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August 14, 2019

VIA E-FILE

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

Re: Electric Distribution Company Default Service Plans – Customer Assistance
Program Shopping
Docket No. M-2018-3006578

Dear Secretary Chiavetta:

Enclosed please find Duquesne Light Company's Reply Comments for filing in the above referenced proceeding.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "LBQ", is written over a light blue circular stamp.

Lindsay A. Baxter
Manager, State Regulatory Strategy

Enclosure

cc (w/ enc.): Kriss Brown (kribrown@pa.gov)
Tiffany Tran (tiftran@pa.gov)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Electric Distribution Company Default
Service Plans—Customer Assistance
Program Shopping**

:

Docket No. M-2018-3006578

**REPLY COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

Duquesne Light Company¹ (“Duquesne Light” or “Company”), submits the following Reply Comments regarding customer assistance program (“CAP”) shopping, as provided for by the Pennsylvania Public Utility Commission (“PUC” or “Commission”) Order entered on February 28, 2019, which allows for reply comments to be filed fifteen (15) days following submittal of Comments, on or before August 16, 2019. The Company filed Comments in this proceeding on July 30, 2019 and submits these reply comments to further inform the Commission as to the Company’s position on issues raised by other commenters and to further develop the record regarding this matter.

II. REPLY COMMENTS

A. The Policy Statement should be delayed or limited in scope.

The comments submitted at this docket bolster the Company’s position that release of a Policy Statement at this time is premature. As mentioned previously, there are several related ongoing proceedings that will inform this topic.² Additionally, the experience to date in PPL

¹ Duquesne Light is a member of the Energy Association of Pennsylvania, which has also submitting comments at this docket. In addition to the positions stated herein, Duquesne Light generally supports the positions articulated in EAP’s comments to the extent they are consistent with the comments submitted by the Company.

² *Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§58.1--58.18*, Docket No. L-2016-2557886; *Review of Universal Services and Energy Conservation Programs*, Docket No. M-2017-2596907; *Energy Affordability for Low-Income Customers* Docket No. M-2017-2587711.

Electric’s territory, and the nascent nature of First Energy’s CAP Shopping program, support waiting until more evidence is available to put guidance in place to expand CAP Shopping to other territories. In particular, the Company was struck by the details provided by PPL, which support Duquesne Light’s concerns that the Company may invest significant resources in developing a CAP shopping program in which few or no electric generation suppliers (“EGSs”) participate.³ PPL reported that from the program’s launch in June 2017 through November 2017, two EGSs participated. That number dropped to one EGS participating for the period of December 2017 through May 2018. Since June 1, 2018, no EGSs have chosen to participate in PPL’s CAP standard offer program (“SOP”).⁴ PPL describes that it is “expending resources in maintaining CAP SOP despite the fact that no EGS has participated in the program for over a year.”⁵ Duquesne respectfully urges the Commission to postpone its wholesale endorsement of CAP shopping via a Policy Statement until results of the First Energy CAP shopping program are available.

Should the Commission move forward with finalizing the Policy Statement at this time, the Company recommends that the scope of the statement be limited, rather than expanded as some Commenters have suggested. A Policy Statement is intended to provide guidance to regulated entities, rather than to serve as a binding regulation. However, commenters recommended the additions of multiple new requirements.⁶ Should these recommendations be accepted, the complexity of the resulting document would not match the intent or format of a Policy Statement. To remedy this situation, Duquesne Light recommends that the breadth of the Policy Statement be narrowed, with additional details to be worked out case by case in each

³ Duquesne Light Comments at 8.

⁴ PPL Comments at 4.

⁵ PPL Comments at 9.

⁶ RESA Comments, Exhibit A, p. iv-v; OCA Comments at 9; and CAUSE/TURN et al. Comments at 9.

electric distribution company's ("EDC's") default service proceeding, which is a fully litigated, transparent process, allowing stakeholders with varying interests the opportunity to participate. The Policy Statement should not establish a timeline requiring EDCs to implement CAP shopping, but rather provide guidance an EDC can use, if and when it proposes a CAP shopping program through a default service proceeding.⁷

Duquesne Light recommends limiting the scope of the Policy Statement to the most important aspect—cost. The comments of the Retail Energy Supply Association ("RESA") list a number of reasons it believes the cost figures cited in the Order are "specious."⁸ Rather than debate these one by one, the Company would like to point out the data reported by PPL based on analysis of actual bills. Before the CAP SOP was put in place, from January 2013 through October 2015, 55% of CAP participants paid more than the PTC. These customers were spending, on average, \$31 more per month than if they were on a rate equal to the PTC.⁹ While RESA argues that using the PTC as a metric is inappropriate because it does not reflect savings from potential value-added products, such as energy efficiency. However, it is difficult, if not impossible, to envision a value-added product provided by an EGS that would provide a value of more than \$31 per month, to cover the price premium that the customer is paying over PTC. Further, in Duquesne Light's service territory, CAP customers are largely renters.¹⁰ Because they do not own their home, their ability to make investments in energy efficiency is often limited to basic weatherization and changing lightbulbs, services that are already available to them via the utility's energy efficiency programs, including the Low-Income Usage Reduction Program

⁷ UGI Comments at 2.

⁸ RESA Comments at 5.

⁹ PPL Comments at 6.

¹⁰ As of August 7, 2019, 77% of CAP participants report renting their home.

(LIURP) and Watt Choices.¹¹ The ability to take advantage of these programs as a benefit of CAP participation, free of charge, further reduces the opportunity for additional savings via an EGS's services.

Time and again, evidence has shown that the retail market cannot bring cost savings to CAP participants. Even RESA's comments support this point, as they requested that they be allowed to charge customers a price per kilowatt-hour ("kWh") up to 20% more than the default service provider's PTC.¹² Duquesne Light believes the evidence in this proceeding supports postponing CAP shopping indefinitely, pending changes in market conditions that would allow EGSs to provide a cost-savings to CAP customers.

B. The Policy Statement should protect the most vulnerable customers.

The Company also wishes to note the importance of distinguishing between *all* low-income customers and CAP participants. RESA describes the proposed Policy Statement as "not respecting the ability of low-income customers to make choices about their retail electricity service."¹³ This simply is not the case. The Commission has not moved to bar low-income customers from shopping or otherwise restricted the access of these customers to the retail market. CAP participants are a subset of low-income customers who have voluntarily made the choice to enroll. CAP participation is not automatic nor is it compulsory, and a low-income customer can choose to leave CAP if a better opportunity exists through a retail supplier.

CAP customers include many of the most vulnerable of Duquesne Light's customers—those with the least resources, the elderly, and those with disabilities or chronic illnesses. For

¹¹ For example, Duquesne Light's income eligible customers can receive whole house audits, LED lightbulbs, refrigerator and electric heater replacement, and faucet aerators and high performance showerheads (requires electric water heating), at no cost through the Company's Watt Choices program. In addition, customers also may receive referrals to other programs and opportunities available within the community.

¹² RESA at 11.

¹³ RESA at 5.

these reasons, the Company reiterates its original comments that CAP customers should not be removed from the program for signing up for a non-compliant product.¹⁴ While some commenters attempted to propose alternatives, the Company does not believe any of the recommendations in comments adequately address this concern. In particular, the Office of Consumer Advocate (“OCA”) recommends that CAP customers be required to sign an acknowledgement of forfeiture of CAP benefits in order to enroll in a non-compliant product. While in theory this may help, in practice, the Company is concerned that CAP customers may not always understand or appreciate the consequences of signing such acknowledgement, particularly where unscrupulous marketers misrepresent the actual costs of their product. Removing a customer from CAP actually presents an incentive to such dishonest EGSs to enroll customers in non-compliant plans so that, once removed, they can be targeted for more lucrative products without any restrictions.

Because EGS marketers often work through specific neighborhoods and geographic areas, one unscrupulous actor could have a significant impact on individual communities. As highlighted in the CAUSE-PA/TURN et al. comments, “because of the marketing and sales tactics employed by EGSs, the harms created by higher priced electricity may (as in other states) be concentrated in communities of color, disproportionately impacting Black and Latinx consumers.”¹⁵

Additionally, the illustration offered by CAUSE-PA/TURN et al. in its comments is impactful: if this rule were in place during First Energy and PPL’s initial CAP shopping phases, over one-quarter of PPL CAP customers and nearly 65% of First Energy CAP customers would

¹⁴ CAUSE/TURN et al. at 5; EAP at 4; OCA at 8; UGI at 9.

¹⁵ CAUSE/TURN et al. Comments at 6.

have been removed from CAP for choosing a product that costs more than default service.¹⁶ The Company urges the Commission to remove this provision from the proposed Policy Statement, until a suitable alternative is determined.

C. CAP shopping must allow for apples-to-apples comparisons.

Although the Company questions whether CAP shopping is advisable, based on the evidence in this proceeding, it recommends that *if* CAP shopping continues to be encouraged by the Commission, it must be based on price per kWh comparisons, as described in the draft Policy Statement. Duquesne Light is supportive of OCA’s suggestion to define “rate per kWh”¹⁷ to exclude other incentives, so that customers, EDCs, and regulators can compare products to default service as “apples to apples,” and recommends that a more robust definition be included in the final Policy Statement, should the Commission move forward with finalizing the statement.

Although the comments of RESA criticize the Commission’s analysis as failing to recognize that energy markets are “cyclical” and “exhibit volatility” that disrupts both market prices and the PTC, the Company respectfully disagrees with the implication that the PTC is volatile.¹⁸ The Company’s PTC is evaluated and changed every six months, on June 1st and December 1st,¹⁹ and does not change frequently as RESA’s comments seem to imply. Further, the PTC has not historically changed significantly. Since December 2014, the most significant change in the PTC for residential rate RS customers occurred between June 1, 2018 and October 1, 2018 when the PTC decreased from 7.96 cents per kWh to 7.51 cents per kWh, a decrease of

¹⁶ CAUSE/TURN et al. Comments at 7.

¹⁷ OCA Comments at 6.

¹⁸ RESA Comments at 5.

¹⁹ Note that in 2018 the residential PTC was adjusted at a four-month interval (June 1, 2018-October 1, 2018) due to changes in transmission charges at PJM, before returning to its normal schedule of being adjusted on June 1st and December 1st.

\$0.0045/kWh. For an average residential customer with usage of 600 kWh per month, this change would equate to a savings of \$2.70 per month. While this was the largest change in the past five years, for comparison sake, the most recent change to DLC's residential PTC occurred June 1, 2019, with an increase of \$0.004/kWh. These changes are hardly as volatile or dramatic as RESA's comments imply, but rather provide a stable, affordable product for customers who either choose not to shop or choose to enroll in CAP.

III. CONCLUSION

The comments on the Proposed Policy Statement indicate that there are few areas of consensus and many areas that need further clarification. With the considerations above in mind, the Company respectfully urges the Commission to postpone finalizing the Policy Statement until more experience with CAP Shopping in the First Energy and PPL territories has occurred and until related regulatory proceedings have concluded. Should the Commission move forward with finalizing this document, the Policy Statement should be true to its intent, laying out broad guidance rather than a laundry list of requirements, and allowing each EDC to determine its own CAP Shopping program through its default service proceeding. Duquesne Light takes the protection of its most vulnerable customers very seriously and appreciates the opportunity to comment on this matter.

Respectfully submitted,

Date: August 15, 2019



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