

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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November 16, 2020

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

Re: Petition of Duquesne Light Company for
Implementation of the Percentage of Income
Payment Plan Customer Assistance Program
as Proposed on January 6, 2020
Docket Nos. M-2019-3008227
P-2020-3022770

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Answer to the Petition of Duquesne Light Company in the above-referenced proceedings. 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 as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby
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Enclosures:

cc: Joseph Magee, Bureau of Consumer Services (**email only**)
Louise Fink-Smith, Law Bureau (**email only**)
Office of Administrative Law Judge (**email only**)
Office of Special Assistants (**email only**: ra-OSA@pa.gov)
Certificate of Service

*299588

CERTIFICATE OF SERVICE

Re: Petition of Duquesne Light Company :
for Implementation of the Percentage :
of Income Payment Plan Customer : Docket Nos. M-2019-3008227
Assistance Program as Proposed : P-2020-3022770
on January 6, 2020 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Answer to the Petition of Duquesne Light Company, 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 16th day of November 2020.

SERVICE BY E-MAIL ONLY

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Dated: November 16, 2020
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Re: Petition Of Duquesne Light Company :
For Implementation Of The Percentage of Income : Docket Nos. M-2019-3008227
Payment Plan Customer Assistance Program : P-2020-3022770
As Proposed On January 6, 2020 :

ANSWER
OF THE
OFFICE OF CONSUMER ADVOCATE

The Office of Consumer Advocate (OCA) hereby submits this Answer in response to the November 6, 2020 Petition Of Duquesne Light Company For Implementation Of The Percentage of Income Payment Plan Customer Assistance Program As Proposed On January 6, 2020.¹

I. INTRODUCTION

On November 5, 2019, the Commission entered a Final Opinion and Order in the 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267 at Docket No. M-2019-3012599 (Nov. 5 CAP Policy Statement Order). The Opinion and Order incorporates issues raised in the proceedings, Energy Affordability for Low-Income Customers, Docket No. M-2017-258711, and Review of Universal Service and Energy Conservation Programs, Docket No. M-2017-2596907. The Commission's Nov. CAP Policy Statement Order identified 17 changes to the CAP Policy Statement, including, among other things, new energy affordability burdens for customers enrolled in the natural gas and electric distribution companies' Customer Assistance Programs (CAP). Nov. 5 CAP Policy Statement Order at 28-34. The Commission's Nov. 5 CAP Policy Statement Order also identified potential

¹ Duquesne has requested that Answers to this Petition be filed within 10 days after the date of service.

costs relating to the proposed energy affordability burdens. Nov. 5 CAP Policy Statement Order at 24-28. The Nov. 5 CAP Policy Statement Order directed the utilities to file compliance plans within 60 days of the Order.

On November 20, 2019, the Office of Consumer Advocate filed a Petition for Reconsideration and Clarification regarding the extent to which the proposed maximum CAP energy affordability burdens for customers at or below 50 percent of the Federal Poverty Level would cause Pennsylvania's electric and natural gas utilities to increase the amount of Low Income Home Energy Assistance Program (LIHEAP) benefits returned to the Department of Human Services. The OCA also requested clarification regarding the cost information to be included in the universal service plan compliance filings and clarification that the compliance plans include this cost information for the revised programs. Also on November 20, 2019, the Energy Association of Pennsylvania (EAP) filed a Petition for Reconsideration and Clarification at Docket Nos. P-2020-3016889 and M-2019-3012599. On February 6, 2020, the Commission issued its Orders denying the OCA's Petition for Reconsideration and/or Clarification and granting the clarification requested in the EAP Petition for Reconsideration and/or Clarification. 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016885, M-2019-3012599, Order at 11 (Feb. 6, 2020)(OCA Reconsideration Order); 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code Sections 69.261-69.267, Docket Nos. P-2020-3016889, M-2019-3012599, Order at 11 (Feb. 6, 2020)(EAP Reconsideration Order). In the EAP Reconsideration Order, the Commission clarified that the filing requirements in Ordering Paragraphs 6,7, and 8 of the Nov. 5 CAP Policy Statement Order did not direct mandatory compliance with the amendments to the CAP Policy Statement and clarified the required information to be filed. EAP Reconsideration

Order at 11-12. Relating to the budgets and costs of the proposed changes, in the OCA Reconsideration Order, the Commission stated:

The November 5 Order directs that utilities provide enrollment projections in their addendums for the new CAP provision they propose to implement. This requirement has been reiterated in our order addressing the EAP petition for reconsideration at Docket Nos. P-2020-3016889 and M-2019-3012599. To the extent further granularity may be warranted, it can be addressed in utility-specific proceedings.

OCA Reconsideration Order at 11.

On April 19, 2018, the Commission approved Duquesne Light’s current 2017-2019 Universal Service and Energy Conservation Plan (2017-2019 USECP or 2017-2019 Plan) at Docket No. M-2016-2534323. Petition at ¶ 5. Pursuant to the 2017-2019 USECP, Duquesne implemented the following PIPP structure for CAP customers:

| INCOME CATEGORY | RESIDENTIAL SERVICE NON-ELECTRIC HEAT PERCENTAGE OF INCOME PAYMENT | RESIDENTIAL ELECTRIC HEAT PERCENTAGE OF INCOME PAYMENT |
|------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 0-50% | 3% | 7% |
| 51-100% | 4% | 8% |
| 101-150% | 5% | 9% |

Petition at ¶ 6. On February 28, 2019, Duquesne Light filed its pending 2020-2023 USECP at Docket No. M-2019-3008227 which included the above-referenced proposed CAP structure. Petition at ¶¶ 6, 7.

On January 6, 2020, Duquesne Light filed to amend the proposed revised energy burdens for its USECP to be consistent with the Final CAP Policy Statement changes and amended the length of the USECP to 2020-2025 (2020-2025 USECP). Petition at ¶ 13, Exh. A. Duquesne Light proposes to reduce the energy burdens as follows:

| INCOME CATEGORY | RESIDENTIAL SERVICE NON-ELECTRIC HEAT PERCENTAGE OF INCOME PAYMENT | RESIDENTIAL ELECTRIC HEAT PERCENTAGE OF INCOME PAYMENT |
|------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| 0-50% | 2% | 6% |
| 51-100% | 4% | 10% |
| 101-150% | 4% | 10% |

Duquesne Light is supportive of the analysis taken by the Commission to create the new energy affordability burdens and states that the Company supports the changes to the energy burdens as identified in the Nov. 5 Final CAP Policy Statement Order. Petition at ¶¶ 17-20. Duquesne Light’s Petition states that the bill impact associated with implementing the PIPP tiers would be less than \$5 per year for non-CAP residential customers. Petition at ¶ 22. Duquesne Light estimates that the average non-CAP customer monthly bill impact would be \$0.35 in calendar year 2021 and \$0.36 per month in calendar year 2022. Petition at ¶ 22.

For the reasons set forth below, the OCA does not agree that the Company’s proposed amendments should be approved on an expedited basis. A full and complete analysis of the impact of the proposed changes is needed as a part of the approval process for the Company’s currently pending 2020-2023 USECP.

II. ANSWER

In its Petition, Duquesne Light proposes to reduce the energy burdens for residential service non-electric heating customers to 2% for customers at 0-50% of the Federal Poverty Level and to 4% for customers at 51-100% of the Federal Poverty Level and 101-150% of the Federal Poverty Level. Petition at ¶ 19. Duquesne Light proposes to reduce the energy burdens for residential electric heating customers to 6% for customers at 0-50% of the Federal Poverty Level and to 10% for customers at 51-100% of the Federal Poverty Level and 101-150% of the Federal Poverty Level. Petition at ¶ 19. Duquesne Light’s Petition states that the bill impact associated

with implementing the PIPP tiers would be less than \$5 per year for non-CAP residential customers. Petition at ¶ 22. Duquesne Light estimates that the average non-CAP customer monthly bill impact would be \$0.35 in calendar year 2021 and \$0.36 per month in calendar year 2022. Petition at ¶ 22.

Duquesne Light included the new proposed revised energy burdens in its new Project Spark customer billing system so that the new energy burdens would be operational on or before January 1, 2021. Petition at ¶¶ 25, 27. In its Petition, Duquesne Light states that the PIPP CAP and the associated reduced energy burdens are now “inextricably tied to its planned Customer Care and Billing (CC&B) upgrade, named ‘Project Spark.’” Petition at ¶ 24. In its Petition, Duquesne Light states that it was “presented with the unique problem of potentially implementing PIPP tiers in 2020 and then being required to change those tiers shortly thereafter in early 2021.” Petition at ¶ 26. Duquesne Light states that Project Spark is expected to be completed in 2020, and the project with the amended energy burdens is now in a “code-freeze” to prevent further changes during the current on-going system testing. Petition at ¶¶ 28-29. In its Petition, Duquesne Light states that the planned PIPP implementation will require “additional testing and user training, therefore significantly increasing the risk of complications at go-live” and additional testing may contribute to delays in the Project Spark’s go-live date. Petition at ¶¶ 30-31.

The OCA submits the proposed changes to Duquesne Light’s Plan should not be approved until a full review can be completed, and the necessary review cannot be completed on an expedited basis. Duquesne Light’s Petition states that the bill impact associated with implementing the PIPP tiers would be less than \$5 per year for non-CAP residential customers. Petition at ¶ 22. In its Petition, Duquesne Light estimates that the average non-CAP customer monthly bill impact would be \$0.35 in calendar year 2021 and \$0.36 per month in calendar year

2022. Petition at ¶ 22. Duquesne Light's Petition, however, only discusses the changes in costs from 2021-2022 and minimizes the overall proposed impact of the changes to the total budget changes proposed from 2020-2022. The proposed changes would increase the total CAP budgets from \$32,928,822 in 2020 to \$34,358,387 in 2022, or an increase of approximately \$1.42 million. 2020-2025 USECP at 18. Under the amended 2020-2025 USECP, the Company proposes an increase in the total CAP budgets from \$32,928,822 in 2020 to \$36,116,766 in 2025, or an increase of approximately \$3.18 million.

Such a significant change in the Company's energy burdens and increase to the costs of the program should not be confined to a short timeframe in order to accommodate larger billing system changes. The Company's proposed amendments related to the Nov. 5 CAP Policy Statement Order raise significant questions as to the cost of the program, the increased costs related to the proposed amendments, the impact of the amendments on the overall plan, and the continued cost-effectiveness of the Plan, among others. The OCA submits that analysis of the impact of the changes on returned LIHEAP dollars is also required. With significantly lower energy burdens, it is possible that LIHEAP dollars will not be able to be fully utilized, resulting in a waste of scarce resources. The Commission should provide an adequate forum to evaluate the proposed program changes and sufficient time for the collection of necessary information and an analysis of the data.

III. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that Duquesne Light's request for approval of the proposed amendments on an expedited basis be denied. A full analysis of the proposed changes is needed in order to assess the proposed cost increase and to determine whether further program modifications may be necessary.

Respectfully Submitted,

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