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December 15, 2023

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Keystone Bldg. 2nd Floor W
400 N. Street
Harrisburg, PA 17120

**Re: Duquesne Light Company – Universal Services and Energy Conservation Plan for
2020-2025 Submitted in Compliance with 52 Pa. Code § 54.74
Docket No. M-2019-3008227**

Dear Secretary Chiavetta:

Enclosed for filing at the above-captioned docket, please find Duquesne Light Company's ("Duquesne Light" or "Company") Letter in Lieu of Petition. This Letter in Lieu of Petition is filed pursuant to the *Joint Petition of Duquesne Light, the Office of Consumer Advocate and the Coalition for Affordable Utility Service and Energy Efficiency for Approval of a Settlement* ("Settlement"), which was filed August 13, 2021, and approved in relevant part by the Pennsylvania Public Utility Commission ("Commission") by Order entered April 14, 2022. This filing is styled a Letter in Lieu of Petition because, as discussed further herein, the Company is not here proposing any modifications to its Universal Services and Energy Conservation Plan for 2020-2025 ("USECP").

Inter alia, the Settlement established projected budgets for the Company's USECP for calendar years 2020 through 2025. Paragraph 14 of the Settlement provides in part:

If the Company's USECP costs are expected to exceed the projected budget by greater than 10%, the Company will meet with the parties at least sixty (60) days in advance of the next year to: 1) explain the reasons for the projected cost increase; and 2) outline any programmatic cost containment measure(s) that modify the approved plan. The Company will allow the parties to submit feedback regarding the plans that the Company proposes to address the situation, however the Company retains the right to make final determinations regarding its USECP for Commission approval. After meeting with the parties, the Company will file a Petition with the Public Utility Commission: 1) explaining the reason for the cost increase; and 2) outlining programmatic cost containment measure(s), if any; and 3) making any



other such filings required by Commission Orders and regulations. All parties reserve their respective rights to respond to the Company's filing.

The Company's USECP, as filed, included a projected 2023 USECP budget of approximately \$38.5 million, excluding Smart Comfort carry-over. As of November 30, 2023, the Company projects its 2023 USECP costs will come to approximately \$47.9 million,¹ which exceeds the corresponding as-filed budget by more than 10%.

The largest contributing factor for the projected increase in the Company's 2023 USECP costs are increased electric supply costs. Since the filing of the Settlement in August of 2021, electric supply costs have risen significantly, which has driven a corresponding increase in Duquesne Light's default supply rates. The default service supply rate for residential customers for the period June 1, 2021 through November 30, 2021 was 5.4595 cents per kWh, and increased to 6.9395 cents per kWh from June 1, 2022 through November 30, 2022. Most recently, from June 1, 2023 through November 30, 2023, the default service supply rate for residential customers was 9.1956 cents per kWh.² Since the filing of the Settlement in August of 2021, default service supply rates increased 68%. Under CAP's Percent-of-Income Payment Plan ("PIPP") structure, these increased default supply costs necessarily result in larger discounts provided to CAP participants, which yields higher CAP program costs.

The Company does not believe that the projected cost increases outlined above warrant programmatic cost containment changes to the USECP at this time. Any programmatic changes to materially reduce USECP costs would necessarily also reduce the extent and/or availability of benefits to participating customers. The Company believes that reducing USECP benefits to low-income customers would be inadvisable in light of current economic and inflationary pressures. Additionally, while the Company is sensitive to the cost impacts to non-participating customers, such impacts are modest. Increased 2022 USECP costs and projected 2023 USECP costs will cause the Company's Universal Service Charge to increase from 1.019 cents per kWh to 1.544 cents per kWh,³ resulting in a \$3.15 increase in the bill of a typical non-heating residential customer using 600 kWh per month.

The Company does not here propose programmatic cost containment changes to the proposed USECP at this time. The Company reserves the right to propose changes to the USECP in the future as conditions warrant.

Consistent with the Settlement, the Company convened a meeting with parties on November 16, 2023, to: (1) explain the reasons for the projected cost increase; (2) outline the

¹ See also Duquesne Light's *Annual Reconciliation of Rider No. 5 Universal Service Charge*, filed November 30, 2023, at Docket No. M-2023-3044520 (indicating unadjusted USECP costs of approximately \$48.2M during the reconciliation period of November 1, 2022 through October 31, 2023).

² See Tariff – Electric, Pa.P.U.C. No. 25, Rider No. 8 – Default Service Supply.

³ See Supplement No. 67 to Tariff – Electric, Pa.P.U.C. No. 25, filed November 30, 2023, at Docket No. M-2023-3044521.



Company's intent to not seek programmatic cost containment measure(s) that modify the approved USECP; and (3) invite party feedback on the Company's planned response.

The Office of Consumer Advocate ("OCA") and the Coalition for Affordable Utility Services and Energy Efficiency ("CAUSE-PA") have not indicated opposition to the filing of this Letter in Lieu of Petition consistent with Settlement paragraph 14, or the Company's decision to not here propose programmatic cost containment measure(s) that would modify the approved USECP.

Please do not hesitate to contact me should you have any questions.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Emily M. Farah".

Emily M. Farah
Counsel, Regulatory

Enclosures
cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

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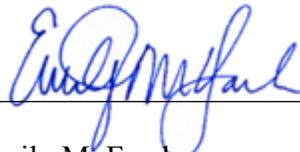
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Dated: December 15, 2023