



January 13, 2021

**VIA E-FILE**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105

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

Dear Secretary Chiavetta:

Attached for filing, please find the **Reply Comments of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA)**, which are being filed for consideration in the Duquesne Light Universal Service and Energy Conservation Plan proceeding at Docket M-2019-3008227.

Pursuant to the Commission's Emergency Order issued on March 20, 2020, and as indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Pereira".

Ria M. Pereira, Esq.  
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**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**CERTIFICATE OF SERVICE**

I hereby certify that I have, on this day, served copies of the **Reply Comments of the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above captioned matter upon the following persons and in accordance with the requirements of 52 Pa. Code § 1.54, as modified by the Commission's Emergency Order issued on March 20, 2020.

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January 13, 2021

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**REPLY COMMENTS OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA TO THE TENTATIVE ORDER ENTERED NOVEMBER 19, 2020**

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**PENNSYLVANIA UTILITY LAW PROJECT**

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## **I. INTRODUCTION**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its attorneys at the Pennsylvania Utility Law Project, submits the following Reply Comments pursuant to the November 19, 2020 Tentative Order (TO), which invited interested parties to submit comments and reply comments to the Duquesne Light Company's (DLC or the Company) Universal Service and Energy Conservation Plan for 2020 - 2025 (DLC's USECP or Plan).

On December 29, 2020, CAUSE-PA and the Office of Consumer Advocate (OCA) each submitted initial Comments in response to DLC's proposed USECP and the issues identified in the Commission's TO. CAUSE-PA submits the following Reply Comments for the Commission's consideration in response to the initial Comments of OCA. For the sake of brevity, CAUSE-PA will not reiterate arguments raised in initial Comments, but incorporates those arguments by reference. To the extent that any argument raised in OCA's initial Comments is not addressed does not indicate CAUSE-PA's agreement.

## **II. REPLY COMMENTS**

CAUSE-PA agrees with OCA that DLC could improve and increase targeted education and outreach efforts to engage customers who fall at or under 50% FPL, that the Commission should examine whether high-usage customers (i.e. those close to reaching their CAP credit limit) should be prioritized for LIURP, and that any policy related to Hardship Funds should be set by DLC and approved by the Commission as part of DLC USECP. (See OCA Cmts at 13,18-20; CAUSE-PA Cmts at 27, 43-45). However, CAUSE-PA strongly disagrees with OCA's recommendation that the Commission delay implementation of DLC's proposal to address longstanding unaffordability within CAP by adopting the Commission's revised energy burden

standards that are consistent with the energy burden standards adopted by the Commission in its formal CAP Policy Statement. (See CAUSE-PA Cmts at 8-12). Furthermore, CAUSE-PA strongly disagrees with OCA’s recommended “cost mitigation measures”, which would unjustly and unreasonably curtail the accessibility and affordability of DLC’s CAP. (See OCA Cmts at 9-14).

**1. CAUSE-PA strongly supports immediate implementation of DLC’s Proposed Energy Burden Standards and objects to OCA’s recommended cost control and mitigation measures that restrict or otherwise limit CAP access.**

**a. Implementation of DLC’s Proposed Energy Burdens**

It is critical that the Commission implement the energy burden standards proposed by DLC without delay, consistent with the energy burden standards adopted in the Commission’s amended CAP Policy Statement.<sup>1</sup> This critical program reform is particularly vital, given the devastating and profound economic impact of the global COVID-19 pandemic, which has fallen hardest on low income consumers and has exacerbated the ongoing energy affordability crisis. (CAUSE-PA Cmts at 11-12).<sup>2</sup> It would be unjust and unreasonable to require CAP customers to continue to pay rates that the Commission has already concluded to be unreasonable and unaffordable.<sup>3</sup> Delaying implementation of the reduced energy burden standards will only compound the emerging utility debt crisis as low income families struggle to afford critical services. Now is the

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<sup>1</sup> See 2019 Amendments to Policy Statement on Customer Assistance Program, 52 Pa. Code § 69.261–69.267, Final Policy Statement and Order, Docket No. M-2019-3012599 (Final Policy Statement and Order entered Nov. 5, 2019) (hereinafter Final CAP Policy Statement).

<sup>2</sup> Center on Budget and Policy Priorities, Tracking the COVID-19 Recession’s Effects on Food, Housing, and Employment Hardships (updated Jan. 8, 2021), <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>; Graff, M., Carley, S. COVID-19 Assistance Needs to Target Energy Insecurity, *Nat Energy* 5, 352–354 (2020). <https://doi.org/10.1038/s41560-020-0620-y>; see also Parker, K., Minkin, R., and Bennett, J. Economic Fallout from COVID-19 Continues to Hit Lower-Income Americans the Hardest, Pew Research Center, (Sept. 24, 2020) <https://www.pewsocialtrends.org/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/>

<sup>3</sup> Final CAP Policy Statement at Order at 27 (“[T]he current maximum energy burden ranges based on the FPIGs in the [previous] CAP Policy Statement do not reflect reasonable or affordable payments for many low-income customers. This would be our conclusion even if the currently specified burdens are considered only presumptively reasonable or affordable.”).

time to address longstanding unaffordability, consistent with the Commission's stated policy, to ensure low income customers can maintain services to their homes.

In its initial Comments, OCA argues that the economic impact of the COVID-19 pandemic is reason to delay adoption of the Commission's energy burden standards, or otherwise curtail the availability or accessibility of CAP or CAP benefits, noting concern for residential customers who do not qualify for CAP or who do not participate in CAP. (OCA Cmts at 7). Further, OCA states that "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." (OCA Cmts at 7).

OCA's assertion that residential customers have already seen increased universal service costs as a result of DLC adopting a PIPP structure is inaccurate. While a PIPP structure has been approved by the Commission, it has yet to be implemented. The costs associated with DLC's transition to a PIPP are baked into the future cost projections, along with the projected cost to decrease the energy burden standards consistent with the Commissions' revised energy burden standards. But no customer has experienced any increase from this change at this time. CAUSE-PA acknowledges that implementation of a PIPP will come at a cost to non-CAP residential customers. It is critical to keep in mind that OCA joined in and supported the September 15, 2017 Joint Petition for Settlement to address identified issues with DLC's CAP design, and transition DLC to a PIPP, long before the Commission amended its CAP Policy Statement to reduce its CAP affordability standards across the state.<sup>4</sup>

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<sup>4</sup> See Duquesne Light Universal Service and Energy Conservation Plan for 2017-2019 Submitted in Compliance with 52 Pa. Code §§ 54.74, Order on Reconsideration, Docket No. M-2016-2534323 (order entered April 19, 2018) (hereinafter April 13 Order).

CAUSE-PA urges the Commission to not conflate the critical changes to DLC's CAP design addressed and resolved in the prior proceedings with the necessary changes to the energy burden threshold to align with Commission-established statewide policy. These are two separate issues that happen to converge as a result of repeated delays in implementation of DLC's PIPP. Both issues must be fully resolved to address unaffordability within CAP. Ultimately, and as more fully explained in CAUSE-PA's initial Comments, even at the highest estimate for increased costs as a result of DLC's implementation of a PIPP and its adoption of the Commission's energy burden thresholds in 2025, the cost to other residential customers to address pervasive and long-standing CAP unaffordability is projected to be minimal – amounting to less than that of one single postage stamp. (CAUSE-PA Cmts at 8-9).

Contrary to OCA's contentions, the continued toll taken by COVID-19 is precisely why it is critical to promptly implement the revised energy burdens. The economic hardship faced by low income customers has only been compounded as a result of the COVID-19, which has taken a disproportionate toll on low income customers and is profoundly exacerbating the ongoing and serious utility affordability issue. (CAUSE-PA Cmts 11-12). As such, it is critically important for the Commission to approve DLC's proposed energy burden reductions without delay.

While CAUSE-PA appreciates OCA's concern regarding the cost of implementing a PIPP on low income customers who do not participate in CAP (OCA Cmts at 8). CAUSE-PA is, likewise, concerned about affordability for low income customers who are not enrolled in CAP. But the solution is not to provide inadequate levels of assistance to those enrolled in the program. Providing inadequate assistance and unaffordable rates to CAP customers only detracts from the system-wide benefits of the program – including improved payment coverage and frequency and reduced collections costs. To the contrary, the solution to addressing energy unaffordability for

low income households not enrolled in CAP is to improve CAP outreach and enrollment to ensure that all those who are struggling to pay their bills are able to access assistance programs that help them maintain services to their home.

**b. OCA's Proposed Cost Control Measures**

In initial Comments, OCA requested that the Commission implement several cost mitigation and cost control measures, should the Commission be unwilling to delay approval and implementation of DLC's proposed energy burden reductions. These measures include "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." (OCA Cmts at 9).

CAUSE-PA appreciates OCA's concern regarding the cost of the revised energy burdens to residential customers who do not participate in CAP, though we again note that the increase in cost per customer is projected – at most – to be less than \$0.50/customer. CAUSE-PA is concerned that the cost control and mitigation measures suggested by OCA will have the effect of restricting access to CAP and limiting the affordability achieved for CAP participants. As mentioned above, this will detract from the system-wide benefits of CAP in terms of improved payment behavior, bill coverage, and reduced collections expenses. It will also cause more low income customers to be kept out of CAP – the very concern upon which OCA's recommendations are premised.

It is essential that the Commission ensure that low income customers are able to access assistance through universal service programs without impediments to affordability and

enrollment, as required by statutory mandate.<sup>5</sup> For these reasons and those detailed below, CAUSE-PA strongly disagrees with the following cost control and mitigation proposed by OCA: (1) limiting annual increases in CAP costs through the Universal Service Charge; (2) increasing the minimum payment; (3) extending the period for arrearage forgiveness; (4) capping arrearage forgiveness, and (4) restricting access to CAP for public housing participants.

*1. Limiting Annual Increases to the Universal Service Charge*

In its initial Comments, OCA notes its concern that cost increases to DLC's USECP would lead to automatic increases to residential ratepayers' bills. (OCA Cmts at 9). OCA recommends holding annual costs, which run through DLC's automatic universal service cost recovery mechanism, to the levels projected in the USECP filing until a full impact assessment can be completed after reduced energy burdens are implemented. (*Id.* at 9-10).

CAUSE-PA is not opposed to this proposal in theory, but we are deeply concerned that DLC may limit program outreach and referral to stay within its projections, rather than performing the robust outreach necessary to assist struggling families to maintain service to their home. This distinct possibility would contradict the universal service obligations included in the Choice Act – as well as Chapter 14 – and may create additional barriers to CAP participation.<sup>6</sup>

Given OCA's concerns about rate costs to low income customers who have not enrolled in CAP, it seems counterintuitive to place additional limitations on CAP enrollment. In order to ensure that all low income households are able to access assistance through universal service programs, DLC's low income customers must have access to affordable rates through universal

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<sup>5</sup> 66 Pa. C.S. §§ 2802(9)-(10); 2804(9); 2203(8)-(9).

<sup>6</sup> 66 Pa. C.S. §§ 2802(9)-(10); 2804(9); 2203(8)-(9); 66 Pa. C.S. § 1410.1; Review of Universal Service and Energy Conservation Programs, Docket No. M-2017-2596907, Joint Reply Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, Tenant Union Representative Network, and Action Alliance of Senior Citizens of Greater Philadelphia, at 12 (Joint Reply Comments filed Oct. 16, 2017).

service programs. CAUSE-PA therefore urges the Commission to approve DLC's revised energy burdens, without adopting OCA's proposal to limit annual increases to CAP through the universal service charge.

### 2. Increasing the Minimum Payment

In its initial Comments, OCA supports DLC's proposed increase in the minimum payment for non-electric heating and noted further review may be needed for the electric heating minimum payment. DLC's proposed minimum payments were established in a Commission-approved Joint Settlement of DLC, OCA, and CAUSE-PA, and should be accepted as proposed in DLC's USECP.<sup>7</sup>

### 3. Arrearage Forgiveness

In initial Comments, OCA avers that the Commission should consider lengthening arrearage forgiveness from a 24-month period to a 36-month or 48-month period in order to limit the amount of arrearage forgiveness that can be earned in the program. (OCA Cmts at 10-12). OCA reasons that extending the period of arrearage forgiveness may allow for the mitigation of the annual cost charged to ratepayers while customers continue to earn arrearage forgiveness. (Id.) CAUSE-PA opposes OCA's suggestion to extend the period of arrearage forgiveness for CAP participants, though it supports OCA's recommendation that DLC be more aggressive in promoting CAP enrollment before arrears are allowed to grow.

First, OCA fails to provide evidence or data in support of its proposal showing that lengthening the time for earned forgiveness will not detract the incentive for customers to pay on time and in full. CAUSE-PA notes that there is little data available to fully assess OCA's proposal.

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<sup>7</sup> See Duquesne Light Universal Service and Energy Conservation Plan for 2017-2019 Submitted in Compliance with 52 Pa. Code §§ 54.74, Order on Reconsideration, Docket No. M-2016-2534323 (order entered April 19, 2018) (hereinafter April 13 Order).

However, the data that is available suggests a shorter arrearage forgiveness timeframe – which more quickly reduces preprogram arrearage balances – likely helps to improve payment behavior by CAP customers over time.<sup>8</sup> Adjustments to the timeframe for arrearage forgiveness should not be based on programmatic costs alone, and requires a more in-depth inquiry into the impact that such an adjustment would have on payment coverage rates – and on the ability of consumers to reasonably achieve arrearage forgiveness over time.

Second, lengthening the period of arrearage forgiveness for CAP would be punitive to existing CAP participants.<sup>9</sup> If the Commission is inclined to accept OCA’s proposal to lengthen the time for forgiveness, without further evidence or data in support thereof, the Commission should only apply the revised timeframe to new CAP entrants.

Finally, we note that OCA’s suggestion to extend DLC’s arrearage forgiveness period to 48 months is outside of the bounds set in the Commission’s CAP Policy Statement.<sup>10</sup> If the timeframe for forgiveness is extended for new CAP enrollees on a forward-going basis, which we oppose, we submit that timeframe should be a *maximum* of three years.

CAUSE-PA agrees with OCA that DLC should pursue more aggressive outreach to low income customers to get customers enrolled in CAP before arrearages become high, and notes that the Commission has also supported efforts to enroll customers in CAP before excessive arrears are

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<sup>8</sup> See, e.g., Final CAP Policy Statement and Order at 44 (“More customers who have low [PPA] balances have higher than average on-time rates. Customers with less than \$391 in arrearages pay on-time 61% of the time, while customers with more than \$1,514 in arrearages pay on-time 45% of the time.”).

<sup>9</sup> See *id.* As noted in CAUSE-PA’s initial comments, according to DLC’s approved 2017-19 USECP, CAP customers would receive 1/24<sup>th</sup> forgiveness on their in-program arrearage (IPA) balance with each monthly payment after transitioning to a PIPP CAP. See also CAUSE-PA Cmts at 18. CAUSE-PA further urged the Commission not to withdraw its prior approval for DLC, OCA, and CAUSE-PA’s jointly proposed IPA forgiveness plan. Should the Commission be inclined to accept OCA’s proposal, the Commission should only apply the new timeframe to new CAP entrants, and should not disrupt the timeframe for IPA agreed to and approved in the prior proceeding.

<sup>10</sup> 52 Pa. Code § 69.265(8)(ix).

accrued. (OCA Cmts at 12)<sup>11</sup>. One way to do this would be for DLC to screen new customers for CAP at the time service is established. However, CAUSE-PA disagrees that an alternative to increased CAP enrollment would be to increase the timeframe for arrearage forgiveness, which may limit the success of the program. As such, CAUSE-PA strongly supports the timeframe for arrearage forgiveness remaining at 24 months, and urges the Commission to instruct DLC to work with its Income Eligible Advisory Group to identify additional ways that DLC can target CAP enrollment early – before arrears are allowed to grow.

#### 4. LIURP Prioritization for Customers With High CAP Credits

In initial Comments, OCA recommended the Commission evaluate whether customers with high CAP credits should be prioritized for LIURP as an additional cost-mitigation measure. (OCA Cmts at 13). CAUSE-PA agrees that CAP customers who are nearing their CAP credit limit should receive targeted outreach to provide LIURP services as quickly as possible. As noted in CAUSE-PA’s initial Comments, DLC consistently spends under its budgeted amount for LIURP, indicating opportunity for program enhancement and growth. (CAUSE-PA Cmts at 36). Ensuring those approaching their CAP limits are targeted for enrollment and participation in LIURP will help CAP customers to increase the affordability of their energy bills and will help the Company better manage CAP spending.

#### 5. HUD Recipient Participation in CAP

The OCA recommended in initial Comments that the Commission should “consider the extent of participation in CAP by HUD recipients.” (OCA Cmts at 13-14). OCA argues that tenants in public and assisted housing receive utility allowances from the Department of Housing

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<sup>11</sup> Final CAP Policy Statement and Order at 46 (“enrolling low-income customers into CAPs as early as possible generally puts them in the best position to maintain good payment habits and avoid accruing utility debt.”).

and Urban Development (HUD) and that providing assistance above and beyond HUD allowance would “appear to substitute ratepayer dollars for HUD Dollars.” (Id.)

CAUSE-PA is deeply troubled by and strongly disagrees with OCA’s suggestion that public housing recipients be excluded from CAP. OCA made a similar proposal as part of comments to the Final CAP Policy Statement, which the Commission thankfully declined to adopt.<sup>12</sup> OCA nevertheless avers that language included in the policy allows for the issue to be revisited. Specifically, OCA requests that the Commission require DLC to provide data necessary for consideration as to the appropriateness of restricting public housing recipients from participating in CAP. (OCA Cmts at 13-14). CAUSE-PA urges the Commission to again reject OCA’s recommendation, consistent with its earlier statewide policy order.

Utility allowances provided to public housing recipients are insufficient to pay for a household’s utility costs as they are an “estimation” of monthly utility costs, often based on building averages,<sup>13</sup> and do not account for actual monthly household energy costs.<sup>14</sup> There is almost always a lag between an increase in rates and a utility allowance adjustment. Utility allowances are thus a proxy and almost always “stale” in terms to approximating energy costs. Landlords and housing authorities are only required to *review* a utility allowance once each year, and are only required to *adjust* the allowance if rates increase by more than 10%.<sup>15</sup> As a result, many households – particularly those with larger families or household members with medical

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<sup>12</sup> Final CAP Policy Statement at 97-98.

<sup>13</sup> Use of building averages to determine average usage can have a big impact on a household’s deemed allowance. For example, if one or more units in the building is unoccupied for a portion of the year, the estimation could artificially decrease the household’s utility allowance. The same issue arises when some building residents are enrolled in CAP – but others are not – because the rates for some units are lower.

<sup>14</sup> See 24 C.F.R. § 5.603 (defining “utility allowance” as “an amount equal to the *estimate* made or approved by PHA or HUD of the monthly cost of a reasonable consumption of such utilities and other services for the unit by an energy conservative household of modest circumstances consistent with the requirements of a safe, sanitary, and healthful living environment.”); see also 24 C.F.R. § 982.517.

<sup>15</sup> See HUD, Methodology for Completing a Multifamily Housing Utility Analysis: Notice H-2015-04 (June 22, 2015).

equipment needs – have higher utility costs than accounted for in this approximation due to medical equipment and household inefficiencies.

Utility allowances *are* provided as a rent credit to some public housing recipients. However, those who receive a housing allowance must report the utility assistance they receive each year when recertifying their housing income, and their rent obligation is increased accordingly.<sup>16</sup> In other words, households receiving a utility allowance are not provided with duplicative or overlapping utility assistance. Rather, the rent portion of their monthly housing allowance will increase to account for the assistance received.

It is important to keep in mind that public housing assistance is only available to the very poorest and most vulnerable Pennsylvanians – including Seniors, Veterans, families with children, and victims of domestic violence. It is a program designed to help lift people out of poverty by providing stable and affordable housing, and allows people time to build resources and get back on their feet. Providing an affordable utility rate to public housing recipients does not “substitute” federal housing assistance, as OCA claims – it *supplements* federal housing assistance, and provides critically necessary support to Pennsylvanians at a time of great financial hardship and tremendous need.

For these reasons, CAUSE-PA affirms our position that households should not be excluded from CAP if they receive public housing assistance.

### **c. LIHEAP Grant Refunds**

In its initial Comments, OCA raises concerns that DLC does not show an anticipated impact of the reduced energy burdens on LIHEAP grants. (OCA Cmts at 14-15). OCA erroneously reasons it is reasonable to expect to see an increase in the number of LIHEAP grants returned to

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<sup>16</sup> Id.

DHS with the reduction of energy burdens to low income customers and requests a thorough analysis of the impact of grant funding returned to DHS. (OCA Cmts at 14-15).

In response to the TO, DLC explained that the Company does not predict modifications to the CAP program will produce a meaningful change in LIHEAP grants returned (DLC Response to Commission’s Data Request at 2). Indeed, the largest number of grants returned to DHS over the last 3 years was 88 in 2019 – a meager number in comparison to those customers eligible to apply for a LIHEAP grant, including DLC’s more than 36,000 households enrolled in CAP and other income-eligible customers. (DLC Response to Commission’s Data Request at 2; TO at 2).

As the Commission recognized in its Final CAP Policy Statement and Order, LIHEAP assistance is limited in its reach.<sup>17</sup> Customers are not required to apply their LIHEAP grant to electric service, and may opt instead to apply their grant to reduce their gas bill burden or to help pay the high cost of deliverable fuel.<sup>18</sup> As the Commission concluded, CAP customers should not be penalized for assigning their LIHEAP grant to a specific utility.<sup>19</sup> If LIHEAP is factored directly into the energy burden determination for the lowest income households (0-50% FPL), as OCA suggests, it would punish those CAP customers if they need to assign their LIHEAP grant to assist with another regulated or unregulated heat related service. Further, not all low income households are eligible for LIHEAP. Immigrant consumers are particularly vulnerable, often facing disproportionately higher energy burden levels, yet many are ineligible for the program, or may be apprehensive of participating in a federal assistance program.<sup>20</sup>

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<sup>17</sup> Final CAP Policy Statement and Order at 50-52.

<sup>18</sup> Final CAP Policy Statement and Order at 50-52 (“As low-income customers may participate in more than one CAP – or may use their LIHEAP grant to obtain a deliverable fuel source – these provisions are no longer appropriate as they could require households to choose between CAPs or between a CAP and a necessary fuel delivery.”); 52 Pa. Code § 69.265(9).

<sup>19</sup> Final CAP Policy Statement and Order at 53.

<sup>20</sup> Final CAP Policy Statement and Order at 50.

As the Commission has previously acknowledged, LIHEAP is a federal program, with a finite budget, and relies on an annual appropriation that could be eliminated in the federal budget in any given year.<sup>21</sup> Unlike many other federal assistance programs, LIHEAP is not an “entitlement” program, and grant amounts can change dramatically from year to year.<sup>22</sup> Further, LIHEAP does not provide an unlimited amount of assistance dollars, and is inadequate to serve all CAP customers – let alone all low income customers who may be eligible for regulated or unregulated home heating assistance through the program. Once LIHEAP funding is expended – or the program otherwise closes for the season – there is no additional assistance available until the following program year.

Finally, it is important to keep in mind that LIHEAP “refunds” do not go back to the federal government. Any grant funding returned to DHS is, rather, reapportioned to other Pennsylvanians in need of home energy assistance.

The Commission, through the development and ultimate publication of the Final CAP Policy Statement and Order, already evaluated data related to LIHEAP. CAUSE-PA submits no further analysis is necessary to determine anticipated impact of the revised energy burdens on LIHEAP grants. The Commission has clearly articulated the limited scope of LIHEAP grants comparative to need and DLC has confirmed that the number of returned grants has been inconsequential – a set pattern that DLC does not anticipate changing in light of the reduction of energy burdens. In sum, CAUSE-PA requests that the Commission allow DLC to implement its proposed revised energy burdens without delay and without requiring DLC to unnecessarily analyze the anticipated impact of the revised energy burdens on LIHEAP grants.

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<sup>21</sup> Pa. Dept. of Human Services, Low-Income Home Energy Assistance Program Final State Plan, Fiscal Year 2021, at i (2020) (explaining federal funding).

<sup>22</sup> See id. at i-ix (detailing changes from previous program year).

**2. CAUSE-PA supports DLC's proposed CAP billing methodology.**

In initial Comments, OCA questions DLC's methodology for calculating CAP customer bills pursuant to its Commission-approved PIPP design, which is still pending implementation due to repeated and prolonged delays. (OCA Cmts at 15). As approved, DLC's PIPP is designed to bill CAP customers the lower of the applicable PIPP rate, the average monthly budget bill with a 12-month rolling average, or the actual bill if the actual usage in a given month would be less than either the PIPP or the budget bill. (Id.) OCA states concern with using the actual bill if it would be less than the PIPP or the budget bill as using this methodology could "drive energy burdens even lower than those prescribed by the Commission." (Id.)

CAUSE-PA submits that OCA's argument is based on a misreading of the Final CAP Policy Statement. Contrary to OCA's assertion, the goal of CAP is not to charge the maximum possible rate. This is not how rates are determined for any public utility customer, and should not be how rates are determined for low income CAP participants.<sup>23</sup> The energy burden standards prescribed in the Commission's Final CAP Policy Statement are the *maximum* amount a CAP customer should be charged for their energy bill, rather than the set percentage at which a customer must be charged. DLC correctly explains that its proposed energy burden standards "[do] 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." (DLC Response to OCA-I-14). DLC further 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 payment amount – the customer is using less electricity than what would be covered by the PIPP payment amount. See Plan pp. 7-8. The PIPP energy burden is the maximum – not the minimum – amount to be billed until the customer has used their maximum annual discount, after which the customer will be billed at the full tariff rate.

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<sup>23</sup> 66 Pa. C.S. § 1303 ("Any such public utility, having more than one rate applicable to service rendered to a patron, shall... compute bills under the rate most advantageous to the patron.").

The Company seeks to encourage energy conservation. Requiring customers who use less to pay a percentage of their income anyway provides a disincentive and greatly diminishes the benefits of CAP for those customers.

Id.

Moreover, OCA's claim that DLC's PIPP energy burdens are annual burdens is without support, and should be rejected. (OCA Cmts at 17). As the Commission explained when discussing regular evaluation of CAP bills, "[a]s energy usage may increase due to temperature extremes during winter and summer months, utilities should evaluate CAP bills regularly to ensure the household receiving the appropriate amount of CAP credits *to keep the monthly payment affordable.*"<sup>24</sup> Indeed, CAP bills should be affordable each and every month to ensure that low income households can maintain service to their home throughout the year.

Finally, and importantly, the PIPP structure on which DLC's proposed methodology is based was decided in a Commission-approved Joint Settlement to which the OCA was a party.<sup>25</sup> DLC's PIPP structure was designed through multiple rounds of comments, months of careful negotiation, and multiple Commission decisions. OCA's attempts to now change DLC's PIPP design before the program is even implemented should be rejected.

For the forgoing reasons, CAUSE-PA strongly disagrees with OCA's recommendation regarding CAP billing methodology and urges the Commission to accept DLC's proposed CAP billing methodology without modification.

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<sup>24</sup> Final CAP Policy Statement at 75 (emphasis added).

<sup>25</sup> See Duquesne Light Universal Service and Energy Conservation Plan for 2017-2019 Submitted in Compliance with 52 Pa. Code §§ 54.74, Order on Reconsideration, Docket No. M-2016-2534323, at 7-8 (order entered April 19, 2018) (hereinafter April 13 Order) (citing Joint Petition at 7).

**3. CAUSE-PA supports additional targeted outreach to customers at 0-50% of the FPL.**

OCA notes in initial Comments that the customer education and outreach plan included in the Company's USECP and in DLC's response to the Commission's data request lacks specificity – particularly how the Company will target customers who fall at or below 50% of the FPL. (OCA Cmts at 17). Similarly, DLC indicates in response to discovery that it “does not target its CAP messages based on specific income tier; all CAP customers receive the same outreach and education regardless of income level.” (OCA Cmts at 18; DLC Response to OCA-I-7).

CAUSE-PA agrees with OCA that customers who are 0-50% FPL should receive targeted outreach, as these customers face the greatest challenges to achieving affordable bills. We urge DLC to consider utilizing GIS mapping tools and technology to determine which neighborhoods would be best served by this type of targeted outreach and education. Overlaying poverty data with existing program enrollment will help to show where there may be critical gaps in services to discreet populations that may be harder to reach. This could help alleviate potential disparities in program reach to historically underserved populations. CAUSE-PA believes taking this proactive approach could help reach customers in need, enrolling them in programs before they accrue arrears, improving customer quality of life, and improving utility payment behavior and associated collections costs over the long-term.

### III. CONCLUSION

CAUSE-PA thanks the Commission for its thoughtful consideration of the issues raised above and in CAUSE-PA's initial Comments. We urge the Commission to act in accordance with CAUSE-PA's Comments and Reply Comments to ensure that all customers – regardless of income – are able to access safe, affordable service within the DLC service territory.

Respectfully Submitted,  
**Pennsylvania Utility Law Project**



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