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June 7, 2023

VIA ELECTRONIC FILING

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

Re: **2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs**
Docket No. M-2023-3038944

Dear Secretary Chiavetta:

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

If you have any questions regarding the information contained in this filing, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "LB Baxter".

Lindsay A. Baxter
Manager, Regulatory and Clean Energy Strategy

Enclosure

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2023 Review of All Jurisdictional Fixed
Utilities’ Universal Service Programs

:
: Docket No. M-2023-3038944
:

**COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

At the March 16, 2023 Public Meeting of the Pennsylvania Public Utility Commission (“Commission” or “PUC”), Vice Chairman DeFrank and Commissioner Zerfuss offered a joint motion to initiate a review of all jurisdictional fixed utilities’ universal service programs. Subsequently, the Commission issued a Secretarial Letter on March 27, 2023 seeking public comment “regarding how the Commission’s regulations, policies and procedures could be revised with a particular focus on 1) increasing program coordination among all utilities, 2) streamlining the eligibility and enrollment process, and 3) reducing the number of otherwise eligible consumers from losing low-income benefits due to the verification or re-enrollment process.” Interested parties were invited to file written comments within sixty (60) days following the date of publication in the *Pennsylvania Bulletin*, which occurred April 8, 2023. *Pa. Bulletin Volume 53 Number 14*. Accordingly, Duquesne Light Company (“Duquesne Light” or “Company”) submits these comments for the Commission’s consideration.

II. BACKGROUND

Duquesne Light is a public utility as the term is defined under Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, and is certificated by the Commission to provide electric

distribution service in portions of Allegheny County and Beaver County in Pennsylvania.

Duquesne Light provides electric service to approximately 605,000 customers in and around the City of Pittsburgh. Approximately 90% of these customers are residential, with about 25% qualifying as low-income. The Company offers four universal service programs to income-eligible customers:

- Customer Assistance Program (“CAP”), which provides assistance via payment arrangements and arrearage forgiveness funded through a reconcilable surcharge paid for by all residential customers;
- Customer Assistance Referral and Evaluation Services (“CARES”), which assists payment-troubled and special needs customers in obtaining social service support and assistance;
- Hardship Fund administered by Dollar Energy Fund, which is funded through voluntary contributions from Duquesne Light customers as well as a Company match and is a direct financial assistance program; and
- Smart Comfort, Duquesne Light’s Low Income Usage Reduction Program (“LIURP”), which is designed to assist customers with reducing energy usage and thus lower electric bills.

As an electric distribution company (“EDC”) subject to the provisions of these regulations, Duquesne Light is an interested stakeholder in this proceeding and files these comments in response to the March 27, 2023 Secretarial Letter.

III. COMMENTS

As described at the March 16, 2023 Public Meeting, this proceeding has two goals: 1) to ensure more eligible Pennsylvania utility customers enroll in universal service programs for which they qualify and 2) to increase the efficiency of program administration, resulting in cost savings. While Duquesne Light is supportive of efforts to improve universal service enrollment and administration, it is important to recognize that strategies towards achieving one of these goals will not necessarily achieve the other.

It is essential that programs exist to help vulnerable customers maintain utility service. However, these programs cannot expand boundlessly. There will always be customers whose income is just barely over the line for qualifying for assistance, yet still pay for the portfolio of universal service programs. Any potential changes to be considered must strike a balance between providing adequate assistance to customers who are struggling while maintaining affordability of utility service for all customers.

Utility assistance programs alone cannot be expected to solve larger societal problems, like minimum wage stagnation, inflation, and lingering effects of the COVID-19 pandemic. These issues must be addressed through broader legislative and government action. Efforts through this proceeding should focus on opportunities to make program enrollment easier for eligible customers, while simultaneously reducing the costs of program administration, to the benefit of all utility customers.

As described in more detail in response to the specific questions below, Duquesne Light believes the Commission should focus its efforts on two potential opportunities: 1) creation of a centralized income verification clearinghouse and 2) further consideration of a standardized enrollment form. These two actions combined would significantly streamline the enrollment process for eligible customers while simultaneously making program administration more efficient for the utility company.

One of the best opportunities to streamline program enrollment for customers and reduce time and costs for utilities is the creation of a centralized clearinghouse for income verification, such as that under development by the Department of Human Services (“DHS”). Under the proposed system, utilities could verify customer eligibility through the DHS clearinghouse, eliminating the need for the customer to provide income documentation separately to each utility

company. This change would not only simplify the process for applicants but would also reduce the time and cost for utility providers, both during initial enrollment and potentially at the time of recertification. Unfortunately, implementation of the proposed database continues to be delayed, with DHS announcing in May 2023 that the earliest its data sharing protocol would be available is the 2024-2025 Low-Income Home Energy Assistance Program (“LIHEAP”) year.

Should the Commission wish to make improvements to the efficiency of enrollment in CAP and other universal services, it should engage in conversation with its sister agency about the proposed income-verification clearinghouse under development to determine if there are opportunities to advance and accelerate its development. It makes sense to first implement this significant change to program implementation that is currently underway, then re-assess to determine what additional changes, if any, should be made.

Another option that should be considered is the transition to a standardized enrollment form. However, there are challenges to this approach, as described in more detail below.

Duquesne Light offers responses to the specific questions posed by the March 27, 2023 Secretarial Letter, as follows:

- 1. What regulatory barriers are in place that would prevent utilities from having one utility do intake and then having that information provided to other utilities that provide service to that consumer for the purpose of universal service and CAP enrollment?**

Regulations to protect customer confidential information prohibit the utilities from sharing information. However, this challenge is easily cured by asking for customer consent on the application form. A more significant challenge is that each utility’s program is unique, influenced by stakeholder intervention in their individual Universal Service and Energy Conservation Plan (“USECP”) proceeding. Thus, each company bases enrollment on the evaluation of slightly different information, such as different demographic data or the types of income that qualify.

The Company wishes to clarify the definition of “intake” as it is used in this question. The above response assumes intake refers to the initial collection of information from the customer, not the processing and determination of eligibility. There are additional

concerns associated with having one utility or its vendor complete the verification on behalf of other utility companies. Duquesne Light CAP enrollment is processed by one of the Company's community-based organization ("CBO") partners. These organizations have extensive training as well as access to the Company's business and information technology ("IT") systems. Duquesne Light has the ability to monitor and assess the CBO's activities and implement improvements and changes as needed. The Company has concern about its ability to exert this direct control over its program to ensure compliance with its USECP, as well as all applicable laws and regulations, if intake and verification were completed by another utility.

2. What regulatory barriers or other obstacles exist if an outside provider does the intake on behalf of multiple utilities serving the consumer and what solutions exist to overcome any barriers?

The Company's response is largely the same as that of the first question above. While the regulatory barriers around sharing customer information can be addressed relatively easily by securing customer consent, the more significant challenge is coordination between individual programs with varying requirements, shaped by each Company's USECP.

While today the utilities all use different vendors and CBOs to assist with program implementation, even if all utilities were using the same vendor, that vendor would likely not be able to verify eligibility one-time for all programs. Rather the customer's information would need to be compared against the requirements of each individual company's program. Additionally, the vendor would need to interface with the different IT systems of each company, adding complexity.

As described in the above response, Duquesne Light also has concern about its ability to appropriately exert control over the program to ensure compliance with its USECP or to address issues as they arise if intake is handled by a shared provider, rather than an entity directly under contract with the Company.

While these challenges are not insurmountable, the Company notes that use of a common third-party vendor alone will likely not lead to streamlining or cost-savings without addressing these other issues.

As noted above, the Company's belief is that a central income-verification clearinghouse is the bedrock of streamlining program implementation and should be prioritized as a first step, with other options to be considered subsequently.

3. How can consumer consent be built into the intake process that permits the utility doing the intake to provide the enrollment information to the other utilities serving the consumer?

A simple checkbox on the application should be sufficient. For example, LIHEAP uses a check box to secure customer consent for DHS to share information with utilities. It is vital, however, that the check box is accompanied by a clear description of what information is being shared, for what purpose, so that the customer can make an informed decision.

Additionally, Duquesne Light utilizes a check box that allows it to cross-check participant information with the other utilities with which it overlaps. Through this partnership, the overlapping utilities share a list of participating customers on a regular cadence. Each company can review the list to determine if there are customers participating in other assistance programs who have not yet enrolled in its CAP. For Duquesne Light, the CBO contacts those customers to notify them that they are eligible, describe the program, and, if they are interested, enroll them. For various reasons, customers who participate in one utility's program do not always elect to enroll in the other utilities' programs.

It is important to note, though, that while this process potentially benefits the customers by making them aware of assistance for which they may qualify, it adds additional time and cost to program implementation, rather than streamlining it.

4. Is an automatic enrollment program feasible where any mechanism through which an electronic exchange of information between a utility and a state social service agency confirms the eligibility of public benefits whether or not the information is expressly authorized by the household? If express authorization is needed, rather than automatic enrollment, can that express authorization be provided one time in a uniform application rather than on a utility-by-utility basis using separate applications?

Duquesne Light strongly asserts that automatic enrollment, whether based on income or participation in another program such as LIHEAP, is not appropriate. A customer's income or participation in another assistance program does not automatically mean that the customer cannot pay their energy bill or that they want to participate in a utility CAP. The Company frequently identifies customers who qualify for CAP participation who decline to enroll.

The Company's experience, as well as feedback from Commission staff, suggests that assistance programs work best when a customer is well-informed on the benefits, as well as obligations, associated with participation prior to enrollment.

A uniform application that allows a customer to positively express interest in other programs is more appropriate. However, a uniform application does not eliminate the

need for each company to process its own enrollment for each customer. For example, receipt of a LIHEAP grant does not indicate what income tier a customer is in, and thus some information will need to be provided directly to Duquesne Light for enrollment purposes, regardless of the receipt of other assistance.

5. Should CAP programs be administered statewide across all utility service territories rather than on a utility-by-utility basis? If so, what are the barriers to accomplishing this and what are the benefits and drawbacks to this approach? If not, what are the benefits and drawbacks of continuing to administer the programs on a utility-by-utility basis?

Duquesne Light is not opposed to considering the idea of a statewide program but has questions and concerns about how such a system would be implemented. If a brand-new assistance program were being created for the first time today, a statewide system has many benefits. However, considering that each utility currently offers its own well-established program, the Company questions whether the potential benefits outweigh the costs of standing up a new system and abandoning these existing systems.

It is hard to imagine a statewide CAP completely administered by a state agency, particularly considering the recent update to guidance in the *CAP Policy Statement* stating a preference for a percentage of income payment program (“PIPP”). A PIPP requires interface with the utility company’s billing system, which would be infeasible under a state-run program. A state-administered program is more aligned to a grant-based approach, similar to LIHEAP.

Perhaps more feasible would be a program wherein the state handles enrollment, verification, and/or recertification. The potential benefit to individual utility companies, and thus utility customers, would be reduced program costs by establishing a centralized method for verification and enrollment. However, there are also challenges to this approach. As mentioned in previous responses, programs vary today from utility to utility, based on individual USECPs. These program variations are informed by the local stakeholders participating in USECP proceedings. The experience of being income-limited, and the resources needed as a result, differ based on a number of factors including region of the state, more urban or more rural service territory, etc. The involvement of stakeholders in individual USECP proceedings allows for programs to be tailored to best meet the localized needs of customers. To eliminate these variations in order to get to a centralized program may have the unintentional effect of losing provisions that benefit customers.

Additionally, program design may reflect, in part, company size. Some companies may have a larger residential customer base over which to spread program costs compared to another. Individual program design reflects this and other variables.

Duquesne Light has concerns about losing the ability to directly control a process that is significant to its relationship with customers. Under a state-administered enrollment and verification process, a state agency, rather than the Company, would interact directly with the customer. The CAP enrollment process is one way in which Duquesne Light can begin to positively build a relationship with its customer. Building trust allows the Company to potentially direct the customer to other utility programs from which they may benefit, such as Act 129 energy efficiency programming.

Conversely, if there are problems with the state-run system, the utility does not have direct control to quickly address those, but still bears the risk of negative impacts to customer satisfaction and potentially increased uncollectibles borne by all residential customers.

In consideration of these challenges, there are likely better opportunities to improve efficiencies and reduce costs than moving to a state-administered program.

6. What changes would be required to EDCs' and NGDCs' existing, Commission-approved universal service and energy conservation programs to incorporate improvements and could changes be addressed in a streamlined fashion?

The response to this question differs depending on the improvements to be made. Because program design is informed by stakeholder input, both in plan development and in the USECP proceeding, any transition towards a more standardized program design would necessarily need to include those same stakeholders.

Depending on how extensive the changes are, additional investments in utility IT systems may be required, some of which could potentially be quite complex as universal service program implementation impacts several IT systems, including customer contact, billing, and reporting.

7. What additional consumer education and outreach could be undertaken to make more low-income consumers aware of the benefits that may be available to them?

Duquesne Light, like many other utility companies, provides outreach to customers on available assistance through many means, including participation in public events, advertising through local media, partnership with CBOs, and more. Additionally, customer service representatives are trained to offer all available resources to customers who proactively reach out.

While each company operates its own individual programs, there may be opportunity for more collaboration on outreach and education. The Commission could potentially play a role in coordinating and supporting promotional campaigns. However, it is important that outreach continues to be company-branded so that customers understand there are programs offered by the utility directly, in addition to any state-run programs in which they participate.

8. Can recertification periods in the existing CAP Policy Statement at Section 69.265(8)(viii) be extended so that otherwise eligible consumers do not lose benefits solely due to the fact that they timely failed to recertify their eligibility?

Duquesne Light does not support extension of recertification periods. The CAP Policy Statement recommends recertification at least once every three years for customers participating annually in LIHEAP and those whose primary source of income is Social Security, Supplement Security Income, or pensions. It recommends all other CAP households recertify at least once every two years. For customers reporting zero income, recertification occurs every six months.¹

The proposed DHS income verification clearinghouse has the potential to streamline the recertification process. Today, Duquesne Light contacts each customer who is due for recertification at least twice, once by mail and once by phone. It is the customer's responsibility to provide documentation of current income to maintain benefits.

Unfortunately, CAP participants frequently fail to respond, and thus are defaulted from the program. It is not uncommon, though, for those same customers, upon receiving the first month's bill at the full rate, to contact the Company, provide income verification, and re-enroll in CAP. In addition to the potential harm caused to the customer, this adds expense to program administration.

In comparison, with a central income verification clearinghouse, Duquesne Light could verify whether the customer continues to be eligible and, if so, automatically recertify them. Although the Company is opposed to automatic program enrollment, it does not oppose automatic recertification, so long as the customer is informed that their benefits have been extended, along with the practice for unenrolling if they no longer wish to participate. It is Duquesne Light's experience that customers who are currently receiving the benefit, and who remain eligible, more frequently choose to stay in the program.

9. Can the default provisions in the existing CAP Policy Statement at Section 69.265(9) be modified to reduce the chances that otherwise eligible consumers do not lose benefits solely due to the failure to comply with one of the articulated default provisions?

Duquesne Light does not believe additional changes to the CAP Policy Statement are needed at this time.

10. Should utilities be required to develop and use standardized CAP forms and CAP procedures? What are the barriers, if any, of establishing a common application?

Duquesne Light is open to considering the development of a standardized application. However, such an effort should not be limited to utility CAPs, but rather used for application to a variety of assistance programs. In the proceeding on *Energy Affordability for Low-Income Customers*, the Company noted "Ohio's use of a centralized application

¹ See 52 Pa. Code § 69.265(8)(viii) regarding CAP recertification.

process through which a customer submits a single application that is then used to apply for assistance across an array of utility programs, including weatherization, could prove a useful model.²”

Because each utility’s programs are informed by their unique circumstances and the eligibility requirements dictated by their Commission-approved USECP, the information required to determine eligibility differs. This is not an insurmountable barrier but makes transition to a uniform application more challenging than might be initially expected.

If the utility must contact the customer following submission of the universal application to request supplemental information, this change does not make the process simpler for the customer nor does it reduce administration costs for the utility. Moving towards a standard application requires careful consideration to ensure it satisfies the intended goals.

11. What other additions or changes to the existing CAP Policy Statement should be made to increase eligibility, enrollment and maintenance of CAP benefits?

No changes to the CAP Policy Statement are needed at this time. The best short-term opportunities for making enrollment and administration more efficient do not require any changes to the policy statement. Rather than focusing solely on CAP, the Company encourages the Commission and other stakeholders to think creatively about other options to make utility service work better for income-constrained customers. Examples could include opt-in pre-payment programs that may allow low-income households to more easily understand their energy budget or programs to expand access to efficiency and clean energy to these customers, with the intent of making their energy bills more affordable in the long-term, as compared to subsidizing their bills month after month.

12. Should the CAP Policy Statement be amended to include jurisdictional water public utilities and, if so, what barriers if any exist to doing so and how can those barriers be overcome?

Duquesne Light does not have an opinion on this question.

13. If a coordinated enrollment process could be achieved with respect to CAP, could that same process be applied to identify eligibility for a utility's Low Income Usage Reduction Program (LIURP) or eligibility for receipt of hardship fund grants?

Duquesne Light believes it may be possible to develop a standardized intake form that allows a customer to be considered for all utility programs for which they may qualify. However, the complexities of aligning enrollment across multiple programs with varying eligibility requirements discussed above would be further exacerbated by expanding to include more programs. For example, eligibility for Duquesne Light’s LIURP program, Smart Comfort, is not based solely on income, but also requires a minimum monthly

² See Reply Comments filed May 23, 2019 at Docket No. M-2017-2587711.

usage threshold, a minimum amount of time at the current address, and the requirement that the customer has not had an in-home visit through the program in the last seven years. If a customer fails to meet these requirements, the Company may instead be able to refer them to assistance via the Act 129 Energy Efficiency and Conservation Programs.

Further, in compliance with the Company's USECP, customers may be prioritized based on certain factors. For example, a CAP participant who has exceeded or is at risk of exceeding their CAP benefits will be prioritized, as are heating customers. Therefore, while efforts can be made to simplify the process of applying for LIURP, there may be limited opportunities to accelerate the time for customers to receive LIURP benefits. The Company has concern that bringing more customers into the program more quickly may have the unintended result of increasing wait time for the in-home visit, resulting in a less positive customer experience.

Similarly, the eligibility and rules for hardship grants differ between utilities and are frequently shaped by settlements in regulatory proceedings. Thus, moving to a more uniform approach may present challenges.

The best opportunity to improve the customer enrollment experience is by reducing the number of times the customer needs to complete an enrollment form and/or provide income documentation.

14. What changes are required to the Commission's existing policies or regulations to incorporate improvements?

Duquesne Light does not believe any regulatory or policy changes are required to implement the best options for program improvement at this time. However, the Commission should consider the extent to which universal service programs may be impacted through negotiations towards a settlement in base rate proceedings. The USECP proceeding is the appropriate venue for stakeholders to intervene and actively participate in the review and shaping of universal service programs. Too often, issues that were settled in the USECP proceeding are reconsidered and subject to additional change in the rate case process. If the desire is to streamline program administration, including more program standardization, the USECP should be the only proceeding in which program design is influenced and changed.

IV. CONCLUSION

Duquesne Light supports identifying opportunities to reduce the costs of universal service program administration and to make enrollment simpler for participating customers. As explained above, it strongly believes the best immediate opportunity is implementation of a

centralized income verification clearinghouse. The Company is open to discussing the potential for a standardized application that can be used for application to multiple programs, noting some of the potential challenges described above. It strongly encourages the Commission to focus its efforts on these two actions before considering additional changes. The Company reiterates the need for all stakeholders to balance the costs and benefits of any changes to ensure programs support the needs of income-eligible customers while not unduly burdening the broader customer base paying for the programs. The Company appreciates the Commission's attention to this important topic and looks forward to continued discussion.

Respectfully submitted,



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