

COMMONWEALTH OF PENNSYLVANIA



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March 5, 2018

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer in Support of Petition for Reconsideration in the above-referenced proceeding.

The undersigned certifies that this filing contains no averments or denials of fact subject to verification and penalties under 52 Pa. Code Section 1.36.

Copies have been served per the attached Certificate of Service.

Respectfully Submitted,

/s/ Christy M. Appleby

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Certificate of Service

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Answer in Support of Petition for Reconsideration, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 5th day of March 2018.

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company Universal Service :
And Energy Conservation Plan For : Docket No. M-2016-2534323
2017-2019 Submitted In Compliance With :
52 Pa. Code §§ 54.74 :

ANSWER
IN SUPPORT OF THE
PETITION FOR RECONSIDERATION

The Office of Consumer Advocate (OCA) hereby submits this Answer to the Petition for Reconsideration of the Opinion and Order Entered February 8, 2018 by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) (Petition for Reconsideration). In its February 28, 2018 Petition for Reconsideration, CAUSE-PA seeks reconsideration regarding the Public Utility Commission’s Order to deny a proposed Plan “to launch a new CAP program in 2020 that will provide CAP participants with a bill based on either a percentage of household income and/or average bill amount, whichever is less.” Petition for Reconsideration at 1-2. CAUSE-PA also seeks to reconsider the Commission’s determination regarding the treatment of arrears accrued under Duquesne’s current CAP design. Petition for Reconsideration at 12-13. The OCA was a party to the Joint Petition for a new CAP design filed in the Company’s Universal Service and Energy Conservation Plan, and the OCA continues to support implementation of the Joint Petition as filed and supports reconsideration or clarification of the Order. The OCA’s Answer below, however, will focus on the Commission’s determination regarding the arrearage forgiveness component of the proposed Universal Service and Energy Conservation Plan.

By way of background, on March 16, 2016, Duquesne Light Company (Duquesne or Company) filed its 2017-2019 Universal Service and Energy Conservation Plan (Plan). On August 11, 2016, the Public Utility Commission (Commission) issued its Tentative Order in the matter. Two rounds of Comments and Reply Comments were filed regarding the Company's Plan. In its March 23, 2017 Order, the Commission directed the Company to address the following with stakeholders:

- 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.

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, Order at Ordering Paragraph 16 (March 23, 2017).¹

After six months of negotiations, on September 15, 2017, Duquesne Light Company, the OCA, and CAUSE-PA filed the Joint Petition for Approval of Modifications of 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 (Joint Petition) in the above-referenced docket. In the Joint Petition, the parties proposed to modify Duquesne's Plan through a three-step process to address affordability concerns regarding Duquesne's CAP design. Under steps one and two, Duquesne would implement an interim Plan to modify its current bill discount tiers to provide greater discounts and larger maximum CAP

¹ The Commission included a 90-day deadline for the parties to reach consensus regarding the CAP design issues. The parties requested and received several additional thirty day extensions until a Joint Petition was filed on September 27, 2017.

credit amounts from January 1, 2018 through December 31, 2019. Petition for Reconsideration at 3, 8; Joint Petition at ¶¶ 31-33. The interim Plan would increase the discount levels for CAP customers and the maximum CAP credit for the years 2018-2019. Petition for Reconsideration at 3, 8; Joint Petition at ¶¶ 32-34. The interim Plan would provide additional assistance to CAP customers and provide Duquesne with the time to implement a new percentage of income plan on January 1, 2020. Petition for Reconsideration at 3; Joint Petition at ¶¶ 35-39.² Concurrent with the new PIPP Plan design, the third step was to implement a Plan for arrearage forgiveness. Petition for Reconsideration at 3, 8. As stated in the Joint Petition, “all in-program debt will be forgiven, giving all customers who are delinquent at that time a ‘fresh start,’ as a one-time accommodation.” Joint Petition at ¶ 39. The Company’s shareholders would assume responsibility for 45% of the debt, and the remaining 55%, an amount not to exceed \$6.6 million, or 55% of the \$12 million outstanding in-program debt, would be recovered over 24 months through the Universal Services rider. Joint Petition at ¶ 40. The estimated bill impact would be approximately \$0.50 per month. Joint Petition at ¶ 41.

In its February 8, 2018 Order, the Commission approved the interim Plan for 2018-2019 to increase the maximum CAP credit and the percentage discount, but denied the proposal to implement the PIPP for the 2020-2023 portion of the Plan. 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, Order at 17-25 (February 8, 2018). The Commission’s Order did not explicitly address the arrearage forgiveness component of the Joint Petition. When

² The Joint Petition requested that the Commission waive its regulations under 52 Pa. Code § 54.74(a)(1),(2) regarding the timing of the filing of the next Universal Service and Energy Conservation Plan. In order to address potential changes during the Plan, the Joint Petition proposed that the interim Plan would provide for updates filed on December 1, 2019 regarding the needs assessment for the Company’s Low Income Usage Reduction Program (LIURP), Customer Assistance and Referral Evaluation Services (CARES), and Hardship Funds. Petition at Reconsideration at 9.

the Commission denied the 2020-2023 portion of the Plan, however, the Commission may have also implicitly denied the 2020-2023 Plan's arrearage forgiveness component. See, [Petition for Reconsideration](#) at 8-9. The timing of the arrearage forgiveness component in the 2020-2023 Plan is interdependent with the PIPP, and therefore, it is not clear whether the Commission is also denying the proposed arrearage forgiveness component.

The Commission's February 8, 2018 Order denies the proposed waiver to extend the Plan through 2023, but the Commission's determination and the Ordering Paragraphs do not discuss the treatment of the arrearage forgiveness component. See, [Order](#) at 17, 22-25. Ordering Paragraph 6 only references a denial of the PIPP. See [Order](#) at 24, Ordering Paragraph 6. The Order's sole references to the arrearage forgiveness component are that there would be a \$.50 per month cost to ratepayers and the fact that the Commission has previously approved a one-time deferral of arrearage forgiveness when changing to a new CAP design. See, [Order](#) at 17, citing PECO 2016-2018 USECP, Addendum C at 36-44.

As CAUSE-PA discusses in its [Petition for Reconsideration](#), the parties agreed that in transitioning to a new CAP, CAP customers who faced unaffordable bills under the old CAP design should have a fresh start. [Petition for Reconsideration](#) at 4, 9-12. The proposed arrearage forgiveness component would provide that "fresh start." As CAUSE-PA correctly states, CAP customers have accrued approximately \$12 million of CAP arrears that could not be placed a payment arrangement and are not otherwise eligible for arrearage forgiveness. [Petition for Reconsideration](#) at 4, 12; see also, [Joint Petition](#) at ¶¶ 39-41. The costs of the one-time forgiveness would be shared between the Company's shareholders and ratepayers. [Petition for Reconsideration](#) at 12. This is an important, bargained for component of the Settlement. Without the arrearage forgiveness mechanism, CAP customers could go into the 2020-2023 Plan bearing

the burden of the \$12 million in-program arrears that accumulated under the Company's prior Plan.
Id. at 12-13.

The Office of Consumer Advocate respectfully supports CAUSE-PA's Petition for Reconsideration and requests that the Commission reconsider or clarify its Order.

Respectfully Submitted,

/s/ Christy M. Appleby

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DATE: March 5, 2018
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