The Company's response identifies that the Company has had issues with its CAP billing and budget billing, and in 2016, the budget amount for CAP customers was either under or overestimated for some customers. Duquesne Response at 3-4.

The Company states that in order to address the problem, the Company created a three step process. The first step was to recalculate the base budget amount for customers. Duquesne Response at 4. The second step was to "true-up" adjustments to correct the CAP credit amounts for each customer as necessary. Duquesne Response at 4. Under the third step, the Company will examine the budget billing and CAP program design for changes that will simplify the program and correct any remaining issues. Phase III will include corrections and adjustments to the following five areas: (1) recertification/application of CAP credits; (2) distribution and generation portion of the bill; (3) bill messaging and presentment; (4) security deposits; and (5) budget calculations. Duquesne Response at 4. The Company states that it plans to implement changes to items 2 through 5 by the second quarter of 2017. Duquesne Response at 4. The Company states that it plans to work with the Commission and stakeholders in 2017 to simplify its future CAP. Duquesne Response at 3.

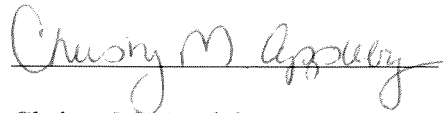
It is the OCA's understanding that the Company's issues with its budget billing program began in late 2014 when the Company implemented its new billing system. The OCA submits that all customers, including CAP customers, must be assured that their bills are accurate and understandable. The OCA supports the Company's efforts to address the issues with its budget billing and to simplify its CAP bills. The OCA also appreciates that the Company would like to

work with stakeholders and the Commission to address issues with its budget billing and CAP bills. The OCA intends to participate in any stakeholder working groups on these issues. The OCA recommends that a timeline of June 30, 2017 be established to ensure that these issues are resolved as expeditiously as possible.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate appreciates the opportunity to provide Comments on the Company's Amended Plan. The OCA respectfully requests that these Comments be considered with its earlier Comments and Reply Comments filed in this proceeding. The OCA respectfully requests that the Company's Amended Plan be further amended in accordance with the above Comments.

Respectfully Submitted,



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

DATE: December 2, 2016
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CERTIFICATE OF SERVICE

Duquesne Light Company Universal :
Service and Energy Conservation Plan for : Docket No. M-2016-2534323
2017-2019 Submitted in Compliance with :
52 Pa. Code §§ 54.74 :

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

Dated this 2nd day of December 2016.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Richard Kanaskie, Esquire
Bureau of Investigations and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Anthony D. Kanagy, Esq.
Post & Schell
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Counsel for: *Duquesne Light Company*

John Evans, Small Business Advocate
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Tishekia Williams, Esq.
Duquesne Light Company
411 Seventh Avenue, 16th Fl.
Pittsburgh, PA 15219

Patrick Cicero, Esquire
Elizabeth R. Marx, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101-1414

/s/ Christy M. Appleby
Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAppleby@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
227689