

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place  
Harrisburg, Pennsylvania 17101-1923  
(717) 783-5048  
800-684-6560

 @pa\_oca

 /pennoca

FAX (717) 783-7152  
consumer@paoca.org

January 13, 2021

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 Reply Comments in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby  
Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
E-Mail: CAappleby@paoca.org

Enclosures:

cc: Office of Administrative Law Judge (**email only**)  
Office of Special Assistants (**email only**: ra-OSA@pa.gov)  
Bureau of Technical Utility Services (**email only**)  
Jennifer Johnson, Bureau of Consumer Services (**email only**)  
Christina Chase-Pettis, Office of Communications (**email only**)  
Rhonda L. Daviston, Law Bureau (**email only**)  
Louise Fink Smith, Law Bureau (**email only**)  
Certificate of Service

\*302274

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 Reply 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 13<sup>th</sup> day of January 2021.

**SERVICE BY E-MAIL ONLY**

Richard A. Kanaskie, Esquire  
Bureau of Investigation & Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

Sharon E. Webb, Esquire  
Office of Small Business Advocate  
555 Walnut Street  
1<sup>st</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923

Tishekia E. Williams, Esquire  
Michael Zimmerman, Esquire  
Emily M. Farah, Esquire  
Duquesne Light Company  
411 Seventh Avenue  
Pittsburgh, PA 15219

Elizabeth R. Marx, Esquire  
John W. Sweet, Esquire  
Ria Pereira, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101

/s/ Christy M. Appleby  
Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
E-Mail: [CAAppleby@paoca.org](mailto:CAAppleby@paoca.org)

Counsel for:  
Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152  
Dated: January 13, 2021  
\*302275

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

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REPLY COMMENTS  
OF THE  
OFFICE OF CONSUMER ADVOCATE

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Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
E-Mail: [CAappleby@paoca.org](mailto:CAappleby@paoca.org)

Counsel for:  
Tanya J. McCloskey  
Acting Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152  
Dated: January 13, 2021

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The Office of Consumer Advocate (OCA) files these Reply Comments pursuant to the Pennsylvania Public Utility Commission's (Commission) directive in the Tentative Order entered November 19, 2020.<sup>1</sup>

## **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).<sup>2</sup> Subsequent to the filing, the Commission extended the duration of the Proposed 2020 USECP through 2025. On November 19, 2020, the Commission entered its Tentative Order and requested Supplemental Information. 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. On December 22, 2020, Duquesne filed a Petition requesting to delay the implementation of the Percentage of Income Payment Plan until April 1, 2021.

On December 29, 2020, the OCA and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSA-PA) filed Comments. The OCA responds to the Comments of CAUSE-PA regarding: (1) energy burdens; (2) maximum CAP credits; (3) Language Access Policy; and (4) Dollar Energy Fund (DEF) administration of Hardship Fund.

## **II. REPLY COMMENTS**

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<sup>1</sup> The OCA was assisted in the preparation of these Reply 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.

<sup>2</sup> See Tentative Order at 2-14 for complete history of filings.

A. Energy Burdens

In its Comments, CAUSE-PA recommends that the proposal to change the energy burdens be approved. CAUSE-PA Comments at 8-12. As the OCA stated in its Comments, the OCA does not agree that the energy burdens should be changed without a full consideration of cost control measures that should accompany such change and data collection efforts that will assist in the evaluation of such change. OCA Comments at 5-14. The full impact of the proposed changes must be considered in the context of the Company's continued increases to the costs of the CAP program. See, OCA Comment at 6. Duquesne's universal service costs have recently increased from \$23,083,236 in 2017 to \$31,408,810 in 2019 and are now projected to be \$34,358,389 in 2022 under Duquesne's proposed revisions to the energy burdens and enrollment projections. See, 2019 Universal Service Programs and Collections Performance of the Pennsylvania Electric Distribution Companies and Natural Gas Distribution Companies at 62 (2019 BCS Report) and 2020-2025 USECP at 18.

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 further incremental cost increases under the PIPP design and unconstrained increases in the cost of CAP.

As the OCA discussed in its Comments, it will be important to have sufficient cost control measures in place if changes in the plan are contemplated. An important cost control measure recommended by the OCA in its Comments 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.<sup>3</sup> 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 also 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.<sup>4</sup> See, OCA Comments at 7-8.

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) of the OCA's Comments be implemented. See, OCA Comments at 8-14. 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.

As the OCA discussed in its Comments, the OCA also recommends that any change to the energy burdens consider the impact of the change to energy burdens on the unused Low Income Home Energy Assistance Program (LIHEAP) grants. OCA Comments at 14-15. The Company

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<sup>3</sup> 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.

<sup>4</sup> 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.

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.

B. Maximum CAP Credit Ceilings

In its Comments, CAUSE-PA questions whether with the proposed changes to the Company's energy burdens, the maximum CAP credits should also be increased. CAUSE-PA Comments at 16-17. CAUSE-PA argues that even with tiered maximum CAP credit thresholds, CAP participants with the lowest income "are still likely to be disproportionately impacted if CAP maximum thresholds are insufficient to cover the subsidy necessary to reach the Commission's affordability thresholds." CAUSE-PA Comments at 17. Duquesne has proposed to identify the average annual CAP credit deficiency in its next USECP, but CAUSE-PA argues that the average data will not allow stakeholders to fully assess the impact of the maximum CAP credits on CAP participants. CAUSE-PA Comments at 17. CAUSE-PA also argues that delaying until 2025 will "unnecessarily impede" the ability of the Commission to evaluate the issue and recommends that the Commission require Duquesne Light to submit quarterly reports identifying the number of CAP customers that reach the maximum CAP credit ceiling, including the discount threshold by month, income tier, and heating type. CAUSE-PA Comments at 17. CAUSE-PA proposes that the data be presented to the Income Eligible Advisory Group and be used to evaluate whether the maximum CAP credit ceilings should be increased in the next USECP. Id.

The OCA submits that the maximum CAP credit ceilings are an important cost control measure. As the OCA discussed in its Comments, the OCA agrees that the maximum CAP credits should be revisited as a part of the evaluation of the Company's energy burdens, but the OCA does not necessarily agree that the maximum CAP credit ceilings should be increased as a result. See,

OCA Comments at 12-13. The data collection and discussion recommended by CAUSE-PA will be important to understanding whether the maximum CAP credit ceilings should be changed. The OCA continues to recommend, and agrees with CAUSE, that Duquesne 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.

C. Language Access Policy

In its Comments, CAUSE-PA identified a concern with the lack of information regarding the Company's language access policies in its USECP. CAUSE-PA Comments at 20-22. In its Comments, CAUSE-PA recommends that the Commission direct Duquesne Light "to articulate its language access policies as they pertain to universal service enrollment, and DLC further should detail its methods for ensuring that its application and recertification processes are fully accessible to low income consumers with limited English proficiency." CAUSE-PA-Comments at 21. CAUSE-PA proposes that Duquesne Light's language access policies "should include, at a minimum, the provision of outreach, applications, and recertification in Spanish, along with assurances that DLC and its universal service program administrator(s) provide translation and interpretation services." CAUSE-PA Comments at 21.

The OCA agrees with CAUSE-PA's proposal that the Company should articulate its specific language access policy in its USECP and that the language access policy should include, at a minimum, the materials in Spanish that were identified by CAUSE-PA's Comments and also specific assurances that Duquesne Light and the program administrator provides translation and interpretation services. The OCA submits that a customer's inability to communicate with Duquesne Light or its program administrator potentially imposes unnecessary barriers to both the customer and Duquesne Light that limit the Company's ability to serve the customer. With a language access policy, Limited English Proficiency customers will be able to more effectively

communicate their need for assistance and to understand about the Company's available assistance programs. The customer will also better understand their rights and payment obligations so that that the customer will be more likely to enroll in CAP and to comply with the CAP program requirements.

D. DEF Administration of Hardship Fund

In its Comments, CAUSE-PA raised the same concern that the OCA raised in its Comments regarding whether DEF, rather than the Peoples Companies, are directing the program requirements. CAUSE-PA Comments at 43-45. CAUSE-PA specifically expresses concerns about DEF's requirements for "minimum payment" before a Hardship Fund grant will be provided. CAUSE-PA Comments at 44-45. CAUSE-PA states that DEF should not be permitted to implement program rules that are not memorialized in the Company's USECP. CAUSE-PA Comments at 44.

The Tentative Order and the OCA's Comments identified similar concerns. Tentative Order at 41-42; OCA Comments at 19-20. The OCA submits that the eligibility guidelines should be set by Duquesne Light, and approved by the Commission. DEF is only the administrator of the Duquesne Light's Hardship Fund, and the administration of the Hardship Funds should be guided in all respects by policy established by the Commission and implemented by the Company. The OCA agrees with CAUSE-PA and the Tentative Order that any policy information related to the Companies' program requirements 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

WHEREFORE, the Office of Consumer Advocate respectfully requests that the Duquesne Light Company Universal Service and Energy Conservation Plan for 2020-2025 be approved subject to the recommendations in the OCA's Comments and identified herein.

Respectfully Submitted,

/s/ Christy M. Appleby  
Christy M. Appleby  
Assistant Consumer Advocate  
PA Attorney I.D. # 85824  
E-Mail: [CAappleby@paoca.org](mailto:CAappleby@paoca.org)

Counsel for:  
Tanya J. McCloskey  
Acting Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street  
5<sup>th</sup> Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
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