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March 1, 2017

**E-FILED**

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
2<sup>nd</sup> 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 Reply 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](mailto:awaldock@duqlight.com).

Sincerely,

A handwritten signature in blue ink that reads 'Shelby Linton / Keddie / sm'.

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

Enclosure

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

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**REPLY COMMENTS OF  
DUQUESNE LIGHT COMPANY**

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**I. BACKGROUND**

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 were due January 30, 2017, with reply responses due March 1, 2017.

Consistent with this direction, Duquesne Light Company (“Duquesne Light” or “Company”) filed its Comments on January 30, 2017. Comments were also submitted by: Commission on Economic Opportunity (“CEO”), Energy Association of Pennsylvania (“EAP”),<sup>1</sup> Metropolitan-Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company (collectively, “First Energy”), National Fuel Distribution Corporation (“NFGD”), the Office of Consumer Advocate (“OCA”), PECO Energy Company (“PECO”), Philadelphia Gas Works (“PGW”) and PPL Electric Utilities Corporation (“PPL”).

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<sup>1</sup> Duquesne Light is a member of EAP and, in addition to the Comments filed in the above-captioned proceeding, the Company supports the positions articulated in EAP’s Reply Comments.

Joint Comments were submitted by Department of Community and Economic Development (“DCED”) and Department of Environmental Protection (“DEP”) and Pennsylvania Utility Law Project, The Natural Resources Defense Council, The National Housing Trust, The Keystone Energy Efficiency Alliance, Action Housing, Inc., The Housing Alliance of Pennsylvania, Regional Housing Legal Services, Community Legal Services of Philadelphia, Inc. (collectively PA Energy Efficiency for All Coalition “PA-EEFA”). Columbia Gas and Peoples did not file separate comments but joined in the comments filed by EAP.

Consistent with the schedule in this proceeding, Duquesne Light hereby submits its reply comments.<sup>2</sup>

## **II. REPLY COMMENTS**

### **A. Scope of LIURP Program**

Duquesne Light echoes the comments by PECO that the core purpose of the LIURP program is to achieve a reduction in energy usage.<sup>3</sup> As noted in the Penn State LIURP Study,<sup>4</sup> 69% of the households receiving LIURP funding reduced energy consumption by an average of 16.5%. While it is hoped that a reduction in energy usage correlates with a reduction in energy bills and a corresponding reduction in payment arrearages for low income households, addressing payment arrearages are not the primary goal of LIURP.

In response to the Commission’s query regarding the sufficiency of the regulations, PA EEFA noted that the “regulations appear to meet some of the expressed purposes” and further states the programs are intended to assist low-income customers conserve energy and reduce bills, which

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<sup>2</sup> Because the Company, in its Comments, addressed the specific fourteen questions contained in the December 16 Secretarial Letter, it will not restate the same here but instead provide further thoughts on some of the other comments. *See generally* Duquesne Light Comments.

<sup>3</sup> *See* PECO Comments at 1-2.

<sup>4</sup> *See* Shingler, John. (2009). “Long Term Study of Pennsylvania’s Low Income Usage Reduction Program: Results of Analyses and Discussion.” Penn State University Consumer Services Information System Project. <http://aese.psu.edu/research/centers/csis/publications>.

should reduce the incidence of customer payment delinquencies and utility costs associated with collection. Based on available data, LIURP is clearly successful in producing energy savings and reducing bills.”<sup>5</sup> Duquesne Light reiterates that the main purpose of the LIURP is not to address customer delinquencies, or even energy burden (which are instead attendant benefits of the program), but to reduce usage, which, as PA EEFA admits, is successfully occurring.

#### B. The Necessity for Hearings in a Universal Service Context

The Commission on Economic Opportunity commented that the utilities’ Universal Service Plans should be litigated, in order for parties to obtain additional information and provide input.<sup>6</sup> Not only is such a suggestion arguably outside the scope of this proceeding, but would also likely result in a less effective review process. Accordingly, Duquesne Light would caution the Commission with regard to making such a change.

The Bureau of Consumer Services has explicit statutory authority to “ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each electric distribution territory.”<sup>7</sup> Over time, this authority has been interpreted to delegate review of Universal Service Plans to BCS, who work with these programs on a daily basis, are familiar with their intricacies, complexity and nuances, and who work actively with other agencies, including the Department of Human Services, to ensure the best results for the Commonwealth’s low income customers. Review of Universal Service Plans are done on a triennial basis, include the opportunity for comment and reply comment to a Tentative Order, and ensures that interested parties’ due process needs are met. Duquesne Light is comfortable with the amount of information and input received from BCS and stakeholders in this process, and believes

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<sup>5</sup> See PA EEFA at 6.

<sup>6</sup> See CEO at 1.

<sup>7</sup> See 66 Pa. C.S. §2804(9).

that recommendations related to these programs are best housed with the PUC Bureau that knows these programs better than anyone else. Should these plans be transferred to the Office of Administrative Law Judge, it cuts BCS completely out of the process. For the reasons discussed above, Duquesne Light does not support this suggestion.

### **C. Coordinated Efforts**

It is clear from a majority of comments that effectively and efficiently using funds from various sources in a coordinated effort could result in the best outcomes. To that end, Duquesne Light believes an open discussion about ways to improve coordination among interested stakeholders, representing a variety of concerns, will result in the best solutions to meet the needs of the Commonwealth's citizens.

Duquesne Light is intrigued with OCA's comments regarding the inclusion of water companies as part of the effort to address energy efficiency.<sup>8</sup> It is this type of flexibility and forward thinking that a stakeholder meeting could openly facilitate. The OCA suggests a "whole house" approach<sup>9</sup> to managing the program. As indicated in Comments, Duquesne Light already coordinates with its overlapping NDGCs to provide for such coordination.<sup>10</sup> However, such coordination also requires the recipient of the program to be actively engaged in the coordination effort.

In its Comments, OCA and PA EEFA expressed a desire for CAP and LIURP to be more integrated.<sup>11</sup> Coordination of programs to benefit the low income community is essential to maximize funding but any mingling of CAP programs with LIURP should be carefully vetted and not made part of LIURP regulations. As noted by several utilities, CAP eligibility is often a

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<sup>8</sup> See OCA at 16.

<sup>9</sup> See OCA at 23.

<sup>10</sup> See Duquesne Comments at 4-5.

<sup>11</sup> See OCA Comments at 33 and PA EEFA Comments at 16.

jumping off point for identifying low income households that could benefit from LIURP.<sup>12</sup> Certainly coordinating LIURP funds with other funds available for weatherization based on income is a common sense approach. However, attempting to combine and manage LIURP and CAP, which are designed for different outcomes seems unlikely to produce the positive outcomes that are currently gained through program separation.

#### **D. Energy Efficiency Education**

Duquesne Light welcomes the suggestions of several commenters with regard to energy education. CEO notes that usage should be tracked and a subsequent referral generated for follow up or remedial energy education and that energy education be mandatory before, during and after the LIURP process.<sup>13</sup> Duquesne Light agrees that energy usage education is an important component but cautions that participants might balk at utilizing other program measures if education is onerous. With the continued implementation of smart meters and the increased use of technology to provide detailed, real-time information about energy usage, behavioral change that results in decreased consumption may occur more organically. PA EEFA notes that education is most effective when it occurs at the time measures are installed and to all household members.<sup>14</sup> Duquesne Light agrees that this type of reinforcement is most effective, which is why the Company educates LIURP recipients on current conservation practices. While Duquesne Light agrees that education is important, the Company is concerned about any prescriptive mandate that would

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<sup>12</sup> See Met-Ed at 6, PPL at 5.

<sup>13</sup> CEO at 3.

<sup>14</sup> PA EEFA at 15.

result in significant time, effort and resources to a select few rather than using those LIURP dollars to reach more eligible homes that are in need of weatherization.

#### **E. LIURP Intersection with Collections**

In its comments, OCA offers two recommendations for improving the relationship between LIURP measures and payment arrearages. Specifically, coordination between the utility's credit collection process and community based organizations (CBOs) and incorporating a non-utility based contact regarding the availability of LIURP to address arrearages.<sup>15</sup> Duquesne Light welcomes the OCA's ideas however, there are privacy issues surrounding CBOs' involvement in credit issues. In addition, difficulty reaching customers is not the crux of the matter. Duquesne Light agrees with OCA that LIURP services cannot address a customer in arrears but might be a means to prevent arrears by reducing the burden on a financially fragile customer.<sup>16</sup>

#### **F. LIURP for Health, Safety and Comfort**

All of the parties filing comments recognize that energy efficiency measures can be of little value when the most basic safety measures are lacking. As noted by OCA, in the Commission's recent order regarding PECO's Universal Service Plan, PECO must develop a health and safety guideline or allowance threshold and report on such costs as a separate line.<sup>17</sup> Duquesne Light agrees that some repairs must occur in order for the LIURP measure to have the appropriate outcome. However, there is a point where a utility company, and its ratepayers, should not be fixing personal property with LIURP dollars. Accordingly, coordination with other programs that have funding streams available for such repairs would result in maximizing LIURP and preventing shifting a societal burden to ratepayers. As part of a stakeholder meeting, balancing the need to

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<sup>15</sup> OCA at 27.

<sup>16</sup> Id at 26.

<sup>17</sup> Id. At 28.

address health and safety measures while maximizing LIURP dollars for weatherization projects could be explored.

### **G. LIURP Eligibility**

The parties filing comments generally agreed that LIURP eligibility should be based on a percentage of the federal poverty income guidelines. However, thereafter, the comments ranged from staying at 150%, increase to 200% and various nuances between the two levels. This illustrates the paramount importance of allowing each utility to evaluate the needs of its service territory and work with the guidance and input of BCS to determine the best criteria that can meet the needs of its eligible customers.

### **H. Multi-Family Housing**

The Commission specifically asked for input on handling multi-family housing LIURP programs and as seen by the wide array of comments, this is an area that begs for further discussion among stakeholders. Duquesne Light concurs with comments by OCA that multi-family housing is best addressed in the Act 129 programs and that LIURP funding should not be used for non-low income benefits.<sup>18</sup> Additionally, OCA's comments regarding participation of landlords and outreach utilizing the permitting process and local building officials is meritorious and should be given some consideration.<sup>19</sup>

The complexity of multi-family housing with issues such as non-low income residents potentially benefiting from the program, landlord participation and use of funds from one rate class to benefit another rate class reveal the clear need for flexibility among utilities and service territories in developing LIURP programs to address this unique housing mix. As such, the

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<sup>18</sup> OCA Comments at 30-31.

<sup>19</sup> *Id.* At 31-32. Among other things, OCA lists a number of potential partnerships, including: The Pennsylvania Housing Finance Agency ("PHFA"), local partnerships with architects and commercial construction managers, as well as local property inspectors.

Company does not support separating budgets or having a specific multi-family housing target for LIURP at this time.

### **I. CAP and LIURP Interplay**

Several parties believe that customer assistance programs (“CAP”) and LIURP should be connected in some fashion. OCA notes that there should be interplay between CAP and LIURP when a high usage customer exceeds their maximum CAP credit and that a set aside should be established to direct high use CAP participants to LIURP.<sup>20</sup> This is certainly a common sense approach but because LIURP is normally a one-time intervention, it seems unlikely that it can play a significant role in preventing a CAP customer from using all available credit. Further, as the Commission itself notes, one does not have to be a CAP recipient in order to qualify for LIURP assistance.

With that said, however, the Company already seeks to address high user CAP customers with a LIURP referral. Specifically, when a CAP customers’ 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. This referral is done as a matter of course, however, and not due to some artificial set aside, as suggested by OCA.

### **J. Other Comments**

As indicated in both Comments and herein, Duquesne Light believes that there are a number of issues that would benefit from discussion in a collaborative setting prior to any order being issued by the Commission on possible LIURP regulatory changes. To that end, Duquesne Light encourages the Commission to facilitate this meeting and looks forward to working with

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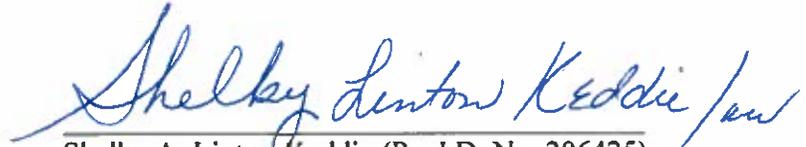
<sup>20</sup> Id at 33.

stakeholders in an attempt to better effectuate the goal of LIURP, which is to “establish fair, effective and efficient energy usage reduction programs.”<sup>21</sup>

### III. CONCLUSION

Duquesne Light thanks the Commission for the opportunity to further share its thoughts in response to the December 16 Secretarial Letter and welcomes the opportunity to participate in a stakeholder meeting to discuss the issues raised by the Commission and interested parties prior to any LIURP regulatory changes being proposed.

Respectfully submitted,



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DATE: March 1, 2017

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<sup>21</sup> 52 Pa. Code § 58.1.