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December 12, 2016

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Duquesne Light Company Universal Service and Energy Conservation Reply
Comments
Docket No. M-2016-2534323**

Dear Secretary Chiavetta:

Enclosed for filing, please find Duquesne Light Company's Reply Comments to amend its 2017-2019 Universal Service and Energy Conservation Plan.

Please feel free to contact me with any questions, comments or concerns.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Tishekia E. Williams", with a long horizontal flourish extending to the right.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**Duquesne Light Company
Reply Comments**

On November 4, 2018, the Pennsylvania Public Utility Commission (“Commission”) issued a Secretarial Letter in response to Duquesne Light Company’s (“Duquesne Light” or “Company”) October 31, 2016 filing to amend its 2017-2019 Universal Service and Energy Conservation Plan (“2017-2019 USECP”). In its Secretarial Letter, the Commission directed Duquesne Light to provide additional information regarding the Company’s proposed 2017-2019 USECP by November 18, 2016. The Company filed responses to the questions presented in the Secretarial Letter as directed. On December 2, 2016, the Office of Consumer Advocate (“OCA”) and the Coalition for Affordable Utility Service and Energy Efficiency-Pennsylvania (“CAUSE-PA”) filed responses. By this filing, Duquesne Light responds to the comments of OCA and CAUSE-PA.¹

1. CAP auto-enrollment process for LIHEAP recipients.

Duquesne Light maintains that its proposal to eliminate auto-enrollment and replace it with a targeted outreach and enrollment plan is reasonable and appropriate. The OCA and CAUSE-PA have expressed opposition to the Company’s proposal to eliminate LIHEAP auto-enrollment. The OCA submits that the Company should maintain a LIHEAP auto-enrollment

¹ Duquesne Light has not responded to every statement made by CAUSE-PA and OCA. The Company notes, however, that its silence should not be view as agreement. Rather, the Company is responding to material issues in an attempt to provide clarity and provide the Commission with relevant information necessary to resolve the issues outlined in the Secretarial Letter. The Company does not view this as an opportunity to restate its positions on energy burdens or procedural issues, for example.

policy, shorten the period for required income verification (60 days), and implement a program rule allowing for payment arrangements for this sixty day CAP amount if it falls into arrears.² Supplemental Comments of OCA at p. 5. CAUSE-PA submits that the Commission should require an analysis of the effect that this practice has had on increasing CAP participation rates³, as well as an assessment how many customers, if any, have been adversely affected by auto-enrollment. Supplemental Comments of CAUSE-Pa at p. 4. CAUSE-PA also states that “arguably” Duquesne Light is required to automatically enroll LIHEAP recipients into CAP pursuant to Section 601.61 of the LIHEAP State Plan. Supplemental Comments of CAUSE-PA at p. 8.

An implicit assumption underlying the concerns expressed by OCA and CAUSE-PA is that the elimination of auto-enrollment will result in fewer customers receiving the benefits of CAP. Duquesne Light disagrees with this assumption. Duquesne Light maintains that its proposal to eliminate auto-enrollment and replace it with a targeted outreach and enrollment plan provides customers with reasonable and appropriate means to enroll in CAP should they choose to avail themselves of the program. As the Company plans to complete the outreach within 30 days of receipt of the grant, customers have an opportunity to receive the benefits of CAP during

² Other than restoration payment arrangements for eligible customers, Duquesne Light generally does not offer payment arrangements to CAP customers. CAP provides a discounted rate in order to provide affordable monthly payments to low income customers. Although unavoidable at times, the Company believes that adding an arrears installment to the monthly discounted amount would likely result in a return to unaffordable monthly payments. For this reason, Duquesne Light does not support the issuance of payment arrangement for CAP customers if and when it can be avoided.

³ Although Duquesne Light does not track CAP enrollment and default rates for LIHEAP recipients, based on its relatively flat enrollment levels, the Company does not believe that auto-enrollment results in substantial and sustained increased CAP enrollment. Likewise, the Company does not track the number of auto-enrolled CAP customers that have been denied a Commission issued payment arrangement (which is the main detriment to CAP enrollment). The Company sees little to no value in expending the resources to track payment arrangements for CAP customers because the statute (66 Pa.C.S. § 1405(c)) is clear and is not subject to waiver. In other words, even if the Company tracked this information, it is unclear what CAUSE-PA believes could or should be done with the information.

the same bill cycle. Only those customers who **choose** not to complete the application process will forego the benefits of CAP. Enrollment would be within the control of the customer. Duquesne Light does not believe that expending the resources to automatically enroll the customers to simply remove the customer after 60 dates is productive.

Duquesne Light further disagrees with the assertion that it is “arguably” required to enroll LIHEAP grant recipients into CAP. The Commonwealth of Pennsylvania Low-Income Home Energy Assistance Program 2017 State Plan Section 601.31 provides that “[u]tilities must also agree to keep service on through the moratorium and *enroll the client in a CAP or budget program if the customer is eligible [Emphasis Added].*” Plainly stated, this language provides for enrollment into CAP or budget when eligible. While it is questionable whether the Commission is the proper venue to address alleged issues of vendor compliance with the Department of Health and Human Services State Plan or Vendor Agreement, the Commission needn’t decide this issue. First, the language doesn’t require CAP enrollment at all. The language clearly provides for enrollment in a budget plan as an alternative. Second, the language doesn’t mandate *automatic* enrollment or preclude the Company from seeking income verification as a condition precedent. Finally, to the extent the Company’s plan does not provide for auto-enrollment, a customer would not be eligible for CAP. Eligible is defined as “having the right to do or obtain something; satisfying the appropriate conditions.” Under the Company’s proposal satisfying the appropriate conditions includes submission of an application and verified income. Section 601.61 contains similar language providing for enrollment in CAP or budget upon receipt of a crisis grant. Again, the State Plan does not prohibit a request for income. Accordingly, there is no “arguable” violation of the State Plan for the Commission to address.

Notably, the Commission recently approved the elimination of auto-enrollment upon receipt of a LIHEAP grant for another Pennsylvania electric distribution company. *See PECO Energy Company Universal Service and Energy Conservation Plan for 2016-2018 Submitted in Compliance with 52 Pa.Code §§54.74 and 62.4*, Docket No. M-2015-2507139, (Order Entered August 11, 2016). In that case, PECO stated that it was unable to automatically enroll customers into CAP because income information was required to enroll the customer at the appropriate discount level. While the discount structure proposed by PECO differs from that of Duquesne Light, it is equally true that providing the correct discount requires knowledge of the customer's income. Duquesne Light data indicates that approximately 25% of its CAP customers are appropriately enrolled at the 85% discount tier. Accordingly, for approximately 75% of the auto-enrolled customers, the tier would likely be incorrect. Enrolling the customer at the correct discount level requires the Company to receive the customer's income information. Duquesne Light proposes to solicit income information within 30 days of receiving a LIHEAP grant, and with the consent of the customer, enroll the customer at the correct CAP tier. This proposal is not legally deficient in any manner.

While the Company maintains that its targeted outreach and enrollment program is reasonable and appropriate, to the extent that Duquesne Light is directed to implement auto-enrollment at 85% of the budget amount originally proposed, the Company would be able to implement the necessary system changes six months after the issuance of the final order.

2. CAP recertification policy.

The OCA and CAUSE- PA expressed concerns with Duquesne Light's proposal to request income information from all CAP customers annually and require income information biannually. Duquesne Light is not opposed to requiring biannual recertification only, and subject to

Commission approval, will not request income information in years when the information is not required to remain in CAP. Duquesne Light will amend this language in its compliance filing as appropriate.

3. Income Verification

The OCA and CAUSE-PA expressed support for the Company's proposal to allow CAP customers (or applicants) the opportunity to verify their income or to clarify any discrepancy with information obtained from other government sources prior to removal from the CAP program or a change in the benefits provided under CAP. Supplemental Comments of OCA, p. 6-7; Supplemental Comments of CAUSE-PA at p. 10. The OCA and CAUSE-PA also expressed a desire for clarification related to the timing of the information and communications related to disputes. Supplemental Comments of CAUSE-PA p. 9-10.

Duquesne Light agrees that 1) income information should match the time period covered by the CAP application or enrollment, and 2) that appeal rights will be clearly provided in writing. However, to enroll in CAP a person must first be a Duquesne Light customer. Any potential tier change or removal from the program would likely pertain to customers, not applicants. The Company further notes, that the CAP enrollment process cannot be used to circumvent the application requirements. Applicants will be required to meet all application requirements prior to enrollment in CAP. That being said, consistent with the Company's obligations under Chapter 56, if an applicant is somehow involved a dispute over income verification for CAP, the Company would investigate and clearly communicate its final positions and dispute procedures in writing.

4. Health and Safety Guidelines

As explained in the November 18, 2016 filing, presently the Company does not have Health and Safety Guidelines in place to provide flexibility to LIURP contractors. The Company welcomes the opportunity to develop appropriate guidelines through the stakeholder process.

5. Duquesne Light budget billing and CAP rate discounts accuracy.

In its November 18, 2016 filing, Duquesne Light identified a number of challenges related to its CAP billing. Specifically, the Company identified issues with the 1) application of CAP credits, 2) budget true-ups, 3) bill messaging and presentment, 4) security deposits and 5) budget calculations. In that filing the Company committed to resolving issues number 2 through 5 by June 2017. The Company also committed to complete any required remediation related to the application of CAP credits by January 31, 2017.

As an update, since the November 4, 2016 filing, Duquesne Light has reset CAP customer credits and requested updated income information from all impacted customers. Accordingly, all accounts that incorrectly indicated that the customer reached his or her CAP maximum are receiving their discount again. As customers submit updated income information, their tiers will be adjusted as necessary and appropriate. Additionally, all security deposits have been refunded to impacted CAP accounts. The Company will continue to aggressively work to remediate these issues expeditiously. The Company plans to hold stakeholder meetings in February and April of 2017 to provide an update to the Commission and parties in this proceeding regarding the billing issues.

Nonetheless, CAUSE-PA maintains that this matter should be referred to the Office of Administrative Law Judge (“OALJ”) for hearing. This is a mistake. There are no material issues of facts in dispute to be adjudicated by an administrative law judge. Indeed, referring this matter

to hearing would force the Company to divert its time and attention from the important work of correcting these issues and rebuilding programs to costly litigation which likely would delay implementation, resolution, and likely lead to the same result. It's simply not necessary.

6. Conclusion

WHEREFORE, Duquesne Light respectfully requests that Duquesne Light's 2017-2019 Universal Service and Energy Conservation Plan be approved as filed subject comments and the concessions contained herein.



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