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September 15, 2017

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Joint Petition of Duquesne Light Company, the Office of Consumer Advocate, and CAUSE-PA for Approval of Modifications to Duquesne Light Company's CAP Design in its Universal Service and Energy Conservation Plan and a Waiver of Commission Regulations Regarding Length of Universal Service and Energy Conservation Plans

Docket Nos. P-2017-_____
M-2016-2534323

Dear Secretary Chiavetta:

Enclosed for filing, please find the Joint Petition of Duquesne Light Company ("Duquesne Light"), the Office of Consumer Advocate ("OCA"), and the Coalition for Affordable Utility Service and Energy Efficiency - Pennsylvania ("CAUSE-PA") for Modification of Duquesne Ligh's 2017-2019 Universal Service and Energy Conservation Three Year Plan and a waiver of the Commission's regulation at § 54.74(a)(1) and (2) to permit Duquesne Light's USECP to be extended to cover the years 2017-2022.

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

Respectfully Submitted,

Tishelia E. Williams
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Cc: Certificate of 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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Dated: September 15, 2017

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**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

**Joint Petition of Duquesne Light Company, the Office of Consumer Advocate, and
CAUSE-PA for Approval of Modifications to Duquesne Light Company's CAP Design in
its Universal Service and Energy Conservation Plan and a Waiver of Commission
Regulations Regarding Length of Universal Service and Energy Conservation Plans**

In accordance with 52 Pa. Code §5.43 and the Order issued by the Pennsylvania Public Utility Commission ("Commission") March 23, 2017 in the above-referenced matter (the *March 2017 Order*), Duquesne Light Company ("Duquesne Light"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Office of Consumer Advocate ("OCA") (collectively, "Joint Petitioners") hereby Petition the Commission for approval of certain revisions to Duquesne Light's Universal Service and Energy Conservation Plan for 2017-2019 ("2017-2019 USECP"), and for a waiver of the Commission's regulation at § 54.74(a)(1) and (2) to permit Duquesne Light's USECP to be extended to cover the years 2017-2022 without the need for filing another USECP in 2019.

The revisions for which approval is being sought were made by Duquesne Light, in consultation with OCA, CAUSE-PA and other interested stakeholders to address the CAP design and CAP outreach issues identified by the Commission in Ordering Paragraph 15 of its *March 2017 Order*. As directed in Ordering Paragraph 15, Duquesne has worked closely with the OCA and CAUSE-PA in developing its new CAP design and outreach initiatives. For the reasons set forth below, the parties respectfully request that the Commission approve the modifications to

Duquesne Light's Universal Service and Energy Conservation Plan for 2017-2019 and grant a waiver of the Commission's regulation governing the length of Universal Service and Energy Conservation Plans to allow Duquesne Light's further revised USECP to be in effect for the years 2017-2022, as described herein.

I. BACKGROUND OF THE PROCEEDING

1. Duquesne Light submitted its proposed 2017-2019 USECP Plan on March 16, 2016.
2. On August 11, 2016, the Commission entered a Tentative Order, identifying issues requiring further attention, tentatively approving Duquesne Light's Proposed Plan for 2017-2019, and requesting comments.
3. CAUSE-PA, OCA, and Duquesne individually filed comments to the Tentative Order on August 31, 2016, and reply comments on September 12, 2016.
4. On October 31, 2016, Duquesne filed an Amended Proposed 2017-2019 Plan, which made revisions to its original proposal.
5. On November 4, 2016, the Commission issued a Secretarial Letter (November 4 Secretarial Letter), requesting additional information about Duquesne Light's Proposed and Amended Proposed 2017-2019 Plans and establishing a new schedule for Parties to provide comments and reply comments.
6. Duquesne Light filed and served a response to the Commission's November 4, 2016 Secretarial Letter on November 18, 2016.
7. On November 15, 2016, the Commission issued a Secretarial Letter further amending the comment and reply comment periods at the request of CAUSE-PA.

8. CAUSE-PA and the OCA individually filed supplemental comments to the Amended Proposed 2017-2019 Plan and the Duquesne Light's Supplemental Information on December 2, 2016.

9. Duquesne Light filed supplemental reply comments on December 12, 2016.

10. In the *March 2017 Order*, the Commission directed Duquesne to make changes to its 2017-2019 Plan prior to final approval.

11. Ordering Paragraph 16 of the March 2017 Order also directed Duquesne Light to initiate a process working with stakeholders, including its Income Eligible Program Advisory Group, to address, including but not limited to the following:

- a. Developing CAP outreach policies and materials to encourage participation by non-CAP customers who qualify for LIHEAP; and
- b. Developing a mechanism to address issues surrounding its CAP design and energy burdens, especially for those at or below 50% of the Federal Poverty Income Guidelines

12. Ordering Paragraph 16 of the *March 2017 Order* included a 90-day deadline for the parties to reach a consensus regarding CAP design issues. The Order further provided that the parties could jointly request 30-day extensions from the Commission's Bureau of Consumer Services (BCS) if they are making progress toward a consensus regarding the CAP design issues.

13. In compliance with the *March 2017 Order*, Duquesne Light filed clean and red-lined versions of its Revised 2017-2019 USECP on April 24, 2017 ("April 24 Compliance Filing").

14. On May 1, 2017, the Commission issued a Secretarial Letter directing Duquesne Light to file and serve a further revised 2017-2019 Plan by May 5, 2017.

15. On May 5, 2015, Duquesne Light filed a letter requesting an extension until May 12, 2017, to file its revised 2017-2019 Plan. The Commission granted the extension via Secretarial Letter on May 8, 2017.

16. On May 12, 2017, Duquesne Light filed its further revised 2017-2019 Plan.

17. On June 23, 2017, Duquesne Light filed an unopposed Petition requesting a 30-day extension of the deadline to resolve the CAP design issues outlined in the *March 2017 Order*.

18. By Secretarial Letter issued on June 26, 2017, the Commission approved an extension to July 24, 2017 to reach a consensus on CAP design issues.

19. On June 30, 2017, the Company requested and was subsequently granted a 6 month extension, until December 29, 2017, to submit its new CAP bill and communications plan for review and approval.

20. On July 20, 2017, the Commission issued its Order approving Duquesne Light's 2017-2019 USECP as filed on May 12, 2017.

21. On July 21, 2017, Duquesne Light filed an unopposed Petition requesting a further 30-day extension of the deadline to resolve the CAP design issues outlined in the *March 2017 Order*.

22. By Secretarial Letter issued on July 21, 2017, the Commission approved an extension to August 23, 2017 to reach a consensus on CAP design issues.

23. On August 21, 2017, Duquesne Light requested another extension until September 15, 2017, to finalize an agreement on a new CAP design, noting that a tentative resolution had been reached with respect to all issues with the parties to this proceeding.

24. By Secretarial Letter issued on August 23, 2017, the Commission approved an extension to September 15, 2017 to reach a consensus on CAP design issues.

II. Modifications to CAP Design

25. After multiple discussions and negotiations, Duquesne Light, OCA, and CAUSE-PA have reached a consensus on the CAP design issues identified in the *March 2017 Order*.

26. During the course of the discussions, the Joint Petitioners determined that the CAP re-design could be best achieved in two phases, extended over five years, rather than over the 2 years remaining on Duquesne Light's original 2017-2019 USECP.

27. The Joint Petitioners agreed upon an interim CAP re-design covering the period from January 1, 2018 through December 31, 2019, and a final CAP re-design for the period from January 1, 2020 through December 31, 2022, in addition to certain other modifications to Duquesne Light's USECP.

28. In agreeing to request an extension of Duquesne Light's current USECP to facilitate the CAP redesign, the Joint Petitioners also agreed upon a method to address the in-program debt of CAP customers, as well as other modifications to Duquesne Light's CAP beyond the design issues identified by the Commission in the *March 2017 Order*.

29. The interim and final CAP redesign and other modifications are reflected in Duquesne Light's further modified Universal Service and Energy Conservation Plan which has been revised to cover the period from January 1, 2017 through December 31, 2022, and which is attached hereto as Exhibit 1.

30. The CAP redesign agreed upon by the Joint Petitioners involves a conversion from a “percentage of bill/ budget” program to a “percentage of income program” (“PIPP”).

31. Recognizing that a flash-cut to a percentage of income program was not feasible, the Joint Petitioners instead reached consensus on a two-year, interim modification to Duquesne Light’s budget CAP that addresses all of the Commission’s CAP design concerns, followed by a permanent shift to a percentage of income CAP starting in 2020 and continuing through the end of 2022.

32. The specific CAP design modifications to Duquesne Light’s USECP for which approval is sought are summarized below.

33. Beginning on January 1, 2018, Duquesne Light’s percentage of bill categories for its CAP will be modified as follows:

Income Category:	Residential Service Percentage of Budget Bill Payment:	Residential Electric Heat Percentage of Budget Bill Payment:
0% to 50 % of Poverty	15%	25%
51% to 100% of Poverty	40%	60%
101% to 150 % of Poverty	80%	80%

34. Under the new CAP design for 2018 and 2019, the maximum CAP credit for non-heating customers will be \$1500, and the maximum CAP credit for heating customers will remain at \$1800.

35. Beginning on January 1, 2020, Duquesne Light’s CAP would change to a Percentage of Income Plan (“PIPP”), with the following percentages and income tiers:

Income Category:	Residential Service Percentage of Income Payment:	Residential Electric Heat Percentage of Income Payment:
0% to 50 % of Poverty	3%	7%
51% to 100% of Poverty	4%	8%
101% to 150 % of Poverty	5%	9%

36. Furthermore, under the PIPP, if the customer's average monthly bill (based on a 12 month rolling average that would otherwise be the budget billing payment) is less than what the CAP bill would be as determined under the PIPP table above, the customer's monthly payment will equal their 12 month average bill. The monthly payment will be reviewed and updated (if necessary) every four months to determine whether the customer is best served in the basic PIPP or in the PIPP- Average Monthly Bill plan. The average monthly bill is not the budget amount and is not subject to reconciliation.

37. Percent of income payments and maximum annual CAP discount amounts for CAP participants may be adjusted for extenuating circumstances including, but not limited to, the following:

- Addition to the household;
- Serious illness or medical condition;
- Consumption increase beyond control of customer (health related);
- Severe weather conditions; and
- Structural damage to home.

38. Duquesne Light will also provide monthly notices to customers regarding how much of their CAP credit remains, what will happen if the maximum credit amount is exceeded, and what

exceptions might be available. In its next triennial USECP filing, Duquesne Light will include a report regarding the average annual deficiency for non-electric and electric heating customers.

39. Concurrent with the transition to the PIPP, all in-program debt will be forgiven, giving all customers who are delinquent at that time a "fresh start", as a one-time accommodation.

40. The company will assume responsibility for 45% of the in-program debt to be forgiven, and will not seek rate recovery on this amount. The remaining 55% -- not to exceed 55% of \$12 million, or \$6.6 million -- will be recovered over a period of 24 months via Duquesne Light's Universal Services rider (Rider No. 5).

41. The estimated bill impact for recovering the maximum \$6.6 million over a 24 month period is expected to be approximately \$.50 per customer per month.

42. Under the PIPP, the Maximum Annual CAP Discounts would be as follows:

Income Category:	Residential Service	Residential Electric Heat
0% to 50 % of Poverty	\$1600	\$2350
51% to 100% of Poverty	\$1400	\$1800
101% to 150 % of Poverty	\$900	\$1300

43. Under the new CAP design, beginning on January 1, 2018, the monthly minimum payment required of non-heating CAP customers will be \$20, and the monthly minimum payment required of heating CAP customers will be \$40. However, customers whose actual usage in any given month result in a bill that is less than the CAP Minimum Payment will be billed based on actual usage.

III. Request for Waiver of 52 Pa. Code § 54.74(a)(1) and (2)

44. In order to implement the agreed upon two phase CAP re-design summarized above, Duquesne Light, with the concurrence of OCA and CAUSE-PA, seeks a waiver of the Commission regulations at 52 Pa. Code § 54.74(a)(1) and (2). These provisions state that 1) each EDC must submit an updated universal service and energy conservation plan to the Commission every 3 years, and 2) that EDC Universal Service and Energy Conservation Plans should cover three calendar years.

45. As set forth above, Duquesne Light, the OCA and CAUSE-PA have reached agreement on a two-phase CAP redesign that would result in an extension of Duquesne Light's current USECP through December 31, 2022, which is a period longer than 3 calendar years.

46. The Commission's Rules of Administrative Practice and Procedure at 52 Pa. Code § 5.43 allow for petitions for waiver of any of the Commission's regulations. Such petitions must set forth clearly and concisely the interest of the petitioner in the subject matter, the specific waiver being requested, and cite by appropriate reference the statutory provision or other authority involved. The petition must set forth the purpose of, and the facts claimed to constitute the grounds requiring the waiver.

47. Duquesne Light respectfully submits that waiver of 52 Pa. Code § 54.74(a)(1) and (2) to allow for Duquesne Light's modified USECP to extend through 2022 is reasonable and in the public interest.

48. Duquesne Light's 2017-2019 was approved by the Commission, subject to the directive that its Customer Assistance Program would be re-designed in consultation with OCA and CAUSE-PA.

49. Duquesne Light engaged in extensive discussions with the OCA and CAUSE-PA regarding a redesign of its CAP Program to address all of the concerns raised by the Commission in its *March 2017 Order*.

50. During the course of these discussions, Duquesne Light, the OCA and CAUSE-PA agreed that a phased approach to Duquesne Light's CAP re-design would be the best approach to permanently address the Commission's concerns with the design of Duquesne Light's CAP.

51. This phased approach would have the Commission's concerns be addressed on an interim basis (from January 1, 2018 to December 31, 2019) under Duquesne Light's current budget CAP structure, and on a longer term basis (from January 1, 2020 to December 31, 2022) under the new PIPP CAP structure.

52. During the course of those discussions and negotiations, the parties also agreed upon other modifications to Duquesne Light's CAP that will improve the administration of the program to the benefit of low-income customers.

53. By agreeing to both an interim and permanent CAP redesign, and working collaboratively to develop other agreed upon modifications to Duquesne Light's CAP, the Joint Petitioners believe that they have not only addressed all of the Commission's concerns with the CAP design, but have also made improvements to the overall program that will stay in place for the next five years.

54. The Joint Petitioners submit that the two-phase, five-year redesign that they have developed after extensive discussions will avoid the need for litigation of another Duquesne Light USECP in 2019, which is when Duquesne Light's next USECP would otherwise be due.

55. The Joint Petitioners recognize that certain non-CAP aspects of the USECP will need to be monitored and re-evaluated prior to the end of the 5 year Plan. Accordingly, Duquesne Light will complete a needs assessments for the LIURP, CARES and Hardship Fund programs by December 2019, and consult with OCA, CAUSE-PA, and the members of the Income Eligible Program Advisory Group to discuss the results of the needs assessments and any potential changes that may be required to the USECP prior to 2022.

56. The Joint Petitioners also note that should further modifications to the USECP become necessary prior to its termination in 2022, Duquesne Light would have the ability to Petition the Commission for approval of a modification to the Plan.

57. In sum, the Joint Petitioners submit that the public interest would be served by granting a waiver of subsection 54.74(a)(1)'s requirement to file a new USECP every three years and subsection 54.74(a) (2)'s requirement that USECPs be three years in length, because

- the Joint Petitioners are proposing a CAP that provides certainty to all affected parties for a longer period of time than the regulation requires (i.e. five years rather than three),**
- the proposal was the result of extensive discussions involving all interested parties,**
- the proposal addresses all of the Commission's concerns with Duquesne Light's CAP design on both an interim and long term basis,**
- the proposed extension of Duquesne Light's USECP through 2022 would conserve Commission and party resources by avoiding the need to litigate another Duquesne Light USECP filing in 2019, and**

- if further modifications to the USECP become necessary before 2022, Duquesne Light and the parties have the ability to seek modifications to the USECP.

WHEREFORE, for all of the foregoing reasons, Duquesne Light Company, the Office of Consumer Advocate, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania respectfully request that the Commission approve Duquesne Light's further modified Universal Service and Energy Conservation Plan and grant a waiver of the regulations 52 Pa. Code § 54.74(a)(1) and (2) to allow Duquesne's modified USECP to remain in effect until December 31, 2022.

Respectfully Submitted,

DATE: September 15, 2017



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**Universal Services
and
Energy Conservation Plan**

Five-Year Plan

2018-2022

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SECRETARY'S BUREAU

Submitted September 15, 2017

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I. Introduction

Duquesne Light Company ("Duquesne Light" or "Company") has a comprehensive Universal Service and Energy Conservation Plan, which consists of its Customer Assistance Program ("CAP"), Customer Assistance and Referral Evaluation Services ("CARES"), Low Income Usage Reduction Program ("LIURP"), and Hardship Fund administered by Dollar Energy. The goals of Duquesne Light's universal service programs are to provide and maintain affordable service for income qualified customers, to assist income qualified customers to conserve energy and reduce residential utility bills, and to operate its universal service programs in a cost effective and efficient manner.

II. Background

Customer Assistance Program

Duquesne Light's CAP was first implemented as a pilot in September 1995. CAP is a special payment program for income qualified, payment-troubled customers. The initial CAP pilot was designed to help customers lower their electric consumption to achieve an affordable electric bill. Eligibility for the initial CAP pilot was limited to customers with 1) a gross household income at or below 150 percent of Federal Poverty Level ("FPL"), 2) at least one year of residency at their address, 3) housing expenses that were more than 45 percent of their gross income, 4) customers who made 3 to 9 payments in the past year, and 5) had at least a \$400 arrearage on their electric bill. The program's case management approach offered significant support and in depth guidance to the customers to change their payment and usage behavior patterns.

In January of 2001, Duquesne Light simplified the program by revising eligibility requirements and removing the residency, arrearage and payment history requirements. The Company also eliminated the 3-year program limit requirement in order to allow all income eligible, payment-troubled customers who maintain a satisfactory payment-history under CAP to stay in the program.

In 2004, Duquesne Light simplified the program further by eliminating the customer co-pay of \$5 per month. The Company also reduced CAP customers' payment requirements for customers below 50 percent of poverty guidelines, and between 51 percent and 100 percent of poverty guidelines in accordance with the Pennsylvania Public Utility Commission ("Commission") CAP Compliance Guidelines.

In January 2007, Duquesne Light again adjusted CAP customers' payment requirements to provide bill affordability. An analysis was done to determine if CAP percentage levels should be adjusted in accordance with FPL guidelines released in February 2006. This analysis was completed using income and occupant information provided to Duquesne Light by the CAP customer. It was found that CAP customers in certain income

categories were able to afford a higher percentage of their budget bill. Accordingly, CAP customers' required payments were increased between 5 percent and 10 percent for the following three income levels.

101%-150% non-heat CAP customers (RS)	(5% Increase)
51%-100% heat CAP customers (RH)	(5% Increase)
101%-150% heat CAP customers (RH)	(10% Increase)

In January 2011, Duquesne Light initiated the "Automatic Enrollment" feature into the CAP Program. Upon receipt of a Low Income Home Energy Assistance Program ("LIHEAP") grant, customers were 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. Consistent with the Company's commitment to encouraging energy conservation, in January 2012, Duquesne Light piloted the installation of Smart Strip surge protectors in collaboration with its Energy Efficiency and Conservation Act 129 program, "Watt Choices."

In its 2014-2016 plan and as approved by the Commission in the Company's Rate Case Settlement at Docket No. R-2013-2372129, Duquesne Light increased its maximum annual CAP credits to assist income qualified customers in managing their energy burden. Duquesne Light increased the maximum CAP credit from \$560 to \$700 for non-heating customers and from \$1,400 to \$1,800 for heating customers. The Company also eliminated the requirement for customers to provide their social security number as a requirement for CAP participation provided that customers can provide sufficient alternative identification.

The 2017-2019 Universal Services Three Year Plan included several program enhancements and modifications, including:

- Allowing customers to complete CAP enrollment via telephone interview;
- Implementing a targeted CAP outreach program for customers that receive a LIHEAP grant in lieu of auto-enrollment; and
- Requiring all CAP customers to recertify their income once every two years.

Upon review of the proposed 2017-2019 Universal Services and Energy Conservation Plan, the Public Utility Commission requested that Duquesne Light develop a program that would address energy affordability issues faced in particular by customers in the lowest FPL income tier. As a result, and in close consultation with interested stakeholders, the Company redesigned its CAP. The proposed plan covers a five year period¹ and includes interim changes that are intended to immediately increase affordability for CAP customers, as well as a long term plan to transition to a percentage

¹In the accompanying Petition to Modify its 2017-2019 and Approve its 2020-2022 Universal Service and Energy Conservation Plan, Duquesne Light Company requested a one-time waiver of the Commission regulations at 52 Pa. Code 54.74 to allow the Company to file a 5 year plan.

of income payment plan (PIPP) with CAP credit maximums tailored to specific income tiers, enhanced communication, outreach and bill presentation.

III. Customer Assistance Program (CAP)

A. Objectives

Duquesne Light has redesigned its CAP with the goal of developing and implementing a program that will:

- Make electric service affordable for income eligible customers
- Be mindful of the burden shared by other residential customers
- Ensure accuracy, clarity and simplicity in customer billing
- Be easy to explain and understand
- Provide a consistent bill amount
- Encourage and support energy conservation
- Be promoted to consumers who are likely to qualify

B. Summary of Proposed Changes

The Company is proposing two interim changes to its CAP that would become effective in January 2018. These changes include:

- An increase in the percentage of budget discounts for CAP customers; and
- An increase in the CAP maximum credits from \$700 to \$1500 per program year for non-heating customers.

Additionally, the Company is proposing a redesign of CAP that would become effective January 2020 and remain in place for a three year period after implementation. Effective January 2020 the Company will:

- Change from a Percent of Budget program to a Percent of Income Payment Plan (PIPP);
- Increase the minimum payment for non-electric heating customers from \$15 to \$20;
- Require zero-income customers to recertify income every 6 months;
- Provide an opportunity for customers to earn forgiveness on existing in-program debt when they transition to the new PIPP in order to maintain affordable energy burdens;

- Develop and implement a revised and simplified bill design;
- Allow customers to submit an online application for enrollment; and
- Track and report the average annual deficiency for non-electric and electric heat customers in connection with its triennial universal service and energy conservation filings.

C. Program Description

Given the primary goals of enhancing affordability for income eligible customers, minimizing cost to other residential customers, and strengthening the program’s integrity, Duquesne Light’s proposed program will ultimately depart from the current Percent of Budget Program to a Percent of Income Payment Plan (PIPP). The Company believes that doing so will result in monthly energy bills that are affordable across all income tiers, provide customers with a consistent and manageable bill and an overall better experience.

The primary features of CAP include:

- An affordable, consistent monthly payment based on income;
- An opportunity for arrearage forgiveness over a 24 month period of time;
- CAP credit write off;
- Protection against loss of electric service;
- Referrals to other Duquesne Light and community programs and services.

1. Interim Percentage of Budget Plan

Effective January 2018 until December 2019, Duquesne Light CAP tiers are as follows:

Income (% FPL)	Non-Electric Heating	Electric Heating
Up to 50%	15%	25%
51% - 100%	40%	60%
101 – 150%	80%	80%

2. 2020-2022 Percent of Income Payment Plan

Effective January 2020, CAP customers are billed in one of two ways: 1) a percentage of their monthly gross household income, as outlined in the chart below; or 2) average monthly bill.

Method 1: PIPP

Income Category	Residential Service Percent of Income Payment:	Residential Electric Heat Percentage of Income Payment:
Up to 50% FPL	3%	7%
51% to 100% FPL	4%	8%
101% to 150% FPL	5%	9%
*Minimum Payment	\$20	\$40

For example, a single customer with gross annual income of \$10,000 (or \$833/month) would fall into the 51% to 100% FPL level, based on 2017 guidelines. The customer's monthly electric bill would be \$33, which is 4% of \$833.

Method 2: Average Monthly Bill

If the customer's average monthly bill (based on a 12 month rolling average that would otherwise be the budget billing payment) is less than what the CAP bill would be as determined in Method 1 (above), the customer's monthly payment will equal the 12 month average bill. The monthly payment is reviewed and updated (if necessary) every four months to determine whether the customer is best served in the PIPP or in the Average Monthly Bill plan. The average monthly bill is not the budget amount and is not subject to reconciliation.

In the same example used above in Method 1, if the customer's average monthly bill is \$28 – which is less than \$33 – then the customer's CAP payment would be set to \$28 for 4 months, until the average bill is again compared to the PIPP payment.

Customers Reporting \$0 Income

Customers who report \$0 income are required to make the minimum CAP payment.

*As a cost containment measure, the Company requires a monthly minimum CAP payment amount of \$20 for residential service customers, and \$40 for residential heating customers. The mandatory minimum payment ensures that CAP customers pay a portion of their energy costs while helping to control costs borne by non-CAP residential service customers.

Customers whose actual usage in any given month results in a bill that is less than the Minimum Payment are billed based on actual usage.

3. Calculation of CAP Discounts and Maximum Annual CAP Discount

From January 2018 until December 31, 2019, the maximum annual discount for CAP customers will be \$1,500 for non-heating customers and \$1,800 for heating customers.

Effective January 2020, the CAP discount amount is the difference between what the bill would be based on actual usage at the full tariff rate and the monthly payment as determined by either the PIPP or the Average Monthly Bill method.

To encourage energy conservation and maintain the cost efficiency of the program, customers will be subject to a maximum annual CAP discount amount. The maximum is set according to income level as follows:

Income Category	Non-Heating Maximum Annual Discount	Electric Heating Maximum Annual Discount
PY 2020-2022		
Up to 50% FPL	\$1,600	\$2,350
51% to 100% FPL	\$1,400	\$1,800
101% to 150% FPL	\$900	\$1,300

When a customer reaches the maximum annual discount within twelve months of the anniversary of the enrollment month, the customer is required to pay the actual bill at the full tariff rate.

In the next triennial filing, the Company will include information regarding the average annual deficiency for heating and non-heating customers.

Exceptions to Income Categories

Percent of income payments and maximum annual CAP discount amounts for CAP participants may be adjusted for extenuating circumstances including, but not limited to, the following:

- Addition to the household;
- Serious illness or medical condition;
- Consumption increase beyond control of customer (health related);
- Severe weather conditions; and
- Structural damage to home.

4. Pre-Program Debt Forgiveness

A major benefit to customers who make full payments in accordance with their CAP payment plan is the complete forgiveness of their pre-program arrears. Customers who enroll in CAP with an outstanding balance have an opportunity to eliminate their pre-program arrears by making full payments of the CAP bill.

Customers will receive debt forgiveness of 1/24th of their preprogram arrears with each full monthly payment. Customers also have the ability to receive arrearage forgiveness on catch-up payments made for past due monthly CAP balances. Customers will be granted one pre-program debt forgiveness opportunity, which will remain with the customer as long as he/she is enrolled in CAP. Except for the one-time transition in-program debt forgiveness described in section 5 below, delinquencies acquired within CAP are not eligible for forgiveness. If a customer is terminated or discontinues services prior to earning total forgiveness of their PPA amount, the customer may resume the pre-program arrears opportunity. For example.-

- A customer enrolls in CAP with \$240 pre-program delinquency. While enrolled in CAP, the customer earns \$140 in arrears forgiveness. Service is subsequently terminated or discontinued. The customer also has \$100 in CAP rate arrears at the time service ends. The customer subsequently establishes new service and has a total unpaid balance of \$200, which includes \$100 in CAP rate arrears and \$100 prior frozen arrears. When the new service is established and the customer is enrolled in CAP, he or she would be eligible for \$100 in pre-program arrears forgiveness. The \$100 billed at the CAP rate would not be eligible for forgiveness. The customer would earn forgiveness in increments of 1/24th of the original \$240 in pre-program arrear amount. In this example, the customer would receive debt forgiveness in the amount of \$10 for each full payment, up to \$100.

5. One-time Transitional In-Program Debt Forgiveness

The Company's new PIPP is specifically designed to provide greater affordability for CAP customers. The Company's prior CAP plan resulted in unaffordable energy burdens for many income qualified customers. Resultantly, approximately one-half of Duquesne Light's CAP customers have accumulated delinquent balances within the CAP program. Requiring existing CAP customers to pay the delinquency, either in full or over time, in addition to the new PIPP amount would substantially negate the benefits of the new program. Accordingly, customers will be granted forgiveness on their past due balances that exist at the time of enrollment in the new PIPP. The existing delinquency will be forgiven at the rate of 1/24 each month for each monthly payment made on time, and in full. Providing an opportunity for forgiveness will provide customers who make payments the opportunity to maintain electric service at affordable rates. For additional details, see Appendix A.

6. Intake Processes

Application via Community Based Organizations

Recognizing customers' need for convenience and flexibility in their interactions with the Company, CAP enrollment will be supported in-person, over the phone, and via an online application.

Regardless of the channel through which the customer initiates enrollment, a Community Based Organization (CBO) agent will conduct a follow-up interview with the customer. This interview allows the customer to receive an explanation of CAP, CARES, and other relevant programs such as LIHEAP. The agent will ensure that the customer understands their responsibilities to remain in the program, and will thoroughly explain the various components of the CAP bill.

At the time of the application, Duquesne Light requests that the applicants provide social security numbers on the application; however, in lieu of providing a social security number, an applicant may provide another acceptable form of identification such as a driver's license or other government issued identification. Customers applying for CAP will be informed that a social security number is not required to complete the application.

Customers Reporting \$0 Household Income

Customers who report \$0 household income at the time of enrollment are required to complete the "Zero Income Form" and give Duquesne Light permission to verify the income with government agencies such as the Internal Revenue Service ("IRS") and through bankruptcy proceedings. Third party information used to verify customer income will apply to the timeframe at issue.

The Company will provide customers with an opportunity to challenge or correct income information provided by third parties prior to dismissal from the program. The Company requests that the customer identify all household members, the address where service is provided and a brief explanation of how household expenses are met on the form. The customer must sign and date the form; however, the Company does not require that the form be notarized. The customer's income status may be reviewed every six months to determine if employment or income status has changed. However, if the customer's income status changes, the customer is required to contact the Company to notify it of the change.

LIHEAP Grant Recipients not currently enrolled in CAP

Duquesne Light will conduct targeted outreach for customers that receive LIHEAP grants for enrollment in CAP. Duquesne Light will compile a list of customers for whom a LIHEAP grant was received and are not currently enrolled in CAP. These customers will receive a mailing explaining the benefits of the CAP program and instructing the customer on how to apply for CAP. A Benefits Brochure will also be included; this brochure outlines the benefits and responsibilities associated with the CAP program. After a period of one month, if

the customer has not enrolled in CAP, a second outreach will be made by the CBO –via phone, mail or electronic mail where the customer has consented to electronic communication. Customers are encouraged to set up an appointment with the CBO – via phone or in-person – to complete the CAP enrollment.

7. Cost Recovery – Rider No. 5

Universal Service Program costs, including CAP costs, are recovered through a reconcilable surcharge found in Duquesne Light's Tariff.

8. Security Deposits

Applicants who are confirmed low-income are not required to make a security deposit.

Security deposits collected prior to a customer being confirmed low-income will be refunded as the Company receives the low-income confirmation, either with or without enrollment into CAP.

The Company shall refund security deposit payments to customers who are confirmed eligible for CAP upon enrollment into CAP after service restoration.

9. Customer Obligations

All customers remain in the program for as long as they are income qualified and comply with the CAP requirements and guidelines. Energy conservation plays an important role in helping CAP customers control their energy costs. Accordingly, customer obligations under CAP include:

Full, on-time monthly payments

- Customers are required to pay their bill each month, on time and in full.

Smart Comfort Visits

- Customers who meet the following criteria must schedule a Smart Comfort (LIURP) visit within 90 days of enrollment:
 - All customers with electric heat
 - All residential service customers who own their home and have a base load usage in excess of 500 kWh per month

- All residential service customers who are renters, have a base load usage in excess of 500 kWh per month, and have resided at the premise for at least six months. Landlord approval is required prior to any structural modifications.

Additionally, CAP customers whose base load usage exceeds 500 kWh and who have not had a Smart Comfort (LIURP) visit within the last seven years may be required to complete a Smart Comfort visit.

Recertification

Customers reporting \$0 household income are required to recertify their income and occupancy information every six months.

All other CAP customers are required to recertify their income and occupancy information once every other year.

CAP Shopping

Duquesne Light's CAP customers currently are not able eligible to shop for an Electric Generation Supplier ("EGS"). A customer that has an EGS and wishes to participate in CAP will be advised that Duquesne Light can switch the customer back to default service; however, the customer may be subject to a cancellation fee. The customer should check his/her EGS agreement to determine whether there are any fees associated with cancellation.

10. Application of Customer Payments and Assistance Grants

All CAP customers will be encouraged to apply for appropriate grants. Funds received through grants will be applied first to past-due amounts and then to future amounts due. Grant monies will not be used to reduce frozen arrearage.

11. Energy Conservation

Through CAP, Duquesne Light attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Company representatives provide consumer education in the following areas:

- Low cost/no cost energy conservation tips;
- Explanation of weatherization measures;
- Home heating and cooling systems; and
- Electric bill and analysis of usage.

The Company analyzes all CAP customers' usage monthly to identify customers whose usage increases to levels outside established norms. This High Consumption Report is provided to Low Income Usage Reduction Program ("LIURP") representatives and the Company's Smart Comfort contractor, who will analyze customer bills, contact the affected customers with additional consumption reduction information and may enroll the customers in Smart Comfort, Act 129 Low Income programs (Watt Choices), or other programs to proactively assist in reducing energy usage to normal levels. Customers participating in CAP consent to share their usage information with third party providers.

The CAP Representatives are responsible for analyzing the individual situations and for recommending changes to consumption or to the Percentage of Income Payment Plan if warranted by the circumstances. At enrollment, CAP Representatives explain the customer's responsibility related to annual kWh usage and their billed charges should they exceed their maximum annual CAP Discount allowance. This matter is analyzed and discussed again, if appropriate, during bi-annual program re-certification.

12. Defaulting from CAP

Duquesne Light extends every reasonable consideration to CAP customers to avoid dismissal from the program. Program requirements and benefits are clearly explained during the initial enrollment interview. Extenuating circumstances are carefully evaluated. However, CAP cannot function properly without the commitment and cooperation of customers, social service agencies, and Duquesne Light. Customers' non-compliance with CAP obligations may lead to dismissal from the program. The grounds for default are summarized in the chart below:

Grounds for Default	Required 1 Year Stay-out	Opportunity to Cure
Failure to recertify	No	Yes
Failure to complete Smart Comfort Visit	No	Yes
Termination for non-pay	No	Yes
Voluntary Removal from Program	No	Yes
Removal for fraud, material misrepresentation, etc.	Yes	No

Customers who have a past-due CAP balance at the time of default may be required to pay the past-due catch-up amount in conjunction with curing the reason for default to be reinstated in CAP.

CAP customers are required to pay their CAP amount in full and on time each month. If payment is not received within five business days after the bill due date, the collection process will begin. If a CAP account is terminated, the customer may be required to pay their entire past due balance as a condition of restoration unless eligible for a payment arrangement. CAP customer restoration agreements will generally be issued in accordance with 66 Pa.C.S. §1407.

If a CAP account is terminated and service is not restored within 30 days, the customer will be defaulted from CAP. CAP customers will be permitted to re-enroll in CAP if service is restored within 30 days.

When a CAP customer's 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 until the cause of the default has been satisfied.

If a customer fails to provide updated household information, the account may be defaulted from CAP. If a CAP customer is found to have greater income than what was originally reported, the customer may be defaulted from the CAP Program and back-billed at the full tariff rate. Customers will be provided an opportunity to provide documentation of their income prior to any adverse action. If the Company determines that the information provided is insufficient, the customer may be removed from CAP. All applicants and CAP customers may appeal the Company determination. Upon receipt of a dispute related to a default or removal from CAP, the Company will investigate and provide the customer with its final position and rights to file a complaint with the Commission.

Customers may also request to be removed from CAP. If a customer requests to be removed from CAP, the customer is advised that she/he will not be able to re-enroll in CAP again unless the customer shows that she/he has paid amounts equivalent to the CAP payment for the time period outside of CAP.

For example: A customer with a monthly CAP payment of \$33 asks to be removed from the program. Two months later, the customer wishes to re-enroll in CAP. The customer has made no payments in the interim. A catch-up payment of \$66 will be required to re-enroll in CAP.

Customers who are determined to have income levels exceeding program limits will be removed from CAP. Customers may also be removed from CAP for fraud, theft, or tampering.

D. Eligibility Requirements

Duquesne Light's CAP is available to residential customers whose total gross household income is at or below 150% of the FPL, and have demonstrated or expressed an inability to pay their electric service bill.

1. Grandfathered Seniors

Certain senior CAP customers with household income between 150% and 200% of the FPL had previously been grandfathered so that they would not be removed from CAP. Continued participation in CAP is permitted for those customers as long as the customer's income levels remains at or below 200% of the FPL and provided they continue to adhere to the requirements of the CAP.

2. Move / Transfer of Service

Customers may not receive the benefits of CAP at multiple service locations simultaneously, except for in the case of a transfer of service. In this case, the customer will be billed at the CAP discounted amount at both premises for a maximum of thirty (30) days to accommodate the move. CAP enrollment is not interrupted when a program participant transfers service from one property to another within 30 days. After 30 days, a CAP customer will be treated as an applicant and required to apply for new service and CAP enrollment.

Outside of a move/transfer situation, a customer with concurrent service at multiple locations may only be billed at the CAP rate for a single location.

E. Projected Needs Assessment (based on Census data)

Enrollment levels are based on data from the U.S. Census Bureau and information identified from the Company's internal billing system.

1. Census Data for Households at or Below 150% of Poverty

County:	Allegheny	Beaver	Westmoreland	Total
Census Total Households:	525,776	70,853	151,279	747,908
Duquesne Light Residential Customers:	461,069	63,450	41	524,560
% Duquesne Light Customers:	87.69%	89.55%	0.03%	70.14%
Census Low Income :	136,423	18,435	37,928	192,786
% Census Low Income:	25.95%	26.02%	25.07%	25.68%
Estimated Low Income Based on Census:	119,633	16,509	10	136,152

2. Confirmed Low-Income Customers

	CAP:	Non-CAP Low Income :	Confirmed Low-Income:
2013	36,544	21,628	58,171
2014	35,352	23,440	58,792
2015	35,602	15,772	51,374
Average	35,832	20,280	56,112

F. Projected CAP Enrollment

Duquesne Light's average CAP enrollment from the past three years is displayed below:

	2014	2015	2016	August 2017
Average	35,352	35,602	39,925	35,717

Based upon a three year average of CAP enrollment from Duquesne Light's billing system with a 1.5% annual escalation, the estimated projected net enrollment of active CAP customers by year is shown below:

Year	CAP Enrollment Level²
2017	36,000
2018	36,540
2019	37,088
2020	37,644
2021	38,209
2022	38,782

² The projected enrollment levels assume CAP enrollment of approximately 35,000 as of August 31, 2017.

G. Projected CAP Budget

Program Budget:	Admin	CAP Credits	Frozen Arrearage	Total
2017	\$1,996,461	\$14,262,786	\$3,748,953	\$20,008,200
2018	\$2,056,355	\$20,742,906	\$3,705,557	\$26,652,524
2019	\$2,118,045	\$21,054,050	\$3,761,140	\$27,434,572
2020	\$2,181,587	\$23,606,834	\$3,817,557	\$30,083,065
2021	\$2,247,034	\$23,960,937	\$3,874,821	\$30,534,311
2022	\$2,314,445	\$24,320,351	\$3,932,943	\$30,992,325

H. Plans to use Community Based Organizations

Holy Family Institute and Catholic Charities currently administer Duquesne Light's CAP and CARES Programs. These organizations oversee a network of CBOs with 26 full time employees (FTEs) at 7 sites (main office location and satellite offices). Duquesne Light worked with the CBOs to ensure that the offices were located in areas with concentrations of confirmed income qualified customers and relative proximity to transportation and other such factors.

Duquesne Light continues to utilize CBOs in the same manner as in its prior plans. CBOs serve as the CAP administering agencies and accept referrals from various sources. CBOs also contact customers to perform an initial screening for potential program participation and arrange personal interviews at CBO locations and phone interviews. Though CBOs have scheduled hours, customers unable to visit the CBO within those hours will be accommodated outside of normal business hours by appointment and also by phone. For customers with special needs preventing them from visiting the CBO for an interview, home visits or telephone appointments may also be scheduled.

CBOs serve as a primary Universal Services contact with the customer, which is maintained throughout the customer's participation in CAP and other Universal Services programs. CBOs will be responsible for attempting to schedule CAP appointments, making timely reminder calls prior to the scheduled appointment and other various assignments that streamline the CAP application/enrollment process and increase efficiency.

CBOs will return calls to customers within two (2) business days. Customers may be provided with a temporary hold and stay of collection to enroll in CAP.

Current administering organizations and the counties they serve are listed below:

<u>Community Based Organizations:</u>	<u>Counties Served:</u>
Catholic Charities	Allegheny
Holy Family Institute, Northside	Allegheny
Holy Family Institute, McKees Rocks	Allegheny
Holy Family Institute, Swissvale	Allegheny
Holy Family Institute, Aliquippa	Beaver
Holy Family Institute, McKeesport	Allegheny
Holy Family Institute, Beaver Falls	Beaver

I. Organizational Structure

Duquesne Light's Universal Services Department is typically staffed by four dedicated individuals. The department is headed by the Manager of Universal Services, who is supported by Analysts and Customer Service Representatives as follows:

- Manager Universal Services (1)
- Universal Services Analyst (2)
- Customer Service Representatives (2)

Duquesne Light continues to evaluate staffing as needs arise and augments staffing as necessary.

IV. Customer Assistance Referral and Evaluation Services (CARES)

A. Program Description

Duquesne Light's Customer Assistance Referral and Evaluation Services ("CARES") program assists payment-troubled and special needs customers obtain necessary social service support and assistance. The primary objectives of the CARES program are to:

- Help customers experiencing payment hardships to manage their electric bills by providing them with information, resources and encouragement;
- Make tailored referrals to company and community assistance programs; and
- Maintain and/or establish partnerships and alliances with social service agencies, government offices, and community organizations to ensure maximum and timely assistance for customers who have personal or family hardships.

The program focuses on residential customers whose income is at or below 150% of the FPL and senior citizens whose income is at or below 200% of the FPL. Customers may be referred to CARES by internal and external sources including but not limited to other Duquesne Light departments, other utility companies, CBOs (e.g., Holy Family and Catholic Charities), the PUC, or word of mouth. An outreach worker or community agency acts as an intermediary between the customer and the Company in an effort to link the customer to the necessary social service programs that will enhance the customer's ability to pay for electric service.

CBOs refer customers to CARES during the initial interview for universal services programs. The CBOs assist these customers in obtaining all available energy assistance for which the household qualifies (e.g., LIHEAP, Crisis, and Dollar Energy Fund) and also make referrals to other programs and services based upon need and availability. For customers with special needs preventing them from visiting the CBO for an interview, home visits may also be scheduled. During home visits, CBO representatives can more quickly determine the basic causes of customers' hardships, as well as verify customers' statements concerning sources of household income. Case Managers also visit identified low-income, multi-family dwellings as well as other gathering places to hold events that encourage and assist CAP enrollment.

B. Program Eligibility

CARES is designed specifically for low-income customers (household income at or below 150% of the FPL) who are unable to pay their electric service bills in full. Also eligible are customer households headed by senior citizens whose combined household income is at or below 200% of the FPL. However, Duquesne Light makes every effort to avoid turning any customer away, regardless of income level.

C. Enrollment Levels

As customers are provided with information on all programs including CARES as part of the CAP enrollment process, Duquesne Light estimates that the enrollment for CARES should approximate the total of CAP new enrollments and eligible seniors seeking assistance. Analysis of customer participation shows that enrollment levels for CARES are consistently around 12,000 customers per year.

D. Program Budget

The specific funding level for 2017 through 2022 is shown below:

Year:	Funding Level:
2017	\$135,000
2018	\$135,000
2019	\$135,000
2020	\$135,000
2021	\$135,000
2022	\$135,000

E. Needs Assessment

The projected participation and funding for 2017 through 2022 is shown below:

Year:	Estimated Budget:	Projected Participation:
2017	\$135,000	12,000
2018	\$135,000	12,000
2019	\$135,000	12,000
2020	\$135,000	12,000
2021	\$135,000	12,000
2022	\$135,000	12,000

F. Community-Based Organizations

Duquesne Light recognizes the importance of establishing and expanding its network of contacts and working relationships with CBOs. Simply put, CARES could not function without the cooperation and assistance of local organizations. The CBOs refer customers to CARES at the time of the CAP intake interview. CARES is administered by the CBOs listed in the section related to CAP.

These organizations act as "brokers" who attempt to match customers' needs with existing company and/or community programs. The CARES counselors analyze customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services that are offered by social service agencies, community organizations, and Duquesne Light. In addition, they initiate follow-up to determine the outcome of referrals to social agencies and company programs.

Another key responsibility of the CARES Counselors is to establish close working relationships with external organizations and internal departments at Duquesne Light. Social service agencies and other community groups are essential to the success of CARES because they provide the needed services for payment-troubled customers. The relationship between the CARES counselors and the other agency caseworkers is carefully nurtured and strengthened because the program cannot function effectively without the cooperation of social service organizations.

- G. Organizational Structure of Duquesne Light Staff**
Please see Section III (6) on page 11 for staffing information.

V. Hardship Fund

A. Program Description

Duquesne Light's Hardship Fund is administered by the Dollar Energy Fund ("DEF"). Begun in March 1983, Dollar Energy was one of the first utility-sponsored fuel funds in the nation and Duquesne was one of the founding utilities. Customers may contribute to the program by pledging monthly to their electric bill payments, by sending in a check or by electing to contribute online.

The primary features of the Dollar Energy Fund include:

- Direct financial assistance for overdue energy bills
- Protection against shutoffs
- Referral to other programs and services

The Hardship Fund operates from October 1st of each year and continues until funds are depleted.

The Company promotes the program through bill inserts, Company website, radio advertisements, direct referrals by Duquesne Light Customer Service Representatives, community based events and the Dollar Energy Fund itself.

1. Key Objectives

- The overall objectives of Dollar Energy are as follows:
- Provide financial assistance to qualified low-income families who are having difficulty paying their energy bills.
- Offer financial assistance to low-income households who may be ineligible for the Low Income Home Energy Assistance Program ("LIHEAP").
- Coordinate and expand the activities of community-based organizations that provide energy-related assistance.
- Help customers understand and access community resources to solve energy payment problems as a step toward greater self-sufficiency.

B. Eligibility

Dollar Energy is designed specifically for low-income residential customers (household income at or below 200% of the FPL) who are unable to pay their electric service. The program focuses on low-income customers who have overdue balances and an inability to pay the full amount of their energy bills.

To be eligible, customers must:

1. Have a residential account and reside at the premise address.
2. Have paid a minimum of \$150 toward their utility bill within the last 90 days or made three consecutive CAP payments. Senior citizens (age 62 and over) must have paid at least \$100.
3. Have a balance on their electric bill of at least \$100. Senior citizens (age 62 and over) may have a zero balance, as long as there is no existing credit on the account.
4. Provide proof of monthly household income (FPL guidelines apply).
5. Provide the Social Security numbers for all members of their household.

The respective operating dates and service status criterion for each timeframe is as follows:

- October 1 to November 30 - Electric service off or in threat of termination.
- December 1 to January 31 - Electric service off only.
- February 1 to February 28 - Electric service off or in threat of termination.
- March 1 until funds reach 10% budget remaining - Open to all eligible applicants regardless of service status
- Once budget has 10% remaining, open to applicants whose service has been terminated

The Dollar Energy Fund becomes the "fund of last resort" when the customer has applied to LIHEAP, if LIHEAP is open and the customer qualifies for LIHEAP. Approved applicants will receive a grant of up to \$500 based on overdue balance.

A household can receive only one Dollar Energy Fund grant during a program year. Upon receipt of the grant, a 30-day stay on termination is placed on the account and the grant amount will be applied to the customer's past and current "asked to pay" amounts. Excess payments will be applied to the next month's billed amount. A Dollar Energy grant may create an excess credit if the customer makes a payment prior to receiving the grant.

C. Projected Budget

Duquesne Light's Hardship Fund is a partnership with Dollar Energy Fund. Duquesne Light will match customer contributions up to \$375,000 annually. In addition, up to \$75,000 will be provided for administrative support.³

	Estimated Budget:	Participation:	Average Grant:
2017	\$750,000	1,820	\$412
2018	\$750,000	1,820	\$412
2019	\$750,000	1,820	\$412
2020	\$750,000	1,820	\$412
2021	\$750,000	1,820	\$412
2022	\$750,000	1,820	\$412

D. Needs Assessment

Estimates for the Hardship Fund are based on past program participation levels as shown below:

Year:	Funding:	Participation:	Average Grant:
2013	\$750,000	1,751	\$ 428
2014	\$750,000	1,843	\$ 407
2015	\$750,000	1,845	\$ 407
Average	\$750,000	1,813	\$ 414

E. Community-Based Organizations

The Dollar Energy Fund utilizes community based organizations in Duquesne Light's service territory to validate household income and process applications. These organizations have solid reputations and experience in delivering services

³ Administrative support is recovered through the Universal Service Charge.

to low-income households in the Duquesne Light service area. The administration of the program is a collaborative effort between Dollar Energy and the organizations listed below.

Community Based Organizations:	Counties Served:
Allegheny Center Alliance Church	Allegheny
Allegheny County DHS/OCS	Allegheny
Allegheny Valley Association of Churches	Allegheny
Brashear Association's Neighborhood Employment Center	Allegheny
Brashear Center	Allegheny
Catholic Charities - Beaver	Beaver
Catholic Charities - Pittsburgh	Allegheny
Coraopolis Community Development Foundation	Allegheny
Energy & Environment Community Outreach (EECO) Center	Allegheny
Goodwill of Southwestern Pennsylvania - McKeesport	Allegheny
Goodwill of Southwestern Pennsylvania - Southside	Allegheny
Hazelwood YMCA	Allegheny
Holy Family Institute - Aliquippa	Beaver
Holy Family Institute - Beaver Falls	Beaver
Holy Family Institute - Edgewood Towne Center	Allegheny and
Holy Family Institute - McKees Rocks	Allegheny and Beaver
Holy Family Institute - Northside Common Ministries	Allegheny
Housing Opportunities of Beaver County	Allegheny and Beaver
Jubilee Association, Inc.	Allegheny
Lincoln Park Family Center	Allegheny
Lutheran Service Society	Allegheny
Ministerium Social Services	Beaver
Mt. Washington Community Development Corporation	Allegheny
Nabhi Christian Ministries - Lincoln Ave	Allegheny
NHCO - Allison Park	Allegheny
NHCO - Millvale	Allegheny
NHCO - North Boroughs	Allegheny
Northern Area Multi-Service Center	Allegheny
Primary Care Health Services - Hill House Health Center	Allegheny
Salvation Army - Beaver Falls	Beaver
Salvation Army - Brackenridge	Allegheny
Salvation Army - Braddock	Allegheny
Salvation Army - Carnegie	Allegheny
Salvation Army - Forbes Avenue	Allegheny

Community Based Organizations:	Counties Served:
Salvation Army – Homewood/Brushton	Allegheny
Salvation Army – McKeesport	Allegheny
Salvation Army – North Side Community Worship Center	Allegheny
Salvation Army – Pittsburgh Temple	Allegheny
Salvation Army – Steel Valley	Allegheny
Salvation Army – West Side Corps	Allegheny
Society of St. Vincent de Paul	Allegheny
South Hills Interfaith Ministries	Allegheny
St. Mark’s Lutheran Church	Allegheny
St. Paul Cathedral	Allegheny
Sto-Rox Neighborhood Health Council	Allegheny
The Franklin Center	Beaver
Wilkinsburg Community Ministry	Allegheny

F. Organizational Structure of Duquesne Light Staff

Please see Section III (6) on page 11 for staffing information.

VI. Smart Comfort (LIURP)

A. Program Description

Smart Comfort is Duquesne Light’s Low-Income Usage Reduction Program (“LIURP”). The program targets residential customers whose gross household income is less than 150% of the FPL and senior citizens whose gross household income is less than 200% of the FPL, with base load electric usage more than 500 kWh per month and who have been residing at their current address for at least six months.

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 the customer on current conservation practices.

- To make tailored referrals to company and other assistance programs such as CAP, Dollar Energy Fund or private funds, LIHEAP, Watt Choices and other weatherization programs.

Smart Comfort has evolved from strictly weatherization to an “end use” strategy. Usage reduction measures include cost effective appliance and lighting replacements in addition to determining if weatherization is warranted.

1. Summary of Program Process and Installation Measures

- Perform walk through audit
 - Investigate potential saving areas within the house.
 - Measure usage of targeted electrical equipment within the house.
- Provide energy education
 - Explain Smart Comfort program in depth.
 - Explain current electricity bill in detail to ensure the customer understands the concepts such as monthly kWh usage and usage comparisons.
 - Provide education on ways to reduce electric usage.
 - Develop partnership with customer to reduce electric usage.
- Determine of Smart Comfort measures to provide
 - A blower door test will be conducted if it is determined to be beneficial in ascertaining measures to be installed.
 - Standard measures include LEDs, mattresses, refrigerators and freezers, electric hot water tanks or tank wraps, window/central air-conditioning units, heat pumps, air infiltration measures, smart strips and home insulation.
 - At the discretion of the energy manager, potential measures include furnaces, electric dryers, electric ranges, water pumps, and electric blankets.
 - The minimum usage requirement for a refrigerator change-out will continue to be 5 kWh per-day.
 - The program includes potential window air-conditioning unit change-outs if the life of the replacement of the unit as well as life of the dwelling will exceed 12 years.
 - The program also includes potential central air-conditioning change-out if the life of the unit as well as the life of the dwelling exceeds 12 years.
 - Duquesne Light Company has transitioned to light-emitting diodes (LED) in its Smart Comfort program as of March 2017.

- **Customer monitoring and follow up**
 - Energy managers may contact Smart Comfort recipients to discuss their usage and the resulting increase in consumption.
 - Energy Managers may also contact Smart Comfort recipients to reinforce energy education.

Additionally, low-income customers, whose base load usage is less than 500 kWh per month, are referred to Watt Choices (Duquesne's Energy Efficiency / ACT 129 program).

The Company has established an allowance for health and safety that authorizes LIURP contractors to spend up to \$200 per electric baseload Smart Comfort visit without prior Company approval on incidental repairs including health and safety items when necessary to allow for conservation measures to be installed.

For electric heating customers, the Company will authorize the Smart Comfort contractor an allowance up to \$600 per Smart Comfort visit without prior Company approval where the inclusion of health and safety and incidental repair will remedy situations that would otherwise impede the installation of conservation measures.

Incidental repairs and health and safety items may include the installation of carbon monoxide detectors and smoke alarms. Where a smoke alarm is present, the installer will check for a functioning smoke alarm and replace batteries as necessary.

Duquesne Light Company will report annually health and safety measure costs as a separate category.

2. Third Party Inspections:

Duquesne Light will contract with a third party to perform independent inspections of sampled completed Smart Comfort visits. The Company will sample up to 10% of completed electric heating jobs and up to 5% of electric baseload jobs.

B. Program Eligibility

The following are eligibility requirements for Smart Comfort:

- Low-income customers with a household income at or below 150% of FPL;
- Senior customers with household income at or below 200% of FPL;

- Special needs customers with a household income at or below 200% of FPL;⁴
- Electric base load usage greater than 500 kWh;
- Resident at that premise for at least six months.

Exceptions from the above eligibility requirements:

- Residency and base load requirements are waived for total-electric homeowners;
- Residency requirements are waived for non-heating CAP homeowners.

Duquesne Light will continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education.

C. Program Integration

Duquesne Light has and will continue to coordinate its Smart Comfort program with its Watt Choices programs, as well as with gas company LIURP programs. The Company 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 will facilitate this coordination by inviting representatives from the Natural Gas Distribution Companies ("NGDCs") with overlapping service territories and representatives of the Commonwealth's Weatherization Assistance Program ("WAP") to its Act 129 Stakeholder meetings to discuss existing and possible enhancements to its coordination efforts.

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 and measures installed are financed by the utility benefiting from the energy efficient measure installed. In those situations when the energy audit is scheduled for a household eligible for Smart Comfort, the energy auditor inquires if the customer also would like a referral to the natural gas utility for possible energy-efficient gas heating measurers. If the response is affirmative, the customer is required to sign a consent form permitting Duquesne Light to provide the necessary information to the natural gas utility.

⁴ Not more than 50% of Smart Comfort participants will be households between 150% and 200% of the FPL and not more than 20% of the budget will be utilized for these customers.

D. Projected Enrollment & Needs Assessment

Duquesne Light Company's Smart Comfort enrollment levels are based upon the Rate Case Settlement Agreement at Docket No. R-2013-2372129.

Year:	Enrollment Level
2017	3,100
2018	3,100
2019	3,100
2020	3,100
2021	3,100
2022	3,100

The following needs assessment methodology was provided by BCS in early 2001.

1. Determine the percentage of residential customers by county based on Census data poverty rates for households at or below 150 percent of poverty:

Residential Accounts:	Accounts:	Census Data Poverty Rate:
Allegheny County	461,069	25.95%
Beaver County	63,450	26.02%
Westmoreland County	41	25.07%
Total Residential Accounts	524,560	25.68%

2. Determine the number of households using less than 500 kWh.

Base Load Month:	Accounts <500 kWh:	Total Accounts:	Percent <500 kWh:
April	307,804	527,582	58.3%
May	298,485	506,723	58.9%
September	186,655	521,849	35.8%
October	301,862	520,771	58.0%
Total	1,094,806	2,076,925	52.7%

3. Determine eligible households.

Total Residential Households	524,560
- Households Using <500 kWh	(276,510)
= Net Base Load Eligible Households	248,050
* Average Poverty Rate by Census Data	25.68%
= Eligible Households by Poverty Rate	63,699
- Completions in last 6 years	(22,614)
= Net Eligible Households	41,085
* Average Job Cost	\$692
= Total Costs for All Eligible LIURP Jobs	\$28,430,820

However, consistent with the settlement at Docket No. R-2013-2372129, Duquesne Light proposes to continue providing Smart Comfort services to up to 3,100 households annually.

E. Program Budget

Budget levels for the years 2017 through 2022 shown below indicate current levels and increased levels based upon the Rate Case Settlement Agreement at Docket No. R-2013-2372129. The average job costs in 2016 were \$2905, and \$525 for electric heat and base load service, respectively. The Company estimates the average cost for incidental repairs would be \$105 per job, which is included in the average cost per job. The total costs for completing LIURP jobs for the 41,085 eligible customers would be \$28,430,820. The following projected budget reflects expending seven percent of the budget for electric heating service jobs.

	Electric Heat: \$2,905 ea.		Baseload: \$525 ea.		TOTAL	
	# Jobs	Budget \$	# Jobs	Budget \$	# Jobs	Budget \$
2017	217	630,385	2,883	1,513,575	3,100	2,143,960
2018	217	630,385	2,883	1,513,575	3,100	2,143,960
2019	217	630,385	2,883	1,513,575	3,100	2,143,960
2020	217	630,385	2,883	1,513,575	3,100	2,143,960
2021	217	630,385	2,883	1,513,575	3,100	2,143,960
2022	217	630,385	2,883	1,513,575	3,100	2,143,960

ADDENDUM A

Duquesne Light Company
2020-2022
Universal Service and Energy Conservation Plan
Program Transition

1. Duquesne Light Company's new Percentage of Income Payment Plan ("PIPP") Customer Assistance Plan ("CAP") design is significant change from its historical percentage of budget plan that is designed to increase affordability for its income qualified customers.
2. As of this time, Duquesne Light Company's customers who participate in its existing CAP program have accumulated approximately \$12 million of "in program arrears" – that is, amounts that the customers have been billed since they entered the CAP program, but they have not paid. This amount does not include any amounts owed for prior service that are classified as pre-program arrears. The parties have agreed that Duquesne Light Company's historic CAP program did not provide rates that comprehensively met the Commission's guidelines for affordable service, and that this unaffordability was a material factor in the customer's developing the \$12 million in-program arrearage.
3. The parties further recognize that, when Duquesne Light Company implements the PIPP, the collection of the \$12 million of in-program arrears from CAP customers with the arrears will present substantial challenges to the success of the PIPP program due to the potential impacts on affordability.
4. The parties have agreed to an in-program arrearage forgiveness program that will eliminate the obligation of Duquesne Light Company's CAP customers to pay the accumulated \$12 million of in-program arrearages. The parties believe and agree that Duquesne Light Company's transition from its current program to the PIPP program presents a unique opportunity to improve affordability for Duquesne Light Company's CAP customers. Given the unique circumstances presented, the parties have agreed to the approach set forth below to address the in-program arrearages. For its part, Duquesne Light Company has agreed that, for 45% of the arrearages, it will write off those arrearages and not seek rate recovery of that 45%. The parties have agreed that Duquesne Light Company may recover the remaining 55% of the arrearages, as a transition cost of moving to the PIPP as set forth at length below.
5. This Appendix describes: (a) how the arrearages forgiveness program will be applied to CAP customers' bills, and (b) how Duquesne Light Company will be allowed to recover in-program arrears up to 55% of \$12 million.

I. APPLICATION OF IN-PROGRAM ARREARAGE FORGIVENESS TO CAP CUSTOMER BILLS

1. Duquesne Light Company will continue to work to collect and mitigate in-program arrears until the new PIPP is implemented.
2. When the PIPP program is implemented in January 2020, Duquesne Light Company will determine the actual in-program arrearages balance for each CAP customer ("Customer Final IPA Balance") as of the implementation of the PIPP program. Collectively, all Customers Final IPA Balance will constitute the "Total Final IPA Balance", which will be addressed in the cost recovery section of this term sheet.
3. For each customer with an in-program arrears, the individual Customer Final IPA balance will be set aside and tracked for potential forgiveness as a Customer Deferred Amount. For each full payment made per month, 1/24th of the Final IPA balance will be forgiven. Customers may receive forgiveness for catch up payments.
4. If a customer has an existing pre-program arrears amount that is eligible for forgiveness, that amount will be combined with the customer's Final IPA balance not to exceed \$6.6 million. The combined IPA and remaining PPA balance will be forgiven over a period of 24 months. 1/24th of the combined PPA and IPA balance will be forgiven for each full payment made per month. Customers may receive forgiveness for catch up payments.
5. The proposed program should be considered a one-time program to address the unique issues here.
6. If a Customer transfers their service to a new location and account prior to earning forgiveness on the Customer Deferred Amount, they may continue to earn forgiveness on any remaining PPA, IPA or Customer Deferred Amount at the subsequent address. No additional delinquent dollars will be added to the balance for forgiveness. For customers whose service is terminated pursuant to 52 Pa Code §56.81 and whose account is then finalized prior to that customer earning forgiveness, they may continue to earn forgiveness on any remaining PPA, IPA or Customer Deferred Amount if service is restored within 4 years. Customers who discontinue service pursuant to 52 Pa Code § 56.72 prior to that customer earning forgiveness will also continue to earn forgiveness on any remaining PPA, IPA or Customer Deferred Amount if new service is initiated within 4 years.

II. IPAF COST RECOVERY

1. Duquesne Light Company commits and guarantees that it will not seek to collect an amount equal to 45% of the Total Final IPA Balance in any future base rate proceeding or Rider, provided that the Duquesne Light Company guarantee shall have the same guarantee status as the regulatory asset guarantees described below. For example, if the

Total Final IPA Balance is \$12 million, Duquesne Light Company's cost recovery will not exceed \$6.6 million cumulatively from rate payers. A detailed method of ensuring guarantee is set forth below.

2. Once Duquesne Light Company has determined the Total Final IPA Balance in January 2020, it will collect 55% of the Total Final IPA Balance over a 24 month period through its Universal Service Charge ("USC").
3. To ensure Duquesne Light Company does not exceed its 45% guarantee, Duquesne Light Company will budget and track its IPA and PPA collections through its USC on an annual basis through its annual USC rate filing and 1307(e) reconciliation filing. For purposes of USC, the USC Computational Year will be the twelve (12) month period from January 1 through December 31 of each calendar year and the USC Reconciliation Year will be the twelve (12) month period from November 1 through October 31 immediately preceding the USC Computational Year.
4. In Duquesne Light Company's future rate case(s), Duquesne Light Company will make a claim for up to 55% of the Total Final IPA Balance, net of all revenues received through the USC – Rider No. 5 (hereafter called "uncollected IPA balance"). This claim may not be challenged other than with respect to proof of the amount claimed or claims of calculation error. As a result of the approval in this proceeding of Duquesne Light Company future uncollected IPA balance, Duquesne Light Company may hold the amount of the uncollected IPA balance as a regulatory asset, with such regulatory asset to be amortized over three years beginning with the effective date of a new tariff rate approved in Duquesne Light Company's future base rate case in which makes the claim

III. ADDITIONAL ISSUES:

1. Duquesne Light Company agrees to serve all parties of record in this proceeding with its yearly USC reconciliation filing. In that filing, Duquesne Light Company will provide supporting documentation and explanation of any methodology and formulae employed to determine the amount of in-program arrearses including in the USFC rider.



**Universal Services
and
Energy Conservation Plan**

Five-Year Plan

2018-2022

Submitted September 15, 2017

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I. Introduction

Duquesne Light Company ("Duquesne Light" or "Company") has a comprehensive Universal Service and Energy Conservation Plan, which consists of its Customer Assistance Program ("CAP"), Customer Assistance and Referral Evaluation Services ("CARES"), Low Income Usage Reduction Program ("LIURP"), and Hardship Fund administered by Dollar Energy. The goals of Duquesne Light's universal service programs are to provide and maintain affordable service for income qualified customers, to assist income qualified customers to conserve energy and reduce residential utility bills, and to operate its universal service programs in a cost effective and efficient manner.

II. Background

Customer Assistance Program

Duquesne Light's CAP was first implemented as a pilot in September 1995. CAP is a special payment program for income qualified, payment-troubled customers. The initial CAP pilot was designed to help customers lower their electric consumption to achieve an affordable electric bill. Eligibility for the initial CAP pilot was limited to customers with 1) a gross household income at or below 150 percent of Federal Poverty Level ("FPL"), 2) at least one year of residency at their address, 3) housing expenses that were more than 45 percent of their gross income, 4) customers who made 3 to 9 payments in the past year, and 5) had at least a \$400 arrearage on their electric bill. The program's case management approach offered significant support and in depth guidance to the customers to change their payment and usage behavior patterns.

In January of 2001, Duquesne Light simplified the program by revising eligibility requirements and removing the residency, arrearage and payment history requirements. The Company also eliminated the 3-year program limit requirement in order to allow all income eligible, payment-troubled customers who maintain a satisfactory payment-history under CAP to stay in the program.

In 2004, Duquesne Light simplified the program further by eliminating the customer co-pay of \$5 per month. The Company also reduced CAP customers' payment requirements for customers below 50 percent of poverty guidelines, and between 51 percent and 100 percent of poverty guidelines in accordance with the Pennsylvania Public Utility Commission ("Commission") CAP Compliance Guidelines.

In January 2007, Duquesne Light again adjusted CAP customers' payment requirements to provide bill affordability. An analysis was done to determine if CAP percentage levels should be adjusted in accordance with FPL guidelines released in February 2006. This analysis was completed using income and occupant information provided to Duquesne Light by the CAP customer. It was found that CAP customers in certain income

categories were able to afford a higher percentage of their budget bill. Accordingly, CAP customers' required payments were increased between 5 percent and 10 percent for the following three income levels.

101%-150% non-heat CAP customers (RS)	(5% Increase)
51%-100% heat CAP customers (RH)	(5% Increase)
101%-150% heat CAP customers (RH)	(10% Increase)

In January 2011, Duquesne Light initiated the "Automatic Enrollment" feature into the CAP Program. Upon receipt of a Low Income Home Energy Assistance Program ("LIHEAP") grant, customers were 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. Consistent with the Company's commitment to encouraging energy conservation, in January 2012, Duquesne Light piloted the installation of Smart Strip surge protectors in collaboration with its Energy Efficiency and Conservation Act 129 program, "Watt Choices."

In its 2014-2016 plan and as approved by the Commission in the Company's Rate Case Settlement at Docket No. R-2013-2372129, Duquesne Light increased its maximum annual CAP credits to assist income qualified customers in managing their energy burden. Duquesne Light increased the maximum CAP credit from \$560 to \$700 for non-heating customers and from \$1,400 to \$1,800 for heating customers. The Company also eliminated the requirement for customers to provide their social security number as a requirement for CAP participation provided that customers can provide sufficient alternative identification.

The 2017-2019 Universal Services Three Year Plan included several program enhancements and modifications, including:

- Allowing customers to complete CAP enrollment via telephone interview;
- Implementing a targeted CAP outreach program for customers that receive a LIHEAP grant in lieu of auto-enrollment; and
- Requiring all CAP customers to recertify their income once every two years.

Upon review of the proposed 2017-2019 Universal Services and Energy Conservation Plan, the Public Utility Commission requested that Duquesne Light develop a program that would address energy affordability issues faced in particular by customers in the lowest FPL income tier. As a result, and in close consultation with interested stakeholders, the Company redesigned its CAP. The proposed plan covers a five year period¹ and includes interim changes that are intended to immediately increase affordability for CAP customers, as well as a long term plan to transition to a percentage

¹In the accompanying Petition to Modify its 2017-2019 and Approve its 2020-2022 Universal Service and Energy Conservation Plan, Duquesne Light Company requested a one-time waiver of the Commission regulations at 52 Pa. Code 54.74 to allow the Company to file a 5 year plan.

of income payment plan (PIPP) with CAP credit maximums tailored to specific income tiers, enhanced communication, outreach and bill presentation.

III. Customer Assistance Program (CAP)

A. Objectives

Duquesne Light has redesigned its CAP with the goal of developing and implementing a program that will:

- Make electric service affordable for income eligible customers
- Be mindful of the burden shared by other residential customers
- Ensure accuracy, clarity and simplicity in customer billing
- Be easy to explain and understand
- Provide a consistent bill amount
- Encourage and support energy conservation
- Be promoted to consumers who are likely to qualify

B. Summary of Proposed Changes

The Company is proposing two interim changes to its CAP that would become effective in January 2018. These changes include:

- An increase in the percentage of budget discounts for CAP customers; and
- An increase in the CAP maximum credits from \$700 to \$1500 per program year for non-heating customers.

Additionally, the Company is proposing a redesign of CAP that would become effective January 2020 and remain in place for a three year period after implementation. Effective January 2020, the Company will:

- Change from a Percent of Budget program to a Percent of Income Payment Plan (PIPP);
- Increase the minimum payment for non-electric heating customers from \$15 to \$20;
- Require zero-income customers to recertify income every 6 months;

- Provide an opportunity for customers to earn forgiveness on existing in-program debt when they transition to the new PIPP in order to maintain affordable energy burdens;
- Develop and implement a revised and simplified bill design;
- Allow customers to submit an online application for enrollment and
- Track and report the average annual deficiency for non-electric and electric heat customers in connection with its triennial universal service and energy conservation filings.

C. Program Description

Given the primary goals of enhancing affordability for income eligible customers, minimizing cost to other residential customers, and strengthening the program's integrity, Duquesne Light's proposed program will ultimately depart from the current Percent of Budget Program to a Percent of Income Payment Plan (PIPP). The Company believes that doing so will result in monthly energy bills that are affordable across all income tiers, provide customers with a consistent and manageable bill, and an overall better experience.

The primary features of CAP include:

- An affordable, consistent monthly payment based on income;
- An opportunity for arrearage forgiveness over a 24 month period of time;
- CAP credit write off;
- Protection against loss of electric service;
- Referrals to other Duquesne Light and community programs and services.

1. Interim Percentage of Budget Plan

Effective January 2018 until December 2019, Duquesne Light CAP tiers are as follows:

Income (% FPL)	Non-Electric Heating	Electric Heating
Up to 50%	15%	25%
51% - 100%	40%	60%
101 - 150%	80%	80%

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2. 2020-2022 Percent of Income Payment Plan

Effective January 2020, CAP customers are billed in one of two ways: 1) a percentage of their monthly gross household income, as outlined in the chart below; or 2) average monthly bill.

Method 1: PIPP

Income Category	Residential Service Percent of Income Payment:	Residential Electric Heat Percentage of Income Payment:
Up to 50% FPL	3%	7%
51% to 100% FPL	4%	8%
101% to 150% FPL	5%	9%
*Minimum Payment	\$20	\$40

For example, a single customer with gross annual income of \$10,000 (or \$833/month) would fall into the 51% to 100% FPL level based on 2017 guidelines. The customer's monthly electric bill would be \$33, which is 4% of \$833.

Method 2: Average Monthly Bill

If the customer's average monthly bill (based on a 12 month rolling average that would otherwise be the budget billing payment) is less than what the CAP bill would be as determined in Method 1 (above), the customer's monthly payment will equal the 12 month average bill. The monthly payment is reviewed and updated (if necessary) every four months to determine whether the customer is best served in the PIPP or in the Average Monthly Bill plan. The average monthly bill is not the budget amount and is not subject to reconciliation.

In the same example used above in Method 1, if the customer's average monthly bill is \$28 - which is less than \$33 - then the customer's CAP payment would be set to \$28 for 4 months, until the average bill is again compared to the PIPP payment.

Customers Reporting \$0 Income

Customers who report \$0 income are required to make the minimum CAP payment.

*As a cost containment measure, the Company requires a monthly minimum CAP payment amount of \$20 for residential service customers, and \$40 for residential heating customers. The mandatory minimum payment ensures that CAP

customers pay a portion of their energy costs while helping to control costs borne by non-CAP residential service customers.

Customers whose actual usage in any given month results in a bill that is less than the Minimum Payment are billed based on actual usage.

3. Calculation of CAP Discounts and Maximum Annual CAP Discount

From January 2018 until December 31, 2019, the maximum annual discount for CAP customers will be \$1,500 for non-heating customers and \$1,800 for heating customers.

Effective January 2020, the CAP discount amount is the difference between what the bill would be based on actual usage at the full tariff rate and the monthly payment as determined by either the PIPP or the Average Monthly Bill method.

To encourage energy conservation and maintain the cost efficiency of the program, customers will be subject to a maximum annual CAP discount amounts. The maximum is set according to income level as follows:

Income Category	Non-Heating Maximum Annual Discount	Electric Heating Maximum Annual Discount
PY 2020-2022		
Up to 50% FPL	\$1,600	\$2,350
51% to 100% FPL	\$1,400	\$1,800
101% to 150% FPL	\$900	\$1,300

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When a customer reaches the maximum annual discount within twelve months of the anniversary of the enrollment month, the customer is required to pay the actual bill at the full tariff rate.

In the next triennial filing, the Company will include information regarding the average annual deficiency for heating and non-heating customers.

Exceptions to Income Categories

Percent of income payments and maximum annual CAP discount amounts for CAP participants may be adjusted for extenuating circumstances including, but not limited to, the following:

- Addition to the household;
- Serious illness or medical condition;
- Consumption increase beyond control of customer (health related);
- Severe weather conditions; and
- Structural damage to home.

4. Pre-Program Debt Forgiveness

A major benefit to customers who make full payments in accordance with their CAP payment plan is the complete forgiveness of their pre-program arrears. Customers who enroll in CAP with an outstanding balance have an opportunity to eliminate their pre-program arrears by making full payments of the CAP bill. As customers make full payments of monthly CAP balances, 1/24 of their arrearage will be forgiven each month. Customers will receive debt forgiveness of 1/24th of their preprogram arrears with each full monthly payment. Customers also have the ability to receive arrearage forgiveness on catch-up payments made for past due monthly CAP balances. Customers will be granted one pre-program debt forgiveness opportunity, which will remain with the customer as long as he/she is enrolled in CAP. Except for the one-time transition in-program debt forgiveness described in section 5 below, delinquencies acquired within CAP are not eligible for forgiveness. If a customer is terminated or discontinues services prior to earning total forgiveness of their PPA amount, the customer may resume the pre-program arrears opportunity. For example:

- A customer enrolls in CAP with \$240 pre-program delinquency. While enrolled in CAP, the customer earns \$140 in arrears forgiveness. Service is subsequently terminated or discontinued. The customer also has \$100 in CAP rate arrears at the time service ends. The customer subsequently establishes new service and has a total unpaid balance of \$200, which includes \$100 in CAP rate arrears and \$100 prior frozen arrears. When the new service is established and the customer is enrolled in CAP, he or she would be eligible for \$100 in pre-program arrears forgiveness. The \$100 billed at the CAP rate would not be eligible for forgiveness. The customer would earn forgiveness in increments of 1/24th of the original \$240 in pre-program arrear amount. In this example, the customer would receive debt forgiveness in the amount of \$10 for each full payment, up to \$100.

5. One-time Transitional In-Program Debt Forgiveness

The Company's new PIPP is specifically designed to provide greater affordability for CAP customers. The Company's prior CAP plan resulted in unaffordable energy burdens for many income qualified customers. Resultantly, approximately one-half of Duquesne Light's CAP customers have accumulated delinquent balances within the CAP program. Requiring existing CAP customers to pay the delinquency, either in full or over time, in addition to the new PIPP amount would substantially negate the benefits of the new program. Accordingly, customers will be granted forgiveness on their past due balances that exist at the time of enrollment in the new PIPP. The existing delinquency will be forgiven at the rate of 1/24 each month for each monthly payment made on time, and in full.

Providing an opportunity for forgiveness will provide customers who make payments the opportunity to maintain electric service at affordable rates. For additional details, see Appendix A.

6. Intake Processes

Application via Community Based Organizations

Recognizing customers' need for convenience and flexibility in their interactions with the Company, CAP enrollment will be supported in-person, over the phone, and via an online application.

Regardless of the channel through which the customer initiates enrollment, a Community Based Organization (CBO) agent will conduct a follow-up interview with the customer. This interview allows the customer to receive an explanation of CAP, CARES, and other relevant programs such as LIHEAP. The agent will ensure that the customer understands their responsibilities to remain in the program, and will thoroughly explain the various components of the CAP bill.

At the time of the application, Duquesne Light requests that the applicants provide social security numbers on the application; however, in lieu of providing a social security number, an applicant may provide another acceptable form of identification such as a driver's license or other government issued identification. Customers applying for CAP will be informed that a social security number is not required to complete the application.

Customers Reporting \$0 Household Income

Customers who report \$0 household income at the time of enrollment are required to complete the "Zero Income Form" and give Duquesne Light permission to verify the income with government agencies such as the Internal Revenue Service ("IRS") and through bankruptcy proceedings. Third party information used to verify customer income will apply to the timeframe at issue.

The Company will provide customers with an opportunity to challenge or correct income information provided by third parties prior to dismissal from the program. The Company requests that the customer identify all household members, the address where service is provided and a brief explanation of how household expenses are met on the form. The customer must sign and date the form; however, the Company does not require that the form be notarized. The customer's income status may be reviewed every six months to determine if employment or income status has changed. However, if the customer's income status changes, the customer is required to contact the Company to notify it of the change.

LIHEAP Grant Recipients not currently enrolled in CAP

Duquesne Light will conduct targeted outreach for customers that receive LIHEAP grants for enrollment in CAP. Duquesne Light will compile a list of customers for whom a LIHEAP grant was received and are not currently enrolled in CAP. These customers will receive a mailing explaining the benefits of the CAP program and instructing the customer on how to apply for CAP. A Benefits Brochure will also be included; this brochure outlines the benefits and responsibilities associated with the CAP program. After a period of one month, if the customer has not enrolled in CAP, a second outreach will be made by the CBO - via phone, mail or electronic mail where the customer has consented to electronic communication. Customers are encouraged to set up an appointment with the CBO - via phone or in-person - to complete the CAP enrollment.

7. Cost Recovery - Rider No. 5

Universal Service Program costs, including CAP costs, are recovered through a reconcilable surcharge found in Duquesne Light's Tariff.

8. Security Deposits

Applicants who are confirmed low-income are not required to make a security deposit.

Security deposits collected prior to a customer being confirmed low-income will be refunded as the Company receives the low-income confirmation, either with or without enrollment into CAP.

The Company shall refund security deposit payments to customers who are confirmed eligible for CAP upon enrollment into CAP after service restoration.

9. Customer Obligations

All customers remain in the program for as long as they are income qualified and comply with the CAP requirements and guidelines. Energy conservation plays an important role in helping CAP customers control their energy costs. Accordingly, customer obligations under CAP include:

Full on-time monthly payments

- Customers are required to pay their bill each month, on time and in full.

Smart Comfort Visits

- Customers who meet the following criteria must schedule a Smart Comfort (LIURP) visit within 90 days of enrollment:
 - All customers with electric heat
 - All residential service customers who own their home and have a base load usage in excess of 500 kWh per month
 - All residential service customers who are renters, have a base load usage in excess of 500 kWh per month, and have resided at the premise for at least six months. Landlord approval is required prior to any structural modifications.

Additionally, CAP customers whose base load usage exceeds 500 kWh and who have not had a Smart Comfort (LIURP) visit within the last seven years may be required to complete a Smart Comfort visit.

Recertification

Customers reporting \$0 household income are required to recertify their income and occupancy information every six months.

All other CAP customers are required to recertify their income and occupancy information once every other year.

CAP Shopping

Duquesne Light's CAP customers currently are not able eligible to shop for an Electric Generation Supplier ("EGS"). However, a customer that has an EGS and wishes to participate in CAP will be advised that Duquesne Light can switch the customer back to default service; however, the customer may be subject to a cancellation fee. The customer should check his/her EGS agreement to determine whether there are any fees associated with cancellation.

10. Application of Customer Payments and Assistance Grants

All CAP customers will be encouraged to apply for appropriate grants. Funds received through grants will be applied first to past-due amounts and then to future amounts due. Grant monies will not be used to reduce frozen arrearage.

11. Energy Conservation

Through CAP, Duquesne Light attempts to increase customers' awareness about using energy wisely and to offer ideas for reducing kWh consumption. Company representatives provide consumer education in the following areas:

- Low cost/no cost energy conservation tips;
- Explanation of weatherization measures;
- Home heating and cooling systems; and
- Electric bill and analysis of usage.

The Company analyzes all CAP customers' usage monthly to identify customers whose usage increases to levels outside established norms. This High Consumption Report is provided to Low Income Usage Reduction Program ("LIURP") representatives and the Company's Smart Comfort contractor, who will analyze customer bills, contact the affected customers with additional consumption reduction information and may enroll the customers in Smart Comfort, Act 129 Low Income programs (Watt Choices), or other programs to proactively assist in reducing energy usage to normal levels. Customers participating in CAP consent to share their usage information with third party providers.

The CAP Representatives are responsible for analyzing the individual situations and for recommending changes to consumption or to the Percentage of Income Payment Plan if warranted by the circumstances. At enrollment, CAP Representatives explain the customer's responsibility related to annual kWh usage and their billed charges should they exceed their maximum annual CAP Discount allowance. This matter is analyzed and discussed again, if appropriate, during bi-annual program re-certification.

12. Defaulting from CAP

Duquesne Light extends every reasonable consideration to CAP customers to avoid dismissal from the program. Program requirements and benefits are clearly explained during the initial enrollment interview. Extenuating circumstances are carefully evaluated. However, CAP cannot function properly without the commitment and cooperation of customers, social service agencies, and Duquesne Light. Customers' non-compliance with CAP obligations may lead to dismissal from the program. The grounds for default are summarized in the chart below:

Grounds for Default	Required 1 Year Stay-out	Opportunity to Cure
Failure to recertify	No	Yes

Grounds for Default	Required 1 Year Stay-out	Opportunity to Cure
Failure to complete Smart Comfort Visit	No	Yes
Termination for non-pay	No	Yes
Voluntary Removal from Program	No	Yes
Removal for fraud, material misrepresentation, etc.	Yes	No

Customers who have a past-due CAP balance at the time of default may be required to pay the past-due catch-up amount in conjunction with curing the reason for default to be reinstated in CAP.

CAP customers are required to pay their CAP amount in full and on time each month. If payment is not received within five business days after the bill due date, the collection process will begin. If a CAP account is terminated, the customer may be required to pay their entire past due balance as a condition of restoration unless eligible for a payment arrangement. CAP customer restoration agreements will generally be issued in accordance with 66 Pa.C.S. §1407.

If a CAP account is terminated and service is not restored within 30 days, the customer will be defaulted from CAP. CAP customers will be permitted to re-enroll in CAP if service is restored within 30 days.

When a CAP customer's 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 until the cause of the default has been satisfied.

If a customer fails to provide updated household information, the account may be defaulted from CAP. If a CAP customer is found to have greater income than what was originally reported, the customer may be defaulted from the CAP Program and back-billed at the full tariff rate. Customers will be provided an opportunity to provide documentation of their income prior to any adverse action. If the Company determines that the information provided is insufficient, the customer may be removed from CAP. All applicants and CAP customers may appeal the Company determination. Upon receipt of a dispute related to a default or removal from CAP, the Company will investigate and provide the customer with its final position and rights to file a complaint with the Commission.

Customers may also request to be removed from CAP. If a customer requests to be removed from CAP, the customer is advised that she/he will not be able to re-

enroll in CAP again unless the customer shows that she/he has paid amounts equivalent to the CAP payment for the time period outside of CAP.

For example: A customer with a monthly CAP payment of \$33 asks to be removed from the program. Two months later, the customer wishes to re-enroll in CAP. The customer has made no payments in the interim. A catch-up payment of \$66 will be required to re-enroll in CAP.

Customers who are determined to have income levels exceeding program limits will be removed from CAP. Customers may also be removed from CAP for fraud, theft, or tampering.

D. Eligibility Requirements

Duquesne Light's CAP is available to residential customers whose total gross household income is at or below 150% of the FPL, and have demonstrated or expressed an inability to pay their electric service bill.

1. Grandfathered Seniors

Certain senior CAP customers with household income between 150% and 200% of the FPL had previously been grandfathered so that they would not be removed from CAP. Continued participation in CAP is permitted for those customers as long as the customer's income levels remains at or below 200% of the FPL and provided they continue to adhere to the requirements of the CAP.

2. Move / Transfer of Service

Customers may not receive the benefits of CAP at multiple service locations simultaneously, except for in the case of a transfer of service. In this case, the customer will be billed at the CAP discounted amount at both premises for a maximum of thirty (30) days to accommodate the move. CAP enrollment is not interrupted when a program participant transfers service from one property to another within 30 days. After 30 days, a CAP customer will be treated as an applicant and required to apply for new service and CAP enrollment.

Outside of a move/transfer situation, a customer with concurrent service at multiple locations may only be billed at the CAP rate for a single location.

E. Projected Needs Assessment (based on Census data)

Enrollment levels are based on data from the U.S. Census Bureau and information identified from the Company's internal billing system.

1. Census Data for Households at or Below 150% of Poverty

County:	Allegheny	Beaver	Westmoreland	Total
Census Total Households:	525,776	70,853	151,279	747,908
Duquesne Light Residential Customers:	461,069	63,450	41	524,560
% Duquesne Light Customers:	87.69%	89.55%	0.03%	70.14%
Census Low Income :	136,423	18,435	37,928	192,786
% Census Low Income:	25.95%	26.02%	25.07%	25.68%
Estimated Low Income Based on Census:	119,633	16,509	10	136,152

2. Confirmed Low-Income Customers

	CAP:	Non-CAP Low Income :	Confirmed Low-Income:
2013	36,544	21,628	58,171
2014	35,352	23,440	58,792
2015	35,602	15,772	51,374
Average	35,832	20,280	56,112

3. Payment Troubled Low Income Customers

As the basis of its analysis, Duquesne Light utilized the definition of a payment troubled household as found in 52 Pa. Code § 54.72, which defines payment troubled as a "household that has failed to maintain one or more payment arrangements in a one-year period." The Company reviewed the data of payment troubled low-income customers as a percentage of a confirmed low-income customers not on CAP over a three-year period. Duquesne Light's analysis shows that approximately seventeen (17) percent of confirmed low-income customers not in CAP are payment troubled.

F. Projected CAP Enrollment

Duquesne Light's average CAP enrollment from the past three years is displayed below:

	2014	2015	2016	August 2017
Average	35,352	35,602	39,925	35,717

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Based upon a three year average of CAP enrollment from Duquesne Light's billing system with a 1.5% annual escalation, the estimated projected net enrollment of active CAP customers by year is shown below:

Year	CAP Enrollment Level ²
2017	40,09336.000
2018	40,69436.540
2019	41,30437.088
2020	37,644
2021	38,209
2022	38,782

² The projected enrollment levels assume CAP enrollment of approximately 35,000 as of August 31, 2017.

G. Projected CAP Budget

Program Budget:	Admin	CAP Credits	Frozen Arrearage	Total
2017	\$1,996,461	\$14,262,786	\$3,748,953	\$20,008,200
2018	\$2,056,355	\$20,742,906	\$3,705,557	\$26,652,524
2019	\$2,118,045	\$21,054,050	\$3,761,140	\$27,434,572
2020	\$2,181,587	\$23,606,834	\$3,817,557	\$30,083,065
2021	\$2,247,034	\$23,960,937	\$3,874,821	\$30,534,311
2022	\$2,314,445	\$24,320,351	\$3,932,943	\$30,992,325

H. Plans to use Community Based Organizations

Holy Family Institute and Catholic Charities currently administer Duquesne Light's CAP and CARES Programs. These organizations oversee a network of CBOs with 26 full time employees (FTEs) at 7 sites (main office location and satellite offices). Duquesne Light worked with the CBOs to ensure that the offices were located in areas with concentrations of confirmed income qualified customers and relative proximity to transportation and other such factors.

Duquesne Light continues to utilize CBOs in the same manner as in its prior plans. CBOs serve as the CAP administering agencies and accept referrals from various sources. CBOs also contact customers to perform an initial screening for potential program participation and arrange personal interviews at CBO locations and phone interviews. Though CBOs have scheduled hours, customers unable to visit the CBO within those hours will be accommodated outside of normal business hours by appointment and also by phone. For customers with special needs preventing them from visiting the CBO for an interview, home visits or telephone appointments may also be scheduled.

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CBOs serve as a primary Universal Services contact with the customer, which is maintained throughout the customer's participation in CAP and other Universal Services programs. CBOs will be responsible for attempting to schedule CAP appointments, making timely reminder calls prior to the scheduled appointment and other various assignments that streamline the CAP application/enrollment process and increase efficiency.

CBOs will return calls to customers within two (2) business days. Customers may be provided with a temporary hold and stay of collection to enroll in CAP.

Current administering organizations and the counties they serve are listed below:

<u>Community Based Organizations:</u>	<u>Counties Served:</u>
Catholic Charities	Allegheny
Holy Family Institute, Northside	Allegheny
Holy Family Institute, McKees Rocks	Allegheny
Holy Family Institute, Swissvale	Allegheny
Holy Family Institute, Aliquippa	Beaver
Holy Family Institute, McKeesport	Allegheny
Holy Family Institute, Beaver Falls	Beaver

I. Organizational Structure

Duquesne Light's Universal Services Department is typically staffed by four dedicated individuals. The department is headed by the Manager of Universal Services, who is supported by Analysts and Customer Service Representatives as follows:

- Manager Universal Services (1)
- Analyst for Universal Services Analyst (2)
- Customer Service Representatives (2)

Duquesne Light continues to evaluate staffing as needs arise and augments staffing as necessary.

IV. Customer Assistance Referral and Evaluation Services (CARES)

A. Program Description

Duquesne Light's Customer Assistance Referral and Evaluation Services ("CARES") program assists payment-troubled and special needs customers obtain necessary social service support and assistance. The primary objectives of the CARES program are to:

- Help customers experiencing payment hardships to manage their electric bills by providing them with information, resources and encouragement;
- Make tailored referrals to company and community assistance programs; and
- Maintain and/or establish partnerships and alliances with social service agencies, government offices, and community organizations to ensure maximum and timely assistance for customers who have personal or family hardships.

The program focuses on residential customers whose income is at or below 150% of the FPL and senior citizens whose income is at or below 200% of the FPL. Customers may be referred to CARES by internal and external sources including but not limited to other Duquesne Light departments, other utility companies, CBOs (e.g., Holy Family and Catholic Charities), the PUC, or word of mouth. An outreach worker or community agency acts as an intermediary between the customer and the Company in an effort to link the customer to the necessary social service programs that will enhance the customer's ability to pay for electric service.

CBOs refer customers to CARES during the initial interview for universal services programs. The CBOs assist these customers in obtaining all available energy assistance for which the household qualifies (e.g., LIHEAP, Crisis, and Dollar Energy Fund) and also make referrals to other programs and services based upon need and availability. For customers with special needs preventing them from visiting the CBO for an interview, home visits may also be scheduled. During home visits, CBO representatives can more quickly determine the basic causes of customers' hardships, as well as verify customers' statements concerning sources of household income. Case Managers also visit identified low-income, multi-family dwellings as well as other gathering places to hold events that encourage and assist CAP enrollment.

B. Program Eligibility

CARES is designed specifically for low-income customers (household income at or below 150% of the FPL) who are unable to pay their electric service bills in full. Also eligible are customer households headed by senior citizens whose combined household income is at or below 200% of the FPL. However, Duquesne Light

makes every effort to avoid turning any customer away, regardless of income level.

C. Enrollment Levels

As customers are provided with information on all programs including CARES as part of the CAP enrollment process, Duquesne Light estimates that the enrollment for CARES should approximate the total of CAP new enrollments and eligible seniors seeking assistance. Analysis of customer participation shows that enrollment levels for CARES are consistently around 12,000 customers per year.

D. Program Budget

The specific funding level for 2017 through 2020-2022 is shown below:

Year:	Funding Level:
2017	\$135,000
2018	\$135,000
2019	\$135,000
2020	\$135,000
2021	\$135,000
2022	\$135,000

E. Needs Assessment

The projected participation and funding for 2017 through 2019-2022 is shown below:

Year:	Estimated Budget:	Projected Participation:
2017	\$135,000	12,000
2018	\$135,000	12,000
2019	\$135,000	12,000
2020	\$135,000	12,000
2021	\$135,000	12,000
2022	\$135,000	12,000

F. Community-Based Organizations

Duquesne Light recognizes the importance of establishing and expanding its network of contacts and working relationships with CBOs. Simply put, CARES could not function without the cooperation and assistance of local organizations. The CBOs refer customers to CARES at the time of the CAP intake interview. CARES is administered by the CBOs listed in the section related to CAP.

These organizations act as "brokers" who attempt to match customers' needs with existing company and/or community programs. The CARES counselors analyze customer accounts and circumstances to determine the basic cause(s) of their bill-payment problems. They refer customers to appropriate programs and services that are offered by social service agencies, community organizations, and Duquesne Light. In addition, they initiate follow-up to determine the outcome of referrals to social agencies and company programs.

Another key responsibility of the CARES Counselors is to establish close working relationships with external organizations and internal departments at Duquesne Light. Social service agencies and other community groups are essential to the success of CARES because they provide the needed services for payment-troubled customers. The relationship between the CARES counselors and the other agency caseworkers is carefully nurtured and strengthened because the program cannot function effectively without the cooperation of social service organizations.

- G. **Organizational Structure of Duquesne Light Staff**
Please see Section III (6) on page 11 for staffing information.

V. **Hardship Fund**

A. **Program Description**

Duquesne Light's Hardship Fund is administered by the Dollar Energy Fund ("DEF"). Begun in March 1983, Dollar Energy was one of the first utility-sponsored fuel funds in the nation and Duquesne was one of the founding utilities. Customers may contribute to the program by pledging monthly to their electric bill payments, by sending in a check or by electing to contribute online.

The primary features of the Dollar Energy Fund include:

- Direct financial assistance for overdue energy bills
- Protection against shutoffs
- Referral to other programs and services

The Hardship Fund operates from October 1st of each year and continues until funds are depleted.

The Company promotes the program through bill inserts, Company website, radio advertisements, direct referrals by Duquesne Light Customer Service Representatives, community based events and the Dollar Energy Fund itself.

1. Key Objectives

- The overall objectives of Dollar Energy are as follows:
- Provide financial assistance to qualified low-income families who are having difficulty paying their energy bills.
- Offer financial assistance to low-income households who may be ineligible for the Low Income Home Energy Assistance Program ("LIHEAP").
- Coordinate and expand the activities of community-based organizations that provide energy-related assistance.
- Help customers understand and access community resources to solve energy payment problems as a step toward greater self-sufficiency.

B. Eligibility

Dollar Energy is designed specifically for low-income residential customers (household income at or below 200% of the FPL) who are unable to pay their electric service. The program focuses on low-income customers who have overdue balances and an inability to pay the full amount of their energy bills.

To be eligible, customers must:

1. Have a residential account and reside at the premise address.
2. Have paid a minimum of \$150 toward their utility bill within the last 90 days or made three consecutive CAP payments. Senior citizens (age 62 and over) must have paid at least \$100.
3. Have a balance on their electric bill of at least \$100. Senior citizens (age 62 and over) may have a zero balance, as long as there is no existing credit on the account.
4. Provide proof of monthly household income (FPL guidelines apply).
5. Provide the Social Security numbers for all members of their household.

The respective operating dates and service status criterion for each timeframe is as follows:

- October 1 to November 30 - Electric service off or in threat of termination.
- December 1 to January 31 - Electric service off only.
- February 1 to February 28 - Electric service off or in threat of termination.

- March 1 until funds reach 10% budget remaining - Open to all eligible applicants regardless of service status
- Once budget has 10% remaining, open to applicants whose service has been terminated

The Dollar Energy Fund becomes the "fund of last resort" when the customer has applied to LIHEAP, if LIHEAP is open and the customer qualifies for LIHEAP. Approved applicants will receive a grant of up to \$500 based on overdue balance. A household can receive only one Dollar Energy Fund grant during a program year. Upon receipt of the grant, a 30-day stay on termination is placed on the account and the grant amount will be applied to the customer's past and current "asked to pay" amounts. Excess payments will be applied to the next month's billed amount. A Dollar Energy grant may create an excess credit if the customer makes a payment prior to receiving the grant.

C. Projected Budget

Duquesne Light's Hardship Fund is a partnership with Dollar Energy Fund. Duquesne Light will match customer contributions up to \$375,000 annually. In addition, up to \$75,000 will be provided for administrative support.³

	Estimated Budget:	Participation:	Average Grant:
2017	\$750,000	1,820	\$412
2018	\$750,000	1,820	\$412
2019	\$750,000	1,820	\$412
2020	\$750,000	1,820	\$412
2021	\$750,000	1,820	\$412
2022	\$750,000	1,820	\$412

D. Needs Assessment

Estimates for the Hardship Fund are based on past program participation levels as shown below:

Year:	Funding:	Participation:	Average Grant:
2013	\$750,000	1,751	\$ 428
2014	\$750,000	1,843	\$ 407
2015	\$750,000	1,845	\$ 407

³ Administrative support is recovered through the Universal Service Charge.

Average	\$750,000	1,813	\$ 414
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E. Community-Based Organizations

The Dollar Energy Fund utilizes community based organizations in Duquesne Light's service territory to validate household income and process applications. These organizations have solid reputations and experience in delivering services to low-income households in the Duquesne Light service area. The administration of the program is a collaborative effort between Dollar Energy and the organizations listed below.

Community Based Organizations:	Counties Served:
Allegheny Center Alliance Church	Allegheny
Allegheny County DHS/OCS	Allegheny
Allegheny Valley Association of Churches	Allegheny
Brashear Association's Neighborhood Employment Center	Allegheny
Brashear Center	Allegheny
Catholic Charities - Beaver	Beaver
Catholic Charities - Pittsburgh	Allegheny
Coraopolis Community Development Foundation	Allegheny
Energy & Environment Community Outreach (EECO) Center	Allegheny
Goodwill of Southwestern Pennsylvania - McKeesport	Allegheny
Goodwill of Southwestern Pennsylvania - Southside	Allegheny
Hazelwood YMCA	Allegheny
Holy Family Institute - Aliquippa	Beaver
Holy Family Institute - Beaver Falls	Beaver
Holy Family Institute - Edgewood Towne Center	Allegheny and Beaver
Holy Family Institute - McKees Rocks	Allegheny and Beaver
Holy Family Institute - Northside Common Ministries	Allegheny
Housing Opportunities of Beaver County	Allegheny and Beaver
Jubilee Association, Inc.	Allegheny
Lincoln Park Family Center	Allegheny
Lutheran Service Society	Allegheny
Ministerium Social Services	Beaver
Mt. Washington Community Development Corporation	Allegheny
Nabhi Christian Ministries - Lincoln Ave	Allegheny
NHCO - Allison Park	Allegheny
NHCO - Millvale	Allegheny

Community Based Organizations:	Counties Served:
NHCO – North Boroughs	Allegheny
Northern Area Multi-Service Center	Allegheny
Primary Care Health Services – Hill House Health Center	Allegheny
Salvation Army – Beaver Falls	Beaver
Salvation Army – Brackenridge	Allegheny
Salvation Army – Braddock	Allegheny
Salvation Army – Carnegie	Allegheny
Salvation Army – Forbes Avenue	Allegheny
Salvation Army – Homewood/Brushton	Allegheny
Salvation Army – McKeesport	Allegheny
Salvation Army – North Side Community Worship Center	Allegheny
Salvation Army – Pittsburgh Temple	Allegheny
Salvation Army – Steel Valley	Allegheny
Salvation Army – West Side Corps	Allegheny
Society of St. Vincent de Paul	Allegheny
South Hills Interfaith Ministries	Allegheny
St. Mark's Lutheran Church	Allegheny
St. Paul Cathedral	Allegheny
Sto-Rox Neighborhood Health Council	Allegheny
The Franklin Center	Beaver
Wilkinsburg Community Ministry	Allegheny

F. Organizational Structure of Duquesne Light Staff

Please see Section III (6) on page 11 for staffing information.

VI. Smart Comfort (LIURP)

A. Program Description

Smart Comfort is Duquesne Light's Low-Income Usage Reduction Program ("LIURP"). The program targets residential customers whose gross household income is less than 150% of the FPL and senior citizens whose gross household income is less than 200% of the FPL, with base load electric usage more than 500 kWh per month and who have been residing at their current address for at least six months.

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 the customer on current conservation practices.
- To make tailored referrals to company and other assistance programs such as CAP, Dollar Energy Fund or private funds, LIHEAP, Watt Choices and other weatherization programs.

Smart Comfort has evolved from strictly weatherization to an "end use" strategy. Usage reduction measures include cost effective appliance and lighting replacements in addition to determining if weatherization is warranted.

1. Summary of Program Process and Installation Measures

- Perform walk through audit
 - Investigate potential saving areas within the house.
 - Measure usage of targeted electrical equipment within the house.
- Provide energy education
 - Explain Smart Comfort program in depth.
 - Explain current electricity bill in detail to ensure the customer understands the concepts such as monthly kWh usage and usage comparisons.
 - Provide education on ways to reduce electric usage.
 - Develop partnership with customer to reduce electric usage.
- Determine of Smart Comfort measures to provide
 - A blower door test will be conducted if it is determined to be beneficial in ascertaining measures to be installed.
 - Standard measures include LEDs, mattresses, refrigerators and freezers, electric hot water tanks or tank wraps, window/central air-conditioning units, heat pumps, air infiltration measures, smart strips and home insulation.
 - At the discretion of the energy manager, potential measures include furnaces, electric dryers, electric ranges, water pumps, and electric blankets.
 - The minimum usage requirement for a refrigerator change-out will continue to be 5 kWh per day.

- The program includes potential window air-conditioning unit change-outs if the life of the replacement of the unit as well as life of the dwelling will exceed 12 years.
 - The program also includes potential central air-conditioning change-out if the life of the unit as well as the life of the dwelling exceeds 12 years.
 - Duquesne Light Company has transitioned to light-emitting diodes (LED) in its Smart Comfort program as of March 2017.
- Customer monitoring and follow up
 - Energy managers may contact Smart Comfort recipients to discuss their usage and the resulting increase in consumption.
 - Energy Managers may also contact Smart Comfort recipients to reinforce energy education.

Additionally, low-income customers, whose base load usage is less than 500 kWh per month, are invited referred to Watt Choices (Duquesne's Energy Efficiency / ACT 129 program, to take part in energy conservation workshops. These workshops provide conservation education, energy reduction tips, and usage reduction measures that can be undertaken by the customers. These workshops are held in different locations in Duquesne Light's service territory.

The Company has established an allowance for health and safety that authorizes LIURP contractors to spend up to \$200 per electric baseload Smart Comfort visit without prior Company approval on incidental repairs including health and safety items when necessary to allow for conservation measures to be installed.

For electric heating customers, the Company will authorize the Smart Comfort contractor an allowance up to \$600 per Smart Comfort visit without prior Company approval where the inclusion of health and safety and incidental repair will remedy situations that would otherwise impede the installation of conservation measures.

Incidental repairs and health and safety items may include the installation of carbon monoxide detectors and smoke alarms. Where a smoke alarm is present, the installer will check for a functioning smoke alarm and replace batteries as necessary.

Duquesne Light Company will report annually health and safety measure costs as a separate category.

2. **Third Party Inspections:**

Duquesne Light will contract with a third party to perform independent inspections of sampled completed Smart Comfort visits. The Company will

sample up to 10% of completed electric heating jobs and up to 5% of electric baseload jobs.

B. Program Eligibility

The following are eligibility requirements for Smart Comfort:

- Low-income customers with a household income at or below 150% of FPL;
- Senior customers with household income at or below 200% of FPL;
- Special needs customers with a household income at or below 200% of FPL;⁴
- Electric base load usage greater than 500 kWh;
- Resident at that premise for at least six months.

Exceptions from the above eligibility requirements:

- Residency and base load requirements are waived for total-electric homeowners;
- Residency requirements are waived for non-heating CAP homeowners.

Duquesne Light will continue to focus on total-electric, low-income, multi-family premises as a source to provide conservation measures and education.

C. Program Integration

Duquesne Light has and will continue to coordinate its Smart Comfort program with its Watt Choices programs, as well as with gas company LIURP programs. The Company 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 will facilitate this coordination by inviting representatives from the Natural Gas Distribution Companies ("NGDCs") with overlapping service territories and representatives of the Commonwealth's Weatherization Assistance Program ("WAP") to its Act 129 Stakeholder meetings to discuss existing and possible enhancements to its coordination efforts.

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 and measures installed are financed by the utility benefiting from the energy efficient measure installed. In those situations when the energy audit is scheduled for a household eligible for Smart Comfort, the energy auditor

⁴ Not more than 50% of Smart Comfort participants will be households between 150% and 200% of the FPL and not more than 20% of the budget will be utilized for these customers.

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inquires if the customer also would like a referral to the natural gas utility for possible energy-efficient gas heating measurers. If the response is affirmative, the customer is required to sign a consent form permitting Duquesne Light to provide the necessary information to the natural gas utility.

D. Projected Enrollment & Needs Assessment

Duquesne Light Company's Smart Comfort enrollment levels are based upon the Rate Case Settlement Agreement at Docket No: R-2013-2372129.

Year:	Enrollment Level
2017	3,100
2018	3,100
2019	3,100
2020	3,100
2021	3,100
2022	3,100

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The following needs assessment methodology was provided by BCS in early 2001.

1. Determine the percentage of residential customers by county based on Census data poverty rates for households at or below 150 percent of poverty:

Residential Accounts:	Accounts:	Census Data Poverty Rate:
Allegheny County	461,069	25.95%
Beaver County	63,450	26.02%
Westmoreland County	41	25.07%
Total Residential Accounts	524,560	25.68%

2. Determine the number of households using less than 500 kWh.

Base Load Month:	Accounts <500 kWh:	Total Accounts:	Percent <500 kWh:
April	307,804	527,582	58.3%
May	298,485	506,723	58.9%
September	186,655	521,849	35.8%

October	301,862	520,771	58.0%
Total	1,094,806	2,076,925	52.7%

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3. Determine eligible households.

Total Residential Households	524,560
- Households Using <500 kWh	(276,510)
= Net Base Load Eligible Households	248,050
* Average Poverty Rate by Census Data	25.68%
= Eligible Households by Poverty Rate	63,699
- Completions in last 6 years	(22,614)
= Net Eligible Households	41,085
* Average Job Cost	\$692
= Total Costs for All Eligible LIURP Jobs	\$28,430,820

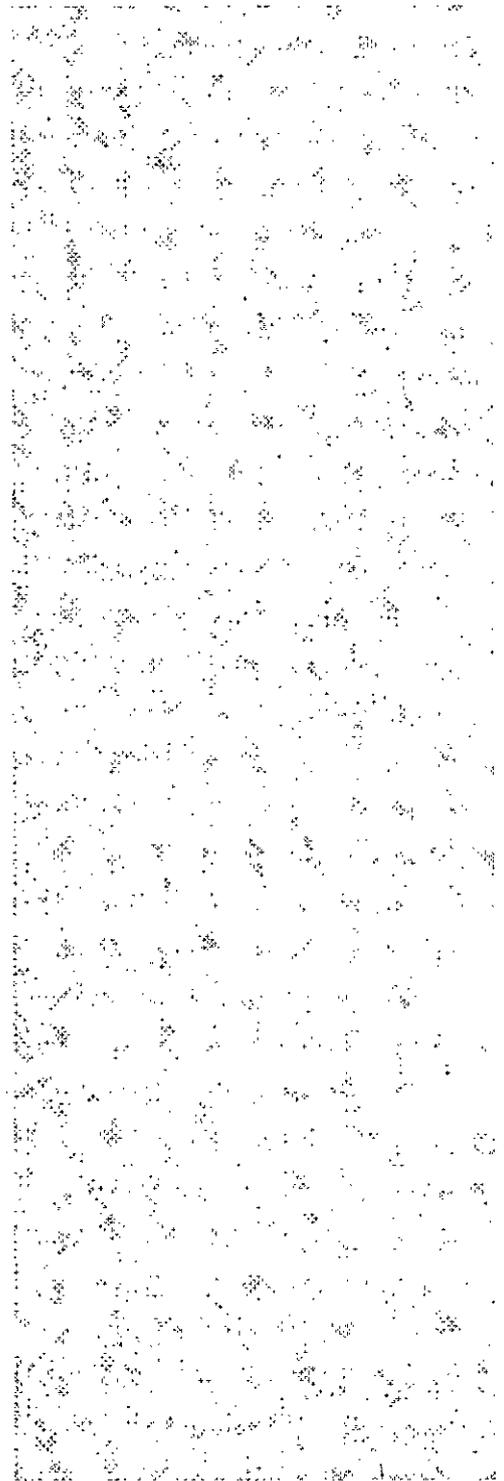
However, consistent with the settlement at Docket No. R-2013-2372129, Duquesne Light proposes to continue providing Smart Comfort services to up to 3,100 households annually.

E. Program Budget

Budget levels for the years 2017 through 2019-2022 shown below indicate current levels and increased levels based upon the Rate Case Settlement Agreement at Docket No. R-2013-2372129. The average job costs in 2016 were \$2905, and \$525 for electric heat and base load service, respectively. The Company estimates the average cost for incidental repairs would be \$105 per job, which is included in the average cost per job. The total costs for completing LIURP jobs for the 41,085 eligible customers would be \$28,430,820. The following projected budget reflects expending seven percent of the budget for electric heating service jobs.

	Electric Heat: \$2,905 ea.		Baseload: \$525 ea.		TOTAL	
	# Jobs	Budget \$	# Jobs	Budget \$	# Jobs	Budget \$
2017	217	630,385	2,883	1,513,575	3,100	2,143,960
2018	217	630,385	2,883	1,513,575	3,100	2,143,960
2019	217	630,385	2,883	1,513,575	3,100	2,143,960
2020	217	630,385	2,883	1,513,575	3,100	2,143,960
2021	217	630,385	2,883	1,513,575	3,100	2,143,960
2022	217	630,385	2,883	1,513,575	3,100	2,143,960

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