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August 21, 2017

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**Via Overnight Delivery**

AUG 21 2017

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

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Re: Duquesne Light Company 2017-2019 Universal Service and Energy Conservation  
Three Year Plan  
Docket No. M-2016-2534323**

**Duquesne Light Company 2010 Base Rate Case  
Docket No. R-2010-2179522**

Dear Secretary Chiavetta:

Enclosed for filing is Duquesne Light Company's corrective action plan related the Senior Customer Assistance Program. Please note that Appendix B contains **CONFIDENTIAL** customer information. The Company requests that Appendix B be treated as confidential and excluded from public release.

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

Respectfully Submitted,

Tishekia E. Williams  
Attorney ID#208997

Enclosures

Cc: Certificate of Service



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**DUQUESNE LIGHT COMPANY**  
**Corrective Action Plan**  
**CAP Grandfathered Senior Enrollment and**  
**Mitigation**

Michael Selep  
Manager, Universal Service Programs

## **I. BACKGROUND**

Duquesne Light Company (Duquesne Light or Company) instituted its senior customer assistance program (CAP) as a part of the Universal Services and Energy Conservation Plan (USECP) to help customers over the age of 62 with income above the Federal Poverty Level of 150%, but less than 200%. In 2011, in conjunction with a rate case settlement, Duquesne Light agreed to limit Senior CAP to existing customers at or above 62 years of age with a total household income between 150 and 200 percent of the federal poverty guidelines. Under the settlement, no new customers would be enrolled in the CAP senior program. The Senior CAP has existed in a limited capacity since 2011.

## **II. PROCEDURAL HISTORY**

On March 16, 2016, Duquesne Light filed its proposed 2017-2019 USECP with Pennsylvania Public Utility Commission (Commission) for review and approval. The Commission issued a Tentative Order seeking additional information regarding some aspects of the proposed plan on August 11, 2016. Comments to the Tentative Order were due twenty (20) days after entry of the Tentative Order, and reply comments were due ten (10) thereafter. In addition to Duquesne Light, comments were filed by the Office of Consumer Advocate (OCA) and the Coalition for Affordable Utility Services and Energy Efficiency of Pennsylvania (CAUSE-PA).

On October 31, 2016, the Company filed an Amended 2017-2019 USECP which included modifications based on comments and concerns raised by the parties and Commission. On November 4, 2016, the Commission issued a Secretarial Letter in response to the Amended 2017-2019 USECP finding that additional information was needed. On November 18, 2016, Duquesne Light filed a response to the Commission's data requests providing detailed

information as requested by the Commission and parties. On or about December 2, 2016, OCA and CAUSE-PA filed supplemental reply comments. On December 12, 2016, Duquesne Light filed its response to the comments submitted by OCA and CAUSE-PA.

On March 2, 2017, a Joint Motion was issued by Commissioners David Sweet and Vice Chairman Andrew Place finding that the Company's proposed 2017-2019 USECP only partially complied with applicable Commission policy statement and regulations. Among other things, the Company was directed to initiate a stakeholder process to examine energy burdens, particularly for customers whose income is at 0-50% of the federal poverty guidelines. Accordingly, on or about March 20, 2017, Duquesne Light held its first stakeholder meeting, which included representatives from the Commission's Bureau of Consumer Services and Law Bureau, the Office of Consumer Advocate and the Pennsylvania Utility Law Project on behalf of CAUSE-PA to begin discussions regarding a new customer assistance program design. At this meeting, the Company presented a proposal to end its grandfathered senior enrollment program as a part of a future CAP design. A copy of the presentation is attached and marked as **Appendix A.**

On March 23, 2017, the Commission entered an Order (*March 2017 Order*) directing changes to the 2017-2019 USECP. In the *March 2017 Order*, the Commission stated "[b]ased on a settlement in a rate case, Duquesne CAP customers who were seniors (age 62 or over) at the time of the settlement were allowed to remain in CAP as long as their income did not exceed 200% of the FPIG. These grandfathered seniors are responsible for paying 85% if they have a residential baseload service account or 80% if they have a residential electric heat account. We note that this senior discount provision is not mandatory under the CAP Policy Statement and will eventually be phased-out of Duquesne's USECP."

In response to *March 2017 Order*, the Company made a compliance filing on or about April 24, 2017. The April 24 filing included a provision to phase out CAP benefits for grandfathered seniors with incomes are at 151% to 200% of the federal poverty income guidelines. Because this provision was not part of the Company's original 2017-2019 USECP filing the change was rejected via Secretarial Letter issued May 1, 2017. On May 12, 2017, Duquesne Light filed both red-lined and clean versions of a revised 2017-2019 USECP which provided for the continuation of the grandfathered seniors program. In connection with the recent review of the grandfathered senior program, the Company became of aware and immediately self-reported to the Commission that approximately 150-200 grandfathered seniors had been removed from the CAP program beginning in 2014. Insofar as the Company can tell, these customers were removed from the program on a rolling basis based on their individual recertification date beginning in 2014. The Company advised the BCS that it was working to identify impacted customers, credit their accounts for retroactive benefits, and re-enroll eligible senior customers into CAP.

On July 20, 2017, the Commission issued an Order directing the Company to submit a proposed corrective action plan, for those customers who were removed from Senior CAP in 2014, that includes a detailed impacts assessment, the number of customers/households impacted, the dollar value of the impacts, and a detailed plan for communication with, and reimbursement for, the affected Senior CAP households to satisfactorily resolve this issue within 30 days.

The Company is filing this corrective action plan pursuant to the Commission's July 20 Order and serving it on parties to the 2010 Rate Case and 2017-2019 USECP.

### III. CORRECTIVE ACTION PLAN

Duquesne Light's CAP program is generally open to customers whose income is at or below 150% of the federal poverty level. As explained above, the Senior CAP program is open to customers over the age of 62 with income above the federal poverty level of 150%, but less than 200% who were enrolled in the program in 2011. Historically, Senior CAP participants were maintained as an income exception and managed, tracked and identified through largely manual processes. Essentially, the Company maintained a list of Senior CAP participants and could identify them through queries of the prior billing system. Beginning in late 2014, changes to Duquesne Light personnel and the introduction of a new billing system resulted in Senior CAP participants being removed from the CAP program. A vast majority of the employees that were responsible for these manual processes are no longer with the Company. Due to these people, process and technical changes, today very little information is known regarding exactly why grandfathered seniors were removed from CAP upon recertification beginning in 2014 through 2017. It appears that they were removed from the program because their income was over 150% of the federal poverty level.

Managing complex change is difficult. In this instance, Duquesne Light had opportunities for improvement. While the Company absolutely takes full accountability for this issue, Duquesne Light did not intentionally plan or actively decide to unilaterally end the Senior CAP. Indeed, Senior CAP participants were converted into the new CC&B system as CAP participants. As the Company did not plan to end Senior CAP at this time, it did not include a proposal to do so in its 2014-2016 or 2017-2019 USECP. Rather, the removal of some of the Senior CAP participants appears to have been a mistake resulting from unclear communication and processes.

Despite the gaps in available information, upon investigation, the Company identified a list of 295 eligible Senior CAP participants that were converted into the Company's new CC&B system in 2014. Of the original 295 accounts, 231 remain Duquesne Light customers. Of those who remain customers, 61 are currently enrolled in CAP. The remaining 170 were defaulted from CAP over a period of approximately 30 months because their income was above 150% of federal poverty guidelines. The Company reviewed the billing history of these 170 eligible accounts and calculated the benefits that would have been applied had they maintained their enrollment in Senior CAP. All of the customers will receive a one-time, lump sum credit. A **CONFIDENTIAL** spreadsheet detailing the required adjustments is included as **Appendix B**. Customers who remain eligible for the program (i.e, those whose income is at or below 200% of the federal poverty guidelines) will be reenrolled in Senior CAP. In summary:

- Number of impacted customers: 170
- Average amount of credit to be applied to accounts: \$389.76
  - (Highest amount: \$1,329, Lowest Amount: \$17)
- Total dollar impact to Senior CAP customers: approximately \$67,385

The Company intends to notify impacted customers via letter. A copy of the proposed letter is included as **Appendix C**. Customers will be asked to provide current income and household information to a Community Based Organization (CBO) responsible for enrolling customers in CAP. If the customers' income is under 200% of the Federal Poverty Level, customers will be re-enrolled in CAP and remain in the program as long as they desire and remain eligible.

As a result of this issue, the Company has implemented several process changes designed to mitigate the possibility of future errors. Namely, the Company is providing quarterly training

to its Community Based Organizations and customer service representatives that help to administer our universal services programs. We will ensure that our frontline employees and CBO partners are fully versed in the details of our program requirements and obligations. Trainings were held with the CBOs on July 17, 2017 and internal training was conducted on August 7, 2017.

Additionally, the Company is also developing a dashboard designed to monitor program performance and identify accounts with exceptions; this will better enable the Company to immediately identify program anomalies.

#### **IV. CONCLUSION**

Duquesne Light respectfully requests that the Commission accept this corrective action plan related to the removal of some customers from the Senior CAP and close this matter for the following reasons:

- a. Upon identifying the issue, the Company immediately self-reported the issue to the Commission and parties to the USECP proceeding and has fully cooperated with the parties and Commission;
- b. The error was unintentional and the result of technology and process changes that were not effectively communicated;
- c. As described herein, Duquesne Light has made efforts to modify internal practices and procedures to address the conduct at issue and prevent similar conduct in the future;

- d. The issue impacted less than 1% (approximately 0.4%) of Duquesne Light's CAP customers. The impacted customers will be made whole immediately upon Commission approval of the corrective action plan;
- e. Duquesne Light does not have history of noncompliance with Commission regulations. This was an isolated incident.

Appendix A

# Universal Services and Energy Conservation Plan

Stakeholder Collaborative  
March 20, 2017

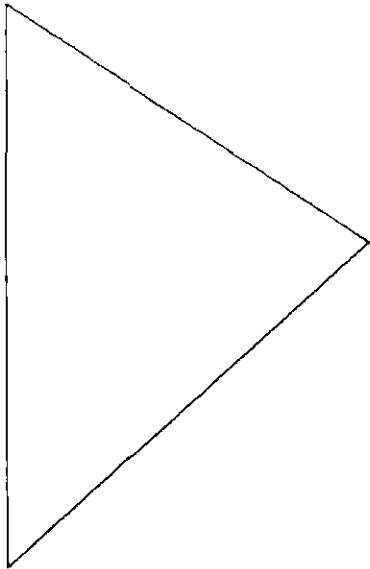


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# Appendix A



Customer Assistance Program (CAP)

## Appendix A

### Guiding Principles

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The program should:

- Be easy to explain and understand
- Make electric service affordable for low-income customers
- Consider energy burden targets in determining monthly payment
- Provide a consistent bill amount
- Encourage and support energy conservation
- Be mindful of the burden shared by other residential customers
- Be promoted to consumers who are likely to qualify
- Consider CAP policy statement (52 Pa Code § 69.265)

## Appendix A

### Current vs. Proposed Plan Structure

High-Level Overview

#### Current Plan

- Percent of Budget Plan
- Maximum annual discount  
\$1800 for electric heating,  
\$700 for non-electric heating

#### Proposed Plan

- Percent of Income Plan
- No maximum annual discount
- Energy conservation education  
provided at enrollment; audits  
conducted for high-usage  
customers

Federal Poverty Level	Current Plan: Pay Percent of Budget Non-Electric Heat/Electric Heat	Proposed Plan: Pay Percent of Income
Up to 50%	30% / 45%	7%
51 – 100%	60% / 65%	8%
101-150%	85% / 80%	9%

## Appendix A

# Universal Services Plan Details

	<b>New Proposed Plan</b>	<b>New vs. Current</b>
<b>Eligibility</b>	Households at or below 150% FPL	Same as current
<b>How to Enroll</b>	<p>In-person at CBO; customers can make an appointment or visit during walk-in hours</p> <p>Phone appointment with CBO (proposed in 2017-2019 plan) Income can be submitted via fax, email, TXT, USPS</p>	Phone enrollment is new in this plan
<b>Security Deposit</b>	<p>No security deposit will be collected</p> <p>Accounts with an existing security deposit will have the deposit applied to the arrearage prior to CAP enrollment</p>	Same as current
<b>Basis for Monthly Payment</b>	<p>Flat payment based on household size, income and FPL:</p> <p>Up to 50% FPL: 7% of income 50 – 100% FPL: 8% of income 100 – 150% FPL: 9% of income <i>(Income = before tax monthly income)</i> \$0 income = minimum payment</p> <p style="text-align: center;">OR</p> <p>Average monthly bill if the average is less than what is determined using tiers/percentages; =Average of payments for the past 12 months</p> <p>Plans that cover grandfathered senior accounts at 150-200% FPL will cease, as will discounts that were granted on the basis of extenuating circumstances</p>	Significantly changed from current plan

## Appendix A

### Universal Services Plan Details – cont'd

	<b>New Proposed Plan</b>	<b>New vs. Current</b>
<b>Pre-program Forgiveness</b>	1/24 <sup>th</sup> of pre-program debit forgiven with each payment  No co-payment	Same as current
<b>Minimum Payment</b>	Non-electric heat customers: \$20  Electric heat customers: \$40	Increase non-electric heat minimum by \$5
<b>Late Payment Charge</b>	None	Same as current
<b>Application of Overpayment</b>	Apply to past-due payments, then to future payments	Same as current
<b>Calculation of CAP Credits</b>	Actual Usage at standard residential rate minus CAP monthly bill	Credits are currently calculated vs. budget
<b>Maximum Annual Discount</b>	None	Currently \$700 for non-heat, \$1800 for electric heat
<b>Energy Conservation</b>	Customers with usage exceeding X00* kWh per month will be required to participate in a Smart Comfort home visit.  CAP enrollment packet will include information energy conservation / LIURP  *tbd	

## Appendix A

### Universal Services Plan Details – cont'd

	<b>New Proposed Plan</b>	<b>New vs. Current</b>
<b>Recertification</b>	Required every 24 months	Currently request income verification every 12 months, require it every 24 months
<b>Grants (LIHEAP, DEF, etc.)</b>	All CAP customers will be encouraged to apply for appropriate grants  LIHEAP recipients who are not already in CAP will be encouraged to enroll in CAP	Ending automatic enrollment; moving to comprehensive outreach plan
<b>Removal from Program</b>	Customers may be removed from the Program for: <ul style="list-style-type: none"> <li>• Failing to recertify / verify income as requested</li> <li>• Failure to comply with prescribed energy conservation efforts / LIURP</li> <li>• Fraudulent activity</li> <li>• Account is terminated and service is not restored within 30 days</li> </ul>	Updated time until termination from 14 days to 30 days
<b>Reinstatement in CAP</b>	Cure of the reason for default (except fraud) will permit the customer to get back on the CAP program  Fraud requires a one-year stay-out	Same as current

## Appendix A

### Universal Services Plan Details – cont'd

	<b>New Proposed Plan</b>	<b>New vs. Current</b>
<b>Restoration after termination</b>	Requires catch-up on past-due CAP payments \$20 reconnection fee Prior frozen arrearage is reinstated/resumed (not restarted) Restoration payment agreement available to cover amount required to pay for restoration	Current plan restarts frozen arrearage upon restoration
<b>Misc. Limitations</b>	Customers can receive the benefits of the CAP program at one service location at a time  In the case of a move/transfer of service, it is understood that there may be a brief (not to exceed one month) overlap where the customer has the program at two residences	Outlines provision for transfer of service

## Appendix A

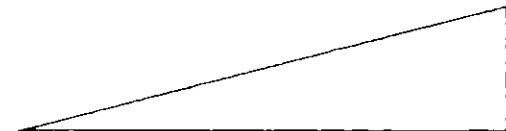
# Outreach to Encourage Enrollment

### **Proposed targeted outreach to LIHEAP recipients not enrolled in CAP:**

- Direct mail  
    followed by
- Phone contact by CBO
- Potential home visit by CBO

### ***For discussion:* Broad outreach to engage customers likely to qualify:**

- Bill messages
- More / better info on website;
- Outdoor advertising
- Community outreach / sign-up days
- Paid placement ads / digital advertising



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Appendix B

Confidential

## Appendix C

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August 2017

Dear \_\_\_\_\_

Duquesne Light Company's Customer Assistance Program (CAP) allows certain customers who are 62 years of age and older to retain CAP benefits if their income is between 150 and 200 percent of the Federal Poverty Level. These customers receive a 15% discount off their regular budget amount. You were previously enrolled in this program. We recently learned that you were removed in error. We apologize for the error and would like to help you reenroll in the program as well as credit your account for any and all eligible discounts.

Based on the date you were removed from CAP, through your current Duquesne Light bill, you will receive a credit of \$\_\_\_\_\_ for the monthly bill discounts you have missed.

To reenroll in CAP you must show that your household income continues to be less than 200 percent of the Federal Poverty Level. Please send proof of your monthly income and members of your household to:

Holy Family Institute  
C/O Susan M.  
1789 S. Braddock Ave. Suite 585  
Pittsburgh, PA 15218

Once verified, your Duquesne Light account will be credited within the next two billing cycles. In addition, your monthly CAP discount will be reinstated. Once in the program, you will be given a reduced monthly payment that must be paid in full and on time.

Again, we apologize for any inconvenience this has caused. If you have questions about your account or the process to get back into the CAP program, contact a CAP agent at 412-244-8010.

Duquesne Light Customer Service

**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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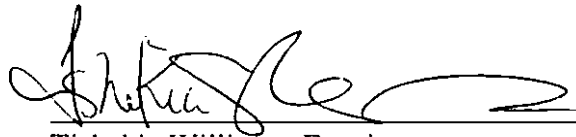
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Date: August 21, 2017

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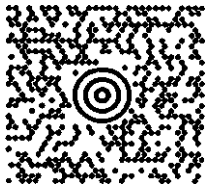
ERIN DITOMMASO  
412-393-6020  
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411 SEVENTH AVENUE  
PITTSBURGH PA 15219

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1 OF 1

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COMMONWEALTH KEYSTONE BUILDING  
**HARRISBURG PA 17120-0093**



**PA 171 9-20**



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