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January 30, 2017

EFILED

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17120

**Re: Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1 – 58.18
Docket No. L-2016-2557886**

Dear Secretary Chiavetta:

Enclosed please find Duquesne Light Company's Comments in the above-referenced proceeding.

Upon receipt, if you have any questions regarding the information contained in this filing, please contact the undersigned or Audrey Waldock at 412-393-6334 or awaldock@duqlight.com.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Shelby A. Linton-Keddle', is written over a faint, larger version of the same signature.

Shelby A. Linton-Keddle
Manager, State Regulatory Affairs
And Senior Legal Counsel

Enclosure

c: Sarah Dewey, BCS (sdewey@pa.gov)
Louise Fink Smith, LAW (finksmith@pa.gov)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Initiative to Review and Revise the Existing Low-Income :
Usage Reduction Program (LIURP) Regulations at : Docket No. L-2016-2557886
52 Pa. Code §§ 58.1 – 58.18 :

**COMMENTS OF
DUQUESNE LIGHT COMPANY**

On December 16, 2016, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued a Secretarial Letter seeking stakeholder input on fourteen topics “instrumental in determining the scope of a future rulemaking to update the Commission’s existing Low-Income Usage Reduction Program (“LIURP”) Regulations at 52 Pa. Code §§ 58.1-58.18.”

Notice of this Secretarial Letter was published in the *Pennsylvania Bulletin* (46 Pa. B. 8188) on December 31, 2016. Pursuant to that Notice, responses to the December 16 Secretarial Letter are due thirty days after publication in the *Pennsylvania Bulletin*, with reply responses due thirty days thereafter. Consistent with this direction, Duquesne Light Company (“Duquesne Light” or “Company”) hereby files comments for the Commission’s consideration.¹

COMMENTS

Duquesne Light’s Smart Comfort (LIURP) program targets low income residential customers whose gross household income is less than or equal to 150% of the Federal Poverty Level (“FPL”) and senior citizens whose gross household income is less than or equal to 200% of

¹ Duquesne Light is a member of the Energy Association of Pennsylvania, (“EAP”) who is also submitting comments in this proceeding. In addition to the positions stated herein, Duquesne Light supports EAP’s comments.

the FPL,² with base load electric usage more than 500 kWh per base load month³ and who have been a resident at their current address for at least six months.⁴

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 customers on current conservation practices; and
- To make tailored referrals to Company and other assistance programs such as Customer Assistance Program (“CAP”), Dollar Energy Fund (“DEF”) or private funds, Low Income Home Energy Program (“LIHEAP”), and other weatherization programs.

Smart Comfort has evolved over time from strictly weatherization to an “end use” strategy.

Accordingly, usage reduction measures include cost effective appliance and lighting replacements in addition to determining whether weatherization is warranted.

For the next three years (2017-2019), the Company is targeting enrollment of 3,100 jobs per year, consistent with the Settlement Agreement in Duquesne Light’s most recent base rate proceeding at Docket No. R-2013-2372129.⁵ In addition, the Company has projected a budget of \$1,655,700 per year, with the majority of funds going to base load jobs. This is because the vast majority (95%) of residential customers in Duquesne Light’s service territory do not have electric heat. As a result, the Company works hard to coordinate and integrate Smart Comfort with overlapping Natural Gas Distribution Companies’ (“NGDCs”) LIURPs.

² 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.

³ Duquesne Light defines base load months as April, May, September and October where typically minimal demand for heating and cooling is required.

⁴ Please note that the residency restriction is waived for non-heating CAP homeowners, and the residency and baseload requirements are waived for total-electric homeowners.

⁵ The Company has a pending Universal Service and Energy Conservation Plan before the Commission at Docket No. M-2016-2534323.

Duquesne Light believes, under appropriate circumstances, that continuous review of the Public Utility Code and Commission regulations are needed in order to ensure that their purpose is being properly effectuated. As the December 16 Secretarial Letter notes, the regulations at issue were first promulgated in 1993. Since then, not only have utilities and the Commission gained valuable experience from operating these programs and analyzing the results, but changes in law and overlapping Federal programs make coordination more necessary so LIURP dollars are used as effectively as possible.

The Company agrees that now is the time to revisit these regulations with the goal of improving the operation of LIURP programs to maximize ratepayer benefits. However, before a rulemaking is drafted and issued for comment, Duquesne Light believes it would be prudent for the PUC to convene a stakeholder meeting to discuss these issues. To help guide that discussion, please find below the Company's thoughts on the questions posed in the December 16 Secretarial Letter.

1. Are the existing regulations meeting the charge in 52 Pa. Code § 58.1? If not, what changes should be made?

Duquesne Light believes that, overall, the existing regulations do meet the charge “to establish fair, effective and efficient energy usage reduction programs”⁶ for low income customers. With that said, however, LIURP has evolved from simply a usage reduction program to one that encompasses other goals such as improvement in health and safety, conservation education and coordination with other state and Federal assistance programs.

⁶ 52 Pa. Code §58.1.

Analysis has shown, that in many instances, once LIURP jobs are completed, there may be an increase in energy usage, not a decrease. This increase could be attributable to various factors such as lifestyle change, family demographics, a housing issue or use of a heating source that was previously broken. Accordingly, measuring energy savings, while important, is not the only way to measure a LIURP's success. Flexibility should be given to utilities to propose alternate ways to measure a program's success.

2. How should LIURPs be structured to maximize coordination with other weatherization programs such as DCED's WAP and Act 129 programs?

As explained in its pending Universal Services filing (see *supra* footnote 4), Duquesne Light has and will continue to coordinate its Smart Comfort program with its Watt Choices (EE&C) programs, as well as with gas company LIURP programs for those NGDCs with overlapping service territories. The Company already 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 facilitates this coordination by inviting representatives from overlapping NGDCs and the Commonwealth's Weatherization Assistance Program ("WAP") to its Act 129 Stakeholder meetings to discuss existing and possible enhancements to its coordination efforts.

Further, 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 between utilities and installed measures are financed by the utility benefitting from that measure. In situations where an energy audit is scheduled for a household eligible for Smart Comfort, the energy auditor asks if the customer would also like a referral to the NGDC for possible energy-efficient gas heating measures. If there is an affirmative response, the customer is required to sign

a consent form that allows Duquesne Light to provide necessary customer information to the NGDC rather than have a customer fill out duplicative paperwork.

3. How can utilities ensure that they are reaching all demographics of the eligible populations in their service territories?

Duquesne Light diligently tries to ensure that the Company is reaching all demographics of the eligible population throughout its service territory. Conservation Consultants, Inc. (“CCI”), a single contractor, administers Smart Comfort through use of a network of 9 full time equivalents (“FTEs”). In addition to coordinating with overlapping NGDCs as explained above, and as proposed in its pending Universal Service proceeding, Duquesne Light will increase outreach attempts by:

- Providing outreach to customers that receive Dollar Energy Grants as possible Smart Comfort candidates;
- Continuing 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 the Company’s Universal Service programs prior to implementation; and
- Working with property owners of low income housing to effectively provide weatherization and meet the needs of all low income customers located at that premise;⁷ and
- Better educating the front-line Call Center CSRs to promote LIURP referrals where appropriate.

4. What design would better assist/encourage all low-income customers to conserve energy to reduce their residential energy bills and decrease the incidence and risk of payment delinquencies? How does energy education play a role in behavior change?

As explained *supra*, there are instances (for good reason) where LIURP jobs do not equate to a reduction in energy bills. Nonetheless, education on issues such as: monthly kWh usage v.

⁷ This includes total electric, multi-family dwellings, but not master metered properties.

usage comparisons, ways to reduce electric usage through conservation, and standard measures (like CFLs, LEDs, refrigerators and freezers, electric hot water tanks or tank wraps, window/central air-conditioning units, heat pumps, air filtration measures, smart strip and home insulation) help encourage customers to conserve energy. The better a customer understands the casual relationship between usage and an increased bill, the more likely they are to better manage energy usage and costs, which should decrease the risk of payment delinquencies.⁸

5. How can the utilities use their LIURPs to better address costs associated with uncollectible accounts expense, collection costs, and arrearage carrying costs?

LIURP programs, when they are able to reduce a customer's usage and corresponding bills, are one of many vehicles to potentially address ongoing issues with costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs. However, this assumption only rings true if a customer with reduced usage timely pays their bill in full.

Programs that can result in usage reduction (such as LIURP and Watt Choices) tend to work best in tandem with other mechanisms or programs such as budget billing or CAP, which can further assist customers reduce arrearage (if one exists) and establish good payment habits. By reducing arrearages and receiving consistent payments, the Company is better able to address its collection costs.

⁸ An example of this includes Demand Side Management that offer incentives/rebates on: Energy Star® products, off-peak usage incentives, energy curtailment (i.e., a/c units), etc., that are currently offered through EDC's Act 129 EE&C Programs.

6. How can LIURPs best provide for increased health, safety, and comfort levels for participants?

There could be better opportunities to provide for more measures that increase health, safety and comfort for participants if utilities are given more flexibility to determine LIURP job success (rather than focusing solely on efficiency or usage reduction). However, Duquesne Light believes that LIURP’s primary program goal of energy conservation should remain paramount.

In addition, better coordination with other programs such as Pennsylvania Department of Community and Economic Development’s (“DCED”) Crisis Interface Program may be another avenue to reach the same goal. Alternatively, there could be other ways to address this issue such as predetermining a limit (either dollar amount or percentage of job) to complete incidental health, safety or comfort level measures that may not otherwise addressed.

The Company welcomes a discussion with stakeholders on how best to address health, safety and comfort for customers without increasing budgets or detracting from overall program goals.

7. How can LIURPs maximize participation and avoid disqualifications of households due to factors such as housing stock conditions?

Consistent with EAP’s comments, Duquesne Light does not believe it is the utility’s role to rehabilitate housing stock. As articulated above, the goals of Smart Comfort are properly limited:

- 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 customers on current conservation practices; and

- To make tailored referrals to Company and other assistance programs such as Customer Assistance Program (“CAP”), Dollar Energy Fund (“DEF”) or private funds, Low Income Home Energy Program (“LIHEAP”), and other weatherization programs.

While the Company would be willing to have a discussion to coordinate and refer customers to agencies that can address housing stock conditions, Duquesne Light does not believe that LIURP should be expanded to include or attempt to rehabilitate housing stock conditions.

8. What is the appropriate percentage of federal poverty income level to determine eligibility for LIURP?

As currently designed, the Company’s LIURP targets low income residential customers whose gross household income is less than or equal to 150% of the FPL and senior citizens whose gross household income is less than or equal to 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. However, not more than 50% of Smart Comfort participants will be households between 150% and 200% of FPL, and not more than 20% of the LIURP budget will be used for these customers.

Going forward, Duquesne Light believes the Company should be given discretion to target homes at 150% of FPL, but not have a strict 20% budget limitation to address homes between 150% and 200% of FPL.

9. With the additional energy burdens associated with warm weather, what if any changes are necessary to place a greater emphasis on cooling needs?

As a Company with a LIURP that consists primarily of base load jobs, Duquesne Light does not have a need at this time to place a greater emphasis on cooling needs. Smart Comfort

already includes potential window unit and central air-conditioning change outs if the job meets the cost-benefit analysis (life of the unit and dwelling exceeds 12 years).⁹

10. What are options to better serve renters, encourage landlord participation, and reach residents of multifamily housing?

Duquesne Light already focuses on total electric, low income, multi-family premises (without master meters) as a source to provide conservation measures and education. Further, and as noted *supra*, when working at a multi-family low income premise, the Company endeavors to meet the needs of all low income customers at that premise. The Company continues to hold collaborative meetings with local and state representatives of the low income community and CBOs, but to the extent utilities with successful multi-family LIURP participation can share information and best practices, Duquesne Light would welcome the discussion.

11. Should the requirements regarding a needs assessment in developing LIURP budgets, as outlined at 52 Pa. Code § 58.4(c), be updated to provide a calculation methodology uniform across all utilities? If so, provide possible methodologies.

The Company is supportive of a stakeholder discussion that seeks to update the needs assessment prior to the Commission proposing any regulatory change. While not having a specific calculation methodology in mind, Duquesne Light would seek a needs assessment that, at minimum, allows for flexibility to account for differences in service territories (such as a lack of all-electric homes) and income levels.

⁹ Please note: special consideration is given when cooling is needed for a customer's verified medical condition.

12. Should the interplay between CAPs and LIURPs be addressed within the context of LIURP regulations? If so, how?

As the Commission itself made clear in the December 16 Secretarial Letter, all income-qualifying, low income customers are potentially eligible for LIURP, regardless of whether they participate in CAP. Accordingly, Duquesne Light does not believe there needs to be any inclusion of CAP in LIURP regulations.

While the Company does not believe that CAP needs to be incorporated in LIURP regulations, Duquesne Light does acknowledge that, in many cases, LIURP, when working in tandem with other utility programs, such as CAP, can further assist customers in reducing arrearages (if one exists) and establishing good payment habits. These results, in many cases, decrease the incidence and risk of payment delinquencies. Accordingly, Duquesne Light makes tailored referrals to Company and other assistance programs such as CAP. This is done without a regulatory requirement to do so, because none is necessary.

13. Are there specific “best practices” that would better serve the LIURP objectives which would be standardized across all the utilities? If so, what are they? For example, is there a more optimal and cost effective method(s) of procuring energy efficiency services so as to maximize energy savings at lower unit costs?

In general, Duquesne Light believes that the current LIURP regulations themselves outline best practices; however the Company is more than willing to collaborate with other interested stakeholders to better identify situations where coordination between companies as well as with state and Federal agencies can result in better outcomes for eligible customers. Similar collaboration has occurred in the past, under the Commission’s direction, in connection with Docket No. M-2009-2107153. At that docket, the Commission established a Universal Service Coordination Working Group that met and developed a report containing recommendations and

outlining situations where coordination between many of these programs (EDC LIURP, NGDC LIURP, WAP and Act 129) is possible. Duquesne Light believes a review of this report could serve as a starting point for any stakeholder meeting that is convened as a result of this Secretarial Letter.

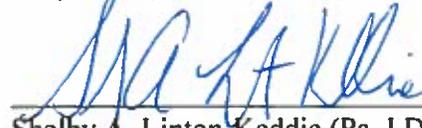
14. The Commission also welcomes stakeholder input on other LIURP issues or topics.

In addition to the topics and suggestions covered in response to the questions above, Duquesne Light believes that now is the time to review the payback periods for LIURP measures, to determine whether (and how) changes should be made to the existing regulations. Under current Section 52 Pa. Code § 58.11, measures are considered on either a 7 year or 12 year payback period, which must be met individually. Consideration should be given to allow more flexibility when determining the appropriate measure life for LIURP installation, deferring instead to manufacturer recommendations or to evaluating LIURP jobs on a whole-project basis instead of individually by measure. As noted above, there are many instances in which energy usage could increase as a result of a LIURP job, but that fact does not, in itself, always mean that a measure should not be installed. Greater flexibility could allow for deeper, more meaningful weatherization improvements than currently allowed. The Company looks forward to soliciting and evaluating ideas from other stakeholders to better effectuate the goals of this program.

CONCLUSION

Duquesne Light appreciates the opportunity to share its thoughts in response to the questions posed, believes that before a rulemaking is drafted it would be beneficial to have a stakeholder meeting to discuss these issues, and looks forward to actively participating in this proceeding going forward.

Respectfully submitted,



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