

COMMONWEALTH OF PENNSYLVANIA



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December 29, 2020

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

Re: Duquesne Light Company Universal
Service and Energy Conservation Plan
For 2020-2025
Docket No. M-2019-3008227

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Comments in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

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Certificate of Service

*301356

CERTIFICATE OF SERVICE

Re: Duquesne Light Company Universal Service : Docket No. M-2019-3008227
and Energy Conservation Plan for 2020-2025 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Comments, 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 29th day of December 2020.

SERVICE BY E-MAIL ONLY

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Dated: December 29, 2020
*301355

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company :
Universal Service and Energy Conservation Plan : Docket No. M-2019-3008227
For 2020-2025 :

COMMENTS
OF THE
OFFICE OF CONSUMER ADVOCATE

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The Office of Consumer Advocate files these Comments pursuant to the Pennsylvania Public Utility Commission's (Commission) directive in the Tentative Order entered November 19, 2020.¹

I. INTRODUCTION

On February 29, 2019, Duquesne Light Company (Duquesne or Company) filed its proposed Universal Service and Energy Conservation Plan for 2020-2023(USECP).² Subsequent to the filing, the Commission extended the duration of the Proposed 2020 USECP through 2025.

Pursuant to a November 9, 2019 Order, the Commission's CAP Policy Statement was amended effective March 21, 2020. Tentative Order at 4-6; see also, 2019 Amendments to Policy Statement on Customer Assistance Programs, 52 Pa. Code § 69.261-69.267, Final Policy Statement and Order, Docket No. M-2019-3012599 (Final CAP Policy Statement Order). As the Tentative Order provides, the CAP Policy Statement Order includes 17 amendments to the CAP Policy Statement, and Duquesne's January 6th, 2020 filing proposes to incorporate the proposed changes discussed in the Final CAP Policy Statement Order. Tentative Order at 16-18.³

On November 19, 2020, the Commission entered its Tentative Order and requested Supplemental Information. The Tentative Order requested Supplemental Information and Comments on the following issues:

¹ The OCA was assisted in the preparation of these Comments by its consultant, Roger D. Colton. Roger Colton is a principal in the firm of Fisher Sheehan & Colton, Public Finance and General Economics. Mr. Colton provides technical assistance to a variety of public utilities, state agencies, and consumer organizations on rate and customer service issues for telephone, water/sewer, natural gas and electric utilities. Mr. Colton's work focuses on low-income energy issues, and he has testified and published extensively in this area.

² See Tentative Order at 4-14 for complete history of filings.

³ The OCA notes that on November 6, 2020, Duquesne filed its Petition for Implementation of the Percentage of Income Payment plan Customer Assistance Program as Proposed on January 6, 2020. The Petition was separately docketed at P-2020-3022770 and M-2019-3008227. The OCA filed its Answer in Opposition on November 16, 2020 under both dockets, but the Commission's November 20, 2020 Tentative Order did not consolidate the docket and the Commission's webpage does not include the P-2020-3022770 docket.

- a) Provide estimates of how its proposed PIPP energy burden levels – or average/actual charges – will increase CAP costs for each year of the proposed USECP. This information should be broken down by household FPIG (*i.e.*, 0%-50%, 51%-100%, and 101%-150%). Explain how they notify customers about the change in PIPP levels, particularly since some customers may experience an increase in their monthly bills. Identify the potential impact of the proposed PIPP energy burden levels on unused LIHEAP grants returned to DHS. Provide analysis for each income tier (0%-50%, 51%-100% and 101-150%) to determine the number of CAP accounts which have unused LIHEAP funds returned to DHS and the average amount of those funds. Provide actual data for the 2018 and 2019, and projected data for 2020 through 2024 based on the proposed PIPP.
- b) Clarify its income timeframe and documentation requirements for CAP and how it communicates these requirements to CAP agencies and applicants. Include copies of its CAP applications, recertification letters, brochure, and any other distributed written communication describing CAP eligibility requirements.
- c) Clarify if and how CAP customers are instructed to apply for LIHEAP or other energy assistance grants, when available.
- d) Clarify whether late payment charges or fees are waived for CAP customers.
- e) Explain how it makes CAP customers aware (1) if they are approaching or have reached their annual CAP discount limit; and (2) of the exceptions to the CAP discount limit and what steps to take if the household qualifies for these exceptions. Identify whether these customers receive priority for other Duquesne universal service programs or assistance such as Smart Comfort or hardship fund grants.
- f) Clarify whether IPA forgiveness will be provided separately or combined with PPA forgiveness.
- g) Identify if the online application allows customers to submit documentation electronically and, if so, provide details on how that process works.
- h) Explain what mediums are available to apply or recertify for CAP. Address whether prohibiting customers from applying via mail or fax may limit access to the program. Outline the CAP application procedure (*i.e.*, how customers can apply and what process is followed, etc.), including the process used by the CBOs to recertify customers for CAP, and including the timeframes for any reminder notices sent to customers and the documentation requirements.
- i) Clarify if follow-up interviews are mandatory for CAP customers to remain in the program. Explain in what format these follow-up interviews are conducted and within what timeframe they occur.

- j) Provide a copy of its zero-income form.
- k) Identify the number and percentage of customers removed from CAP in 2017, 2018, and 2019 for each default reason, including failure to recertify, not participating in Smart Comfort, and exceeding the income limits.
- l) Identify the impact a quarterly review of CAP bills would have on program billing in 2018 and 2019.
- m) Identify (1) the number of CAP customers who were removed from the program and back-billed at the full tariff rate for having income higher than previously reported for 2018 and 2019, and (2) the amount back-billed for each impacted customer for 2018 and 2019. Clarify what deadline or timetable these CAP customers are given to provide new income documentation (*i.e.*, by the end of the month, etc.) or other information as requested to avoid defaulting from CAP. Outline how it lets the affected customer know it is requesting further information, removing the customer from CAP, and their right to appeal such a decision (*i.e.*, by telephone, mail, or other). Provide all letters and employee scripts related to this process.
- n) Provide a proposed Consumer Education and Outreach Plan in its supplemental information. Indicate which education and outreach initiatives are new and which initiatives represent existing, ongoing practices to help the most vulnerable customers. Provide examples of customer education letters, postcards, bill inserts, educational brochures, and outbound call messaging scripts.
- o) Provide information showing the impact that excluding unearned income for minors would have on CAP eligibility and costs. Identify the following statistics for 2017, 2018, and 2019: (1) number of CAP customers receiving unearned income for minor children; (2) number of customers determined income-eligible for minor children; and (3) amount of additional CAP credit expenditures if unearned income for minors had been excluded. Provide the projected additional annual costs to its CAP – including increased enrollment, arrearage forgiveness, and CAP credits – associated with excluding unearned income for minors through 2025.
- p) Elaborate whether relevant security deposits are refunded to the customer or credited to the account in some manner (*e.g.*, current usage or IPA or PPA; are excess deposit refunds carried forward to next billing period) and the implications of how this process impacts the CAP customer's bill.
- q) Explain (1) what winter electric usage patterns triggers a *De Facto* Heating Remediation intervention and what services are provided; (2) what methods are available for a customer to directly apply for the Emergency Repair Fund; (3) why electric service must be off “for a year or more” to qualify for additional health and safety remediation, including electrical inspection; (4) why a homeowner must

have a central air conditioner that is less than or equal to a 12 SEER to qualify for knob-and-tube remediation; and (5) how Duquesne will advertise these initiatives to the public and educate its contractors.

- r) Explain its plans for unspent 2020 LIURP funding as a result of the COVID-19 pandemic.
- s) Provide a copy of its landlord approval form in order to perform structural modifications to a rented residence. Clarify if it requires additional written landlord permission in order to perform other weatherization measures.
- t) Clarify how energy managers determine necessary follow-up activity with Smart Comfort customers after the installation of program measures. Explain the timeframe of such action, i.e., how long after the installation of program measures do energy managers follow-up with customers? How are Smart Comfort customers selected for additional energy education? What does this energy education consist of? Provide all written materials and scripts related to this issue.
- u) Provide examples of health and safety items and/or measures – in addition to the specified carbon monoxide detectors or smoke alarms – that may be installed by Smart Comfort contractors.
- v) Explain what steps, if any, are taken if an installed measure is not operating efficiently and/or an increase of energy usage is found during a third-party inspection. Clarify what methodology is used to select these jobs and define what “up to 10%” and “up to 5%” encompass and whether the numbers are actually less than 10% and 5%. Provide details on how close they have to come to the “up to 10%” and “up to 5%” target over the past three years for 2017, 2018, and 2019.
- w) Provide a full description of its Hardship Fund eligibility criteria, especially if its practices differ or expand on the criteria listed on page 24 in its Proposed 2020 USECP. Clarify whether these requirements apply to all customers seeking Hardship Funds or if Duquesne or DEF use discretion on a case-by-case basis. Advise if it uses the same or similar process for any subset of customers such as senior citizens aged 62 and over.
- x) Explain whether the Hardship Fund definition of “senior” customer applies to all universal service programs or, if not, how it differs between programs.
- y) Provide clarification on why it projects static enrollment levels for its LIURP, CARES, and Hardship Fund programs through 2025.
- z) Update enrollment and budgetary estimates for its universal service programs, if appropriate, based on the actual or potential economic impact of the COVID-19 pandemic within its service territory.

- aa) Identify whether CBOs administer or provide weatherization services in Smart Comfort and, if so, provide a description of their duties.
- bb) Provide details about its staffing levels for Smart Comfort.

Tentative Order at 49-53. On December 10, 2020, Duquesne filed the requested Supplemental Information. On December 7, 2020, the OCA filed its Notice of Intervention and Public Statement in this matter and served its OCA Set I discovery requests.⁴ On December 22, 2020, Duquesne filed a Petition requesting to delay the implementation of the Percentage of Income Payment Plan until April 1, 2021.

The OCA addresses the following issues raised by the Tentative Order in its Comments: (1) energy burdens, including the need for additional cost control measures; (2) evaluating CAP household bills; (3) Customer Outreach and Education Plan; and (4) Dollar Energy Fund (DEF) Administration of Hardship Fund.

II. COMMENTS

A. Tentative Order Identified Issues

1. Energy Burdens

a. Introduction

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

⁴ The OCA notes that Duquesne expeditiously responded to the OCA's discovery requests. The OCA appreciates Duquesne's efforts to answer the OCA's discovery responses as quickly as possible.

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%

In 2016, Duquesne’s universal service costs were \$21,244,454 with a \$549 per CAP participant cost. See, 2016 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies at 59 (2016 BCS Report). Since that time, Duquesne’s universal service costs have increased from \$23,083,236 in 2017 to \$31,408,810 in 2019. See, 2019 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies at 62 (2019 BCS Report). The cost per CAP participant increased from \$614 in 2017 to \$862 in 2019. Id. Duquesne’s enrollment in its CAP has also increased from 34,445 in 2017 to 35,853 in 2019. On February 28, 2019, Duquesne filed the instant USECP at Docket No. M-2019-3008227 which included the above-referenced proposed CAP structure.⁵

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). In its January 6, 2020 filing at this docket and in the November 6, 2020, Petition for Implementation of the Percentage of Income Payment plan Customer Assistance Program as Proposed on January 6, 2020, Duquesne proposed to change the energy burdens as follows:

⁵ The OCA notes that due to COVID-19, the Company has not yet implemented its Project Spark, including the proposed changes to its PIPP. On December 22, 2020, Duquesne Light petitioned to extend the implementation for its PIPP until April 1, 2021.

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%

The OCA submits that for the reasons set forth below, the OCA does not support the proposed changes to the energy burdens at this time, particularly in light of the current financial impact of COVID-19 on residential customers who must bear the increased costs of these changes. As noted above, residential customers have already seen increased universal service costs as a result of Duquesne’s adoption of a PIPP structure, providing additional benefits to CAP customers. Asking residential customers to assume even greater costs during this difficult economic time would further strain affordability for the many residential customers who do not qualify for CAP or who do not participate in CAP.

If the Commission determines that the energy burdens should be approved, the Company should be required to implement additional cost control measures as discussed below. One critical measure would be to hold annual cost increases to those projected by Duquesne until a full evaluation of the modified program can be conducted.

b. An Examination of the Impact of the Proposed Changes to the Energy Burdens During COVID-19.

The OCA is concerned with the cost impact of lowering the energy burdens at this time and thus, increasing the costs of CAP borne by residential customers. The incremental proposed cost 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. Id. The OCA has a particular concern about the impacts of such an addition to residential customer bills, particularly during this COVID-19 pandemic (and the economic downturn related to the pandemic), and in light of the increases in Duquesne's universal service costs that have been occurring over the past several years. Recognizing that the projections are just estimates, the OCA is concerned with unconstrained increases in the cost of CAP.

Duquesne reports that it has an estimated 103,720 customers living with income at or below 150% of Poverty. Tentative Order at 43. Of these customers, in 2019, only 36,418 customers were enrolled in CAP. Tentative Order at 2. The low-income customers who are not CAP participants must bear these costs. These costs will also fall on customers with incomes above the level qualifying for assistance but still struggling to make a sustainable income.

The economic and financial circumstances of customers remains tenuous and likely will be for some time to come. The OCA appreciates the need for CAP at this critical time and anticipates that enrollment in the program could grow dramatically in the coming months, further increasing the costs borne, automatically, by non-CAP residential customers regardless of income. The decision of whether to allow this change at this critical point in time of the COVID-19 pandemic, and associated economic crisis, is a discretionary decision on the part of the Commission. The OCA recommends that the Commission postpone this change or mitigate the impact by moderating the change in the energy burdens until such time as a full consideration of the necessary balance during this pandemic can be had.

If the Commission determines to go forward with the full change in energy burdens proposed by Duquesne, the OCA recommends that the cost control measures discussed in Section A(1)(c) be implemented. Among the cost mitigation and cost control measures to be discussed are

limiting the annual increases in CAP costs flowed through the universal service charge; increasing the minimum payment; extending the length of time for arrearage forgiveness; capping the amount of arrearage forgiveness charged to ratepayers; decreasing overall administrative costs; revisiting and adjusting maximum CAP credits; allocating Low Income Usage Reduction Program resources (LIURP) to reduce high user bills; and re-examining HUD recipient participation. Each will be discussed in turn below.

c. Cost Mitigation And Cost Control Measures

i. Controlling Annual Increases In the Universal Service Charge.

If the Commission approves a decrease to the energy burdens, the OCA respectfully submits that it will be necessary to examine other aspects of the program to ensure that costs are controlled and that the program remains as cost-effective as possible. The costs of Duquesne's Universal Service and Energy Conservation Plan have dramatically increased since 2008. In 2008, the cost of the program was approximately \$13,460,999 with average CAP enrollment of 28,934 customers. 2008 BCS Universal Service and Energy Conservation Report at 42. The program cost increased in 2019 after the move to a PIPP structure to \$31,408,810 with an average CAP enrollment of 36,418 customers. Tentative Order at 2, 44, Table 6. Duquesne's Plan projects enrollment levels to be 38,451 in 2025 with a cost of \$39,390,266. Tentative Order at 44, Table 6. The OCA remains concerned with these cost increases that are flowed through automatically to residential customers through the universal service charge. As the termination moratorium comes to an end, the OCA is concerned with the potential for unconstrained, automatic increases to residential customers.

The OCA recommends that at this time, an important cost control measure to consider is to hold Duquesne's annual costs flowed through its automatic universal service cost recovery

mechanism, to the levels projected in the filing until such time as a full impact evaluation of the program changes can be completed.⁶ Controlling the annual increases in the universal service charge will assist in managing the impact of the changes in the program during these difficult economic times and will allow for more experience to be gained with the program changes.

It will be particularly important in the evaluation of the modified program to analyze the CAP customer payment behavior under Duquesne's existing program and its revised program. Duquesne should be directed to collect and retain the necessary information so that its evaluator can complete the proper analysis.⁷

ii. Minimum Payment

Duquesne has proposed to increase the minimum payment for non-electric heating residential customers from \$15 to \$20 and the electric heating minimum payment would remain at \$40. Tentative Order at 8. The OCA supports the proposed increase to the minimum payment for non-electric heating residential customers but the electric heating minimum payment may need further review in light of the potential LIHEAP grant that can be used to make the minimum payment. In the time available to prepare these comments, the OCA was not able to review the necessary data to make a firm recommendation.

iii. Arrearage Forgiveness

Duquesne's proposed USECP includes arrearage forgiveness over a 24-month period. Although the 24-month period was agreed-upon as part of the Company's 2016-2019 USECP, the

⁶ In the alternative, program costs could be limited to a percentage increase in residential distribution costs each year to ensure that the rates for residential customers remain reasonable.

⁷ Important information to collect (or calculate) for CAP participants both before and after program modification, for example, would include: (1) the payment coverage ratio (percent of billed revenue actually collected); (2) the number of complete and timely payments; (3) the "Bills Behind" (as defined by BCS); (4) the percentage of accounts, along with the corresponding percentage of dollars, in arrears; and (5) the level of in-program arrears. Collecting corresponding data for the twelve months preceding CAP participation should be required as well.

OCA submits that it is a necessary component to mitigating the annual cost impacts of any changes to the energy burdens. The Commission should consider lengthening the arrearage forgiveness period from 24 months to at least 36 months if not longer. By lengthening the arrearage forgiveness period the annual cost of the program charged to ratepayers can be mitigated while customers can continue to earn arrearage forgiveness.

Arrearage forgiveness makes up a significant portion of total universal service costs for Duquesne. The 2018 (2018 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies at 60 – 63) data on costs as a percentage of total program costs is set forth below.

	CAP Credits	Arrearage Forgiveness	Administrative
Duquesne	71.2%	22.4%	6.4%
Met Ed	81.9%	9.7%	8.4%
PECO Electric	87.7%	7.8%	4.5%
Penelec	83.3%	8.0%	8.7%
Penn Power	82.6%	7.9%	9.5%
PPL	70.6%	24.5%	4.9%
West Penn	76.4%	16.7%	7.0%

Electric average	78.0%	16.2%	5.8%

Columbia	76.8%	20.3%	2.9%
NFG	59.1%	24.5%	16.4%
PECO Gas	69.0%	11.9%	19.1%
Peoples	68.1%	24.3%	7.6%
Peoples Equitable	77.3%	17.9%	4.7%
PG	79.2%	16.5%	4.4%
UGI South	78.4%	15.3%	6.3%
UGI North	75.3%	16.3%	8.4%

Natural gas average	77.0%	18.0%	5.1%

The OCA submits that given the impact of the level of arrearage forgiveness costs, extending the arrearage forgiveness time period from 24 months to 36 months or 48 months in order to mitigate the annual impact to the universal service cost recovery is reasonable. In addition, given that Duquesne's arrearage forgiveness component is above the average of electric utilities, there is a concern with the level of arrears being brought into the program. This suggests that Duquesne should pursue more aggressive outreach to customers to get them into CAP before the arrearages become so high. It does not benefit the CAP customer or other residential ratepayers to bring such high arrearages into the program. An alternative would be to limit the amount of arrearage forgiveness that can be earned in the program.

iv. Administration Costs

The OCA submits that the costs of program administration should be examined. Duquesne's administrative costs are above the electric average but are not the highest of the electric utilities. Nevertheless, a limit on administrative costs that flow through the automatic recovery mechanism should be part of the cost control measures. The OCA does not believe that an across-the-board metric should be established, but those administrative costs should be one of the components that are controlled.

v. Maximum CAP Credit Ceilings

Duquesne's current maximum CAP credit ceilings were set forth as a part of the 2016-2019 Plan as follows:

For EH:

0%-50% FPIG: \$2,350

51%-100% FPIG: \$1,800

101%-150% FPIG: \$1,300

For ENH:

0%-50% FPIG: \$1,600

51%-100% FPIG: \$1,400

101%-150% FPIG: \$900

Tentative Order at 16; Duquesne USECP at 8-9. The OCA submits that these maximum CAP credits should be revisited. Duquesne should provide further information on how many customers reach these maximum CAP credits and what actions are taken to address high usage that may be causing customers to reach these limits. Without this further information, it is not possible to make a firm recommendation.

vi. Allocation of LIURP Resources To Customers With High CAP Credits

The OCA submits another method of cost control is the Low Income Usage Reduction Program (LIURP). The Commission should examine whether customers with high CAP credits should be prioritized for LIURP. As mentioned above, there is a concern that customers may be reaching the maximum CAP credits. LIURP can be an effective tool to reduce the high costs of CAP and to keep customers from reaching maximum CAP credit limits.

vii. HUD Recipient Participation in CAP

The OCA submits that the Commission should consider the extent of participation in CAP by HUD recipients. Tenants in public and assisted housing receive utility allowances from the Department of Housing and Urban Development (HUD) that limit total shelter costs, including utilities, to no more than 30% of income. Providing assistance above and beyond the HUD allowances would appear to substitute ratepayer dollars for HUD dollars. In response to the OCA's previous proposal on this issue, the Commission did not adopt the proposal, but stated that "[a]t this time, we are not persuaded that these changes would benefit the universal service programs, its participants, or other ratepayers. Nevertheless, the Commission may further explore the

following policies in future utility-specific or other Commission proceedings.” (Final CAP Policy Statement, at 99 -100). (emphasis added). The OCA submits that the Commission should require Duquesne to provide the data necessary for a consideration of whether it would be appropriate to limit HUD recipient participation in CAP.

d. Impact of Unused LIHEAP Grants

The Tentative Order requested that the Company provide information regarding whether the Company anticipates an increase to the number of Low Income Home Energy Assistance Program (LIHEAP) grants that are returned unused to DHS. Tentative Order at 22. With respect to the current levels of returned LIHEAP grants, the Supplemental Information stated that, the Company expects that the refunds “will remain in the range of \$20,000 to \$25,000 annual for each of the years 2020 through 2024.” Supplemental Information at 2. The information provided, however, shows no anticipated impact of the reduced energy burdens on the LIHEAP grants. Duquesne had 14 refunds in 2018; 88 refunds in 2019; and 39 refunds in 2020. Supplemental Information at 2.

The OCA submits that it is not reasonable to expect that there would be no change in the amount of returned LIHEAP grants. Under the proposed reduced energy burdens, customers between 0-50% of the Federal Poverty Level will see a decrease in energy burden from 3% to 2% for non-heating electric customers and from 7% to 6% for electric heating customers. This is the same population of customers that will receive the highest LIHEAP grants. The applicable LIHEAP dollars should reduce the asked to pay amount to many of these customers, perhaps to near zero. The Company has not provided any analysis to explain why it does not anticipate an increase in the amount of money in returned LIHEAP grants. A more complete analysis is needed

regarding the impact of the proposed CAP energy burdens on the amount of LIHEAP benefits that would be returned to DHS.

2. Evaluating Household CAP Bills

In its USECP, Duquesne uses three methods for calculating the monthly bill. Duquesne USECP at 4. The first method is to use the percentage of income payment plan (PIPP). *Id.* The first alternative method is to use the average monthly budget bill with a 12-month rolling average (Method 1). *Id.* The second alternative method (Method 2) is to use the actual bill if the actual usage in a given month would be less than the PIPP and Method 1. The Company, however, will only bill the customer for the actual bill if it is less than Method 1 or Method 2. Duquesne USECP at 4-5. Duquesne's Plan states:

If the customer's actual usage is less than what the CAP bill would be as determined in Method 1 or Method 2, the customer's payment will equal their actual usage for that month. 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.

USECP at 5. The OCA has two concerns with the Company's approach to the evaluation of CAP customer bills.

The first concern arose from the Tentative Order's question as to whether the Company's methodology is consistent with the Final CAP Policy Statement. The Tentative Order provided:

Duquesne's proposed evaluation of household CAP bills does not appear to be consistent with Section 69.365(8)(vii) of the CAP Policy Statement, which recommends utilities should evaluate household CAP bills at least quarterly to determine whether the customer's CAP credit amount or billing method is appropriate.

In the November 2019 Order, the Commission found that evaluating CAP bills at least once per quarter, as opposed to longer intervals, is more likely to result in the customers receiving the most beneficial discount amount and/or billing option. *See* November 2019 Order at 74-75. If energy usage decreases due to energy conservation or moderate temperatures, Duquesne CAP customers could benefit by being switched from PIPP to an average or actual usage bill.

In its response to this Tentative Order, Duquesne should identify the impact a quarterly review of CAP bills would have had on program billing in 2018 and 2019.

Tentative Order at 29-30.

Duquesne states in its Plan that the “monthly payment is reviewed and updated (if necessary) every four months to determine whether the customer is best served in the PIPP or the Average Monthly Bill Plan.” Duquesne USECP at 5. The OCA submits that the Company’s response in the Supplemental Information appears to confirm that Duquesne performs a quarterly review of the 12-month rolling average. Supplemental Information at 13. The OCA submits, however, that the Supplemental Information also states “conducting this process quarterly would yield more frequent changes to CAP bills, but would have no impact on billed amounts on an annual basis.” Supplemental Information at 13. The statement in the Supplemental Information appears to be inconsistent with the Company’s USECP and the evaluation process completed. The OCA submits that Duquesne should clarify how the Company’s Supplemental Information statement is consistent with its stated Plan.

The second concern that the OCA has identified is regarding the use of Method 2. The OCA asked a clarifying question about the Company’s use of Method 2. In response to the OCA’s discovery response Set I, No. 14, Duquesne stated that it “does not ensure that the annual PIPP payment is equal to the prescribed percentage of income burden rather than less than the prescribed percentage of income burden.” Duquesne Response to OCA Set I, No. 14. Duquesne also stated that:

there is no requirement that a customer pay the full percentage of income burden if –as indicated by paying the average bill rather than the PIPP amount—the customer is using less electricity than what would be covered by the PIPP payment amount.” Duquesne says that “the PIPP energy burden is the maximum –not the minimum— amount to be filled. . .

Id.

The OCA has a concern with the Company's proposed use of Method 2 to the extent that Duquesne recalculates the PIPP customer's average monthly bill every four months with only seasonal usage variations considered. The OCA submits that the Method 2 calculation does not appear to be either weather-normalized or based on the prior twelve months, as Method 1 is. In the seasons when bills are lower than the PIPP payment, the customer would pay the lowest actual bill, and in the seasons where the bills are higher, the customer pays the PIPP amount. An issue arises because during higher cost months, the PIPP does not increase to reflect the higher bill. For example, if the PIPP bill is \$50, it does not matter whether the actual bill is \$100 or \$125, the PIPP bill is \$50.

The OCA submits that this practice drives the energy burdens even lower than those prescribed by the Commission. The Percentage of Income energy burdens are annual burdens. The Percentage of Income energy burdens assume that some of the credits that are paid in high credit months (*e.g.*, cold weather for a heating customer) will be recaptured in months when the CAP payment exceeds the percentage of income payment. As a result, over the course of the year, the bill is equal to the CAP percentage of income. If the program is that customers pay the percentage of income or the actual bill, whichever is less, the customer will obviously be paying a lower energy burden than that prescribed by the Commission's CAP Policy Statement.⁸ The OCA submits that, at a minimum, the percentage of income burdens should be seasonally adjusted to make it less likely that the CAP payment would be less than the actual usage.

3. Customer Education and Outreach Plan

⁸ This is also concerning given that the Final Policy Statement eliminates the co-payment for arrearage forgiveness under the PIPP. Having customers pay less than the PIPP amount but receive arrearage forgiveness seems to be inconsistent with the approach in the Final Policy Statement. The total bill of the CAP customers, including arrearage forgiveness should be the affordable energy burden determined by the Commission. This approach would be consistent with the intent of the Final Policy Statement in eliminating the arrearage co-pay under the PIPP and would help to contain costs.

In its USECP, Duquesne states that the Company “has historically worked [with] it [sic] Eligible Advisory Committee to develop and review customer education and outreach plans related to its universal service program.” USECP at 7. In its January 6th filing, the Company stated that it planned to continue these efforts. In the Tentative Order, the Commission required the Company to provide a Customer Education and Outreach Plan and requested that the Company address outreach efforts towards the 0-50% FPL population. Tentative Order at 17. The CAP Policy Statement specifically identified a need to develop concerted efforts to address outreach towards the 0-50% population.

In response to the Tentative Order, Duquesne included Attachment N to its Supplemental Information. Supplemental Information at Attachment N. Attachment N and its sub-parts included a Plan based on the Company’s past and future efforts. *Id.* However, the Company’s Plan did not include specific targeted efforts towards CAP customers at 0-50% of the Federal Poverty Level. When asked about Duquesne’s efforts to address the 0-50% FPL population in OCA Set No. I-7, Duquesne stated “the Company does not target its CAP messages based on specific income tier; all CAP customers receive the same outreach and education regardless of income level.” The OCA agrees with the CAP Policy Statement and the Tentative Order that the 0-50% of FPL population has unique issues that require creative solutions to address. The 0-50% of the FPL customer population has the greatest need for Duquesne’s CAP program, and yet, it is undisputed there are eligible customers that are not enrolled in the program. While the OCA agrees that the Eligible Advisory Group is an appropriate group to vet such outreach efforts, the OCA submits that there should be a specific component to address this population in the Outreach Plan. The OCA submits that the Commission should specifically direct Duquesne to address the unique needs of the 0-50% of FPL customer population in its Outreach Plan.

4. DEF Administration of Hardship Fund

The Tentative Order raises a concern regarding Dollar Energy Fund's (DEF) policies regarding the administration of the Company's Hardship Fund and whether those policies have been approved by the Commission for Duquesne's Hardship Fund. Tentative Order at 41-42. The Tentative Order states:

Duquesne's administrator, DEF, has recently introduced a requirement on its website that a household cannot receive a hardship fund grant if the amount is not enough to stop termination or to restore service. This hardship fund eligibility criterion is not listed in Duquesne's Proposed 2020 USECP.

We are concerned that Duquesne may be imposing, or allowing its agent DEF to impose, requirements on the Duquesne Hardship Fund grants that are not expressly articulated by Duquesne's USECP and approved by the Commission. Consistency and clear eligibility criteria ensure program integrity and fair customer treatment.

Tentative Order at 41 (footnotes omitted). In particular, the Tentative Order requested information regarding the Company's policies and requested a full description of the Company's policies and eligibility criteria and whether the Company used the same criteria for both seniors and non-seniors. Tentative Order at 41-42. In its Supplemental Information, the Company responded that but for two of the criteria, they apply the same criteria to all applicants. Duquesne also provided that there is a "degree of uniqueness" to every hardship and evaluates those on a case-by-case basis. Supplemental Information at 27. The Company, however, did not respond to the Tentative Order question regarding whether the Company requires that the hardship fund grant be enough to stop termination or to restore service, and whether that requirement was included in the Company's Plan. Id.

The OCA submits that the eligibility guidelines will need to be set by Duquesne, and approved by the Commission. DEF is only the administrator of Duquesne's Hardship Fund, and the administration of the Hardship Fund should be guided in all respects by policy established by

the Commission and implemented by the Company. The OCA submits that Duquesne should provide a response to the Tentative Order example from the DEF website regarding whether the Hardship Fund grant (and any other assistance funds combined) may be received if the grant is not sufficient to stop the termination or to restore service. This policy information should be clearly spelled out in the Company's USECP, the guidelines for operation of the Hardship Fund, and as approved by the Commission.

III. CONCLUSION

The OCA appreciates the opportunity to Comment on the Duquesne Light Company Universal Service and Energy Conservation Plan for 2020-2025. The OCA respectfully submits that its Comments and recommendations contained herein should be adopted.

Respectfully Submitted,

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