



October 29, 2021

**VIA E-FILE**

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

**Re: Pennsylvania Public Utility Commission v. Duquesne Light Company  
Docket No. R-2021-3024750**

***Reply Exceptions of CAUSE-PA***

Secretary Chiavetta:

Enclosed, please find the **Reply Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** in the above noted proceeding.

As indicated on the attached Certificate of Service, service on the parties was accomplished by email only.

Respectfully submitted,  
**PENNSYLVANIA UTILITY LAW PROJECT**  
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*Deputy Chief Administrative Law Judge Joel H. Cheskis (Via E-mail only)*  
*Administrative Law Judge John M. Coogan (Via E-mail only)*

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Type text here

Pennsylvania Public Utility Commission :  
 v. : Docket No. R-2021-3024750  
 Duquesne Light Company :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served copies of the **Reply Exceptions of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** upon the parties of record in the above captioned proceeding in accordance with the requirements of 52 Pa. Code § 1.54 in the manner and upon the persons listed below.

**VIA EMAIL ONLY**

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Date: October 29, 2021

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Pennsylvania Public Utility Commission**

v.

**Duquesne Light Company**

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**Docket No. R-2021-3024750**

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**REPLY EXCEPTIONS OF  
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND  
ENERGY EFFICIENCY IN PENNSYLVANIA**

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**Date: October 29, 2021**

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## **I. INTRODUCTION**

On October 5, 2021, the Office of Administrative Law Judge issued the Recommended Decision (RD) of Deputy Chief Administrative Law Judge (ALJ) Joel H. Cheskis and ALJ John M. Coogan. In the RD, the ALJs correctly held that Nationwide Energy Partners, LLC (NEP) failed to prove that its proposed Tariff Rule 41.2 was just, reasonable, and in the public interest – and recommended that NEP’s Complaint be dismissed. On October 22, 2021, NEP filed Exceptions to the RD, claiming that the RD erred in not recommending the approval and adoption of NEP’s tariff proposal. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, files these Reply Exceptions in opposition to the Exceptions of Nationwide Energy Partners, LLC (NEP or Nationwide) and in support of the RD.

## **II. BACKGROUND**

CAUSE-PA incorporates the background sections of its Main and Reply Briefs.

## **III. SUMMARY OF REPLY EXCEPTIONS**

The ALJs correctly concluded that NEP failed to meet its burden of showing that its tariff proposal is just, reasonable, and in the public interest. The record in this proceeding clearly demonstrated that NEP’s proposal would place tenants in DLC’s service territory at risk of substantial harm and would undermine other critically important public policies – including but not limited to advancing access to energy efficiency and ensuring that low income families and others experiencing acute financial hardship are able to access safe and affordable service to their home. If approved, NEP’s tariff proposal would authorize the creation of a shadow industry for the resale of utility services in DLC’s service territory – circumventing dozens of statutory residential consumer rights, and leaving tenants with little to no recourse when aggrieved by the

unregulated billing, collections, and termination practices of third party utility resellers. Such a result is inconsistent with the Public Utility Code, contrary to the public interest, and must be roundly rejected by the Commission.

The legislature and the Commission have established intricately balanced standards and policies governing the provision of residential utility services, and the rights and responsibilities of utility providers, property owners, and end-use consumers. The Commission also oversees the provision of universal service and energy conservation programs, which are designed to ensure that all residential consumers can access safe and affordable service to their home. In this case, NEP has proposed tariff revisions which seek to allow it and other utility resellers and residential multifamily building owners to circumvent these protections and programs – allowing landlords and utility resellers to apply their own rules for how and when a residential tenant may access utility services to their home – and when that service will be discontinued or terminated.

As the record in this case unambiguously shows, utility resellers operating elsewhere in the state – including NEP – impose harsh conditions on the provision of residential service, circumventing the legislature’s carefully prescribed rules governing the provision of residential service to sub-metered tenants. The consequences to tenants can be severe, as evidenced by the fact that the involuntary termination rate of tenants served by NEP exceeds the residential termination rate for residential customers. In fact, NEP’s contract with property owners for utility resale in PECO’s service territory allows it to force a property owner to evict tenants as a consequence for non-payment. NEP does not extend winter or medical protections, nor do they shield victims of domestic violence from liability of their abuser’s debt – all of which are required protections for DLC’s residential tenant consumers. It is critical that the Commission not allow tenants in DLC’s service territory to be exposed to such unrestrained and dangerous practices.



For the reasons described herein – and more thoroughly in CAUSE-PA’s Main and Reply Briefs, CAUSE-PA urges the Commission to reject NEP’s Exceptions, to dismiss NEP’s underlying Complaint with prejudice, and to affirm DLC’s existing Tariff Rules 18 and 41.

**IV. REPLY EXCEPTIONS**

**1. Reply to NEP Exception 1: The RD appropriately considered and applied due weight to evidence regarding NEP’s master and sub-metering activities in other parts of the state.**

NEP claims that the RD fails to appropriately account for NEP’s alleged “successful” operation of master and sub-metering programs outside of DLC’s service territory. (NEP Except. at 7). Specifically, NEP attempts to point to its operation in PECO’s service territory and to the fact that CAUSE-PA expert witness Harry Geller, Esq. had no specific knowledge of complaints, lawsuits, disputes, or specific instances of harm or costs to tenants in PECO’s service territory. (*Id.* at 7-8). NEP claims that lack of demonstrated adverse consequences to tenants and other consumers in PECO’s service territory shows that the concerns raised by the parties in this proceeding are unreasonable. (*Id.* at 8-9). NEP asserts that it is illogical and not good policy to allow different approaches to master/sub metering in separate parts of Pennsylvania. (*Id.* at 9).

The RD appropriately weighed NEP’s claims regarding its operations in PECO’s service territory, concluding the “purported lack of adverse consequences” with submetering elsewhere in the state does not support a finding that NEP’s proposal is in the public interest. (RD at 83).

In its Main and Reply Briefs, CAUSE-PA extensively refuted NEP’s claim that its tariff proposal is just and reasonable because there is a lack of evidence of formal consumer complaints against NEP in PECO’s service territory. (CAUSE-PA MB at 19-20, RB at 27-29). Indeed, it is not CAUSE-PA’s burden or the burden of other parties to investigate and submit such evidence. To the contrary, as the ALJs correctly concluded, it was NEP’s burden to produce substantial evidence showing that its proposal would serve the public interest.

First, lack of formal complaints against NEP in PECO's service territory cannot be equated with the reasonableness, justness, or properness of authorizing the resale of utility service in DLC's service territory. (CAUSE-PA RB at 27). Rather, the lack of complaints against NEP is more likely a result of the lack of clear and accessible dispute rights for aggrieved tenants against third-party utility resellers like NEP. In its Main Brief, CAUSE-PA described how – with very limited exception regarding violations of Section 1313 and DSLPA – it is unclear whether tenants who reside in master/sub-metered buildings may seek relief through the Commission, or must attempt to redress issues before Pennsylvania Courts. (Id.; CAUSE-PA MB at 40-41). For *pro se* tenants who do not have the time, resources, or intricate legal knowledge required to navigate the Pennsylvania Court system, raising issues with landlords, property owners, or master/sub-metering companies can represent insurmountable barriers. The plain language of NEP's tariff proposal does not require that sub-metering companies provide tenants any notice of their rights or ability to raise disputes, further complicating a tenant's ability to raise and redress concerns under NEP's tariff proposal and operations. (CAUSE-PA RB at 28).

Regardless, the record does not support NEP's assertion that there are no consumer complaints against NEP in PECO's service territory. It was not CAUSE-PA's burden in this proceeding to conduct such an inquiry and investigation into possible consumer complaints filed against a different utility in a different part of the state. As CAUSE-PA witness Mr. Geller explained in response to discovery, he did not conduct an investigation into whether and to what extent there have been complaints filed against NEP before the Commission or in other courts. (CAUSE-PA RB at 27).

The fact that there are not consumer complaints on the record in this proceeding regarding NEP's submetering practices in PECO's service territory does not mean that there will be a "lack

of adverse consequences” to residential tenants as a result of NEP’s submetering proposal in DLC’s service territory. NEP has made a proposal in *DLC’s service territory* that will abrogate the currently effective rights and responsibilities of *DLC’s residential tenants*. The nuances of PECO’s tariff, or application thereof, was not at issue in this proceeding. In fact, PECO’s tariff is nowhere on the record in this proceeding, making it wholly inappropriate for the ALJs to base a decision on a vague assertion of NEP that there are no complaints against it based on the rules of PECO’s tariff. This is simply not substantial evidence necessary to support NEP’s tariff proposal.

Notwithstanding the assertion of no complaints, as CAUSE-PA detailed in its Reply Brief that the record in this proceeding shows that NEP’s practices in PECO’s service territory are not “successful” for anyone other than NEP and the property owner, and serve to deprive residential tenants access to assistance through universal service and dozens of statutory and regulatory provisions regarding fair billing, collections, and termination practices. (CAUSE-PA RB at 13-32). The record shows that in PECO’s service territory, hundreds of residential customers served by NEP through a submetering arrangement are terminated each year – *at a rate substantially higher than PECO’s residential termination rate*. (CAUSE-PA RB at 31, citing CAUSE-PA St. 1-R at 52-53). The record shows that in PECO’s service territory, tenants who are unable to keep up with all of their utilities – which are bundled onto a single bill – face both imminent termination AND eviction. (CAUSE-PA RB at 16). Indeed, the record demonstrates that NEP can actually force a landlord to evict a tenant upon request pursuant to the terms of a private contract between NEP and various property owners within PECO’s service territory. (Id.) The record in this proceeding also shows that NEP does not apply any protections for medically vulnerable tenants – and will only stop termination in the winter months on days where the temperature drops below freezing. (Id. at 24-25).

The record also shows that NEP charges substantially higher fees and charges than are permitted by the Code – imposing excessive late fees, security deposits, and other charges (like a water billing fee, trash fees, and community charges). (Id. at 16-19). The record also shows that residential tenants served by NEP in PECO’s service territory are unable to access any of the robust energy efficiency and conservation programs, nor are they able to access any of PECO’s universal service programs designed to ensure that low income households can access safe and affordable utility services to their home. (Id. at 31-32; CAUSE-PA MB at 56-57).

Importantly, NEP’s business model is only tangentially relevant to the issue in this proceeding – whether NEP’s tariff proposal to allow largely unfettered resale of public utility service to residential consumers in DLC’s service territory – circumventing statutory and regulatory protections – is just, reasonable, and in the public interest. (CAUSE-PA RB at 4). While NEP’s business operations may provide a glimpse into the unsavory and legally questionable practices that NEP might operate under if its tariff proposal is approved, NEP is just one entity which could begin to operate in DLC’s service territory. NEP’s proposal opens the door for a broad range of possible entities – any of which may strip tenants of dozens of rights, foreclose access to universal service programs, and undermine other critical policy goals. (Id.)

Contrary to NEP’s contentions, the RD appropriately considered NEP’s practices in other areas of Pennsylvania. The RD correctly finds that NEP carries the burden of proof in this proceeding to show that DLC’s current restrictions on master/sub metering are unjust and unreasonable, and that its tariff proposal is just and reasonable. (RD at 83). The RD points out that, instead of providing hard data for the territories in which NEP operates, NEP instead chose to simply aver that there were no demonstrated adverse consequences in PECO’s and so there would be no adverse consequences in DLC’s service territories. (Id.) Based on NEP’s failure to provide

actual data related to its operations, the RD correctly concludes that “purported lack of adverse consequences [does not] demonstrate that the touted affirmative benefits of NEP’s proposal will materialize so as to render Duquesne Light’s prohibition on master metering unjust or unreasonable, or prove NEP’s proposal is just and reasonable.” (Id.)

Notably, CAUSE-PA agrees with NEP in one respect: The Commission should strive to have consistent master-metering rules across the state. However, we assert that it is PECO’s tariff that must change – not DLC’s – to ensure that residential tenants are able to access and maintain safe and affordable service to their home consistent with the provisions of the Public Utility Code and applicable regulations and prevailing public policy. Indeed, not only should the Commission affirm the ALJ’s decision rejecting NEP’s proposal, it should initiate an investigation into NEP’s practices in PECO’s service territory to put a stop to NEP’s violations of the Public Utility Code.

The record is clear that master/sub-metering of residential buildings strips tenants of critical statutory and regulatory protections intended to apply to *all* residential tenants. As such, the ALJs properly rejected NEP’s proposal in this proceeding.

**2. Reply to NEP Exception 2: The RD correctly determined that it was NEP’s burden to show that DLC’s existing Tariff Rules 18 and 41 prohibiting master metering in its service territory was unreasonable, and that NEP failed to meet this burden.**

NEP claims that the RD erred in finding that NEP had the burden of showing that DLC’s existing Tariff Rules 18 and 41, prohibiting master metering in its service territory, is unreasonable. (NEP Except. at 10). NEP argues that DLC does not currently categorically prohibit master and sub-metering, but rather allows for redistribution of energy under “special circumstances.” (Id. at 11). In an attempt to shoehorn its proposal into DLC’s existing tariff rules, and thereby reduce its heavy burden of proof, NEP claims that its tariff proposal works in coordination with DLC’s existing tariff rules by defining the “special circumstances” allowing for

master metering and redistribution of energy. (Id. at 12-13). NEP argues that the ALJs assigned a burden on NEP that was too high, causing the ALJs to overlook the purported benefits of permitting master/sub-metering. (Id.)

As the RD correctly found, NEP – as the proponent of the proposed Tariff Rule 41.2 and revisions to DLC’s existing Tariff Rules 18 and 41 – has the burden of proof to show that its proposed tariff rule is just, reasonable, and in the public interest – and that DLC’s existing tariff rules are not. (RD at 27-28; CAUSE-PA MB at 4-5). It is well established that previously approved tariff provisions are presumed to be reasonable, with the party challenging the tariff provision carrying a heavy burden of proof to show that circumstances have changed to render the approved provision unreasonable. (CAUSE-PA MB at 4).<sup>1</sup>

Rather than seek to define what might constitute “special circumstances” under current Tariff Rule 41, NEP’s tariff proposal seeks to install an entirely new paradigm for master/sub-metering in DLC’s service territory. Indeed, NEP has never sought to simply clarify DLC’s existing tariff – it has continually sought to eviscerate those rules. In its formal Complaint, NEP averred that the terms of DLC Tariff Rules 41 and 18 are contrary to law because they deprive certain commercial customers of the opportunity to receive service at the commercial rate and turn a profit from the resale of that service at the residential rate. To claim now – in the late stages of this proceeding – that NEP’s tariff proposal will simply help clarify DLC’s existing tariff rules is, at best, disingenuous, and does not in any way change the fact that NEP has failed to meet its burden of proof in this proceeding.

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<sup>1</sup> See Brockway Glass Co. v. Pa. PUC, 437 A.2d 1067 (Pa. Cmwlth. 1981) (“Where the complaint involves an existing rate, however, the burden then falls upon the customer to prove that the charge is no longer reasonable.”); see also Bollinger v. T. W. Phillips Gas & Oil Co., Order, Docket No. C-2011-2225850 (May 1, 2012).

NEP cannot eschew its dual burdens in this proceeding necessary to prove that its proposal is just, reasonable, and in the public interest *and* to demonstrate that circumstances have changed so drastically as to invalidate DLC's existing Tariff Rules 41 and 18 – which have effectively prohibited master and sub-metering since 1981. NEP has failed to meet *either* burden in this proceeding, as the overwhelming record evidence clearly shows that NEP's proposal will eviscerate the rights of tenants in DLC's service territory, is contrary to law and policy, and is not certain to produce any material benefit to the public beyond the profits gained for the property owner and any utility resellers. As such, this Exception must fail.

**3. Reply to NEP Exception 3: The RD appropriately weighed the record evidence and correctly found that NEP's proposal raised critical areas of concern for the rights of residential tenants, and that the purported benefits of NEP's proposal are speculative and unsupported by the record in the proceeding.**

NEP argues that the RD erred by not finding that NEP's tariff proposal provides benefits to property owners, tenants, DLC, and the public interest. (NEP Except. at 13; RD at 79; Finding of Fact 114). As discussed more fully in CAUSE-PA's Main Brief and Reply Brief, NEP's purported benefits to property owners, tenants, and the public rest on speculation and obfuscation of essential facts and legal precedent – and minimizes concerns about the impact of NEP's tariff on tenants in favor of creating a new profit stream for utility resellers like NEP. (CAUSE-PA MB at 8-9; CAUSE-PA RB at 4-5). NEP's proposal – as plainly evidenced by NEP's own practices in other service territories – seeks to bypass an entire cannon of law, and rebalance the scales set by the General Assembly and the Commission to protect a tenant's ability to access service to leased premises without interference by landlords or property owners. This is unjust, unreasonable, and against the public interest.

***A. NEP has failed to show tangible benefits to property owners and commercial customers, beyond economic gains from the resale of utility services.***

NEP argues that the RD did not give proper weight to the benefits to property owners/commercial customers purported by NEP. (NEP Except. at 15). NEP points to several alleged benefits to property owners – including the ability to engineer energy infrastructure “behind the meter.” (*Id.*) Conflating and intermingling NEP’s individual business practices with its tariff proposal, NEP claims that commercial customers do not merely ‘pocket’ funds, but provide smart meter technology, access to electric vehicle charging, green electricity supply, and provide tenants with a minimum \$2 monthly credit. (*Id.* at 15-16).

As more fully discussed through briefing, NEP has failed to present evidence capable of showing that master metering improves the overall energy efficiency of properties – or otherwise reduces usage in individual tenant units. (CAUSE-PA MB at 56, RB at 7). As the RD correctly points out, NEP does not claim to control what a property owner does with its property, and there is no clear evidence that property owners would tend to use profits for energy efficiency and conservation purposes. (RD at 79). In fact, NEP could not even answer basic questions about the extent to which the properties it serves in other jurisdictions have adopted energy efficiency measures, apart from a vague reference to participation in basic demand response programming – without any quantification of savings actually achieved. (CAUSE-PA RB at 7-8). In reality, NEP’s business model cuts residential consumers off from numerous free and low-cost energy efficiency programs – including Low Income Usage Reduction Programs (LIURP) and Act 129 Programs – that provide tenants *and property owners* with millions of dollars of energy efficiency and conservation benefits every year. This fact directly contradicts NEP’s claims that its proposal would promote energy efficiency and conservation goals.

NEP represents only one example of the numerous master/sub-metering schemes that would be permissible if NEP’s tariff proposal were approved. Under the terms of NEP’s tariff



proposal, there is no requirement that multifamily building owners invest in energy efficiency. Nor is there any requirement that they provide the host of other benefits that NEP touts, such as the availability of electric vehicle charging. The ALJs correctly concluded, based on the evidence before them, that any benefits – beyond economic gain for the owner – were merely speculative and uncertain to materialize.

As discussed at length in CAUSE-PA’s Main Brief, the Commission and the Commonwealth Court have previously upheld master/sub-metering prohibitions, including DLC’s Tariff Rule 41, finding that protecting the economic interests of a property owner related to metering configuration are insufficient to overturn an existing tariff – and are not an objective under the Pennsylvania Utility Code.

Ultimately, the ALJs properly concluded based on the evidence before them that any benefit to property owners and commercial customers – beyond the economic gain for the owner and reseller – is speculative, and that NEP therefore failed to meet its burden of proof.

***B. NEP’s proposal eviscerates the rights of tenants under Pennsylvania law and Commission regulation, posing an unreasonable risk of harm.***

NEP alleges that the RD ignored a host of purported benefits to tenants under its tariff proposal, including (1) access to smart-meter data, (2) the ability to pay weekly, bi-monthly, or on a set monthly date, (3) access to green and shopped energy as controlled by property owners, and (4) a \$2 monthly credit. (NEP Excerpt. at 16-17). NEP points to DLC’s initial master-metering proposal in this case, which was later withdrawn, arguing DLC’s proposal would have been worse for tenants than NEP’s proposal because it did not require sub-metering. (*Id.* at 17).

The RD correctly found that NEP’s proposal to create an alternative scheme for customer protections and programs is not “comparable to those already in effect and does not serve to demonstrate that Duquesne Light’s current tariff prohibiting master metering is unjust and

unreasonable.” (RD at 80). NEP’s purported benefits to tenants under its proposal are largely illusory, and do not outweigh the harm to tenants’ existing rights. (CAUSE-PA RB at 13).

First, there is nothing which prohibits a residential tenant from paying DLC more frequently if they choose to do so. Second, DLC’s residential tenants already have access to smart meter data, and DLC’s existing Act 129 Programs including home energy reports, which already offer customers comparative analysis of their usage relative to neighbors. (Id.) As the RD succinctly points out, the claim that a property owner may pass along a bill credit based on the lower cost of commercial load versus a residential load is speculative, especially since the terms of NEP’s proposal do not require any clean energy or energy efficiency adoption. (Id.; RD at 80).

As discussed in briefing, many of NEP’s purported benefits to tenants conflate NEP’s own business model with the broad range of allowable practices if NEP’s tariff proposal were granted. (CAUSE-PA RB at 14). CAUSE-PA extensively detailed in its Main Brief the numerous ways in which the plain language of NEP’s proposal in this proceeding threatens dozens of specific rights which are currently available to individually metered tenants in DLC’s service territory. (CAUSE-PA MB at 21-46). Given NEP’s continued conflation of its individual business practices with its tariff proposal, CAUSE-PA also extensively detailed in its Reply Brief how NEP’s practices provide a tangible example of the profound and negative impacts on tenants’ rights and abilities to access and maintain affordable utility services to their homes. (CAUSE-PA RB at 14-32).

While we will not reiterate the numerous ways in which NEP’s proposal and its individual business practices sever tenants from critical rights and protections afforded to individually metered tenants in Pennsylvania, it is important to specifically discuss NEP’s continued citing of its proposed \$2 monthly credit. NEP’s tariff proposal is designed so that tenants cannot access

CAP or other universal service programs (CAUSE-PA MB at 53). In place of universal service assistance, NEP proposes to require a meager \$2 monthly credit. (Id.)

Severing tenants from access to universal service programs – while still requiring tenants to be responsible for utility payments – exacerbates existing rate unaffordability faced by low and moderate income tenants, and places them at increased risk of termination and potentially eviction. There is also substantial question whether foreclosing tenants from access to universal service programs violates provisions of the Electric Choice and Competition Act, which require that universal service programming be “available” to ensure low income consumers can maintain affordable service to their home<sup>2</sup> – and dictates that the availability of universal service programming shall not be diminished.<sup>3</sup>

Finally, it is important to note that DLC’s initial proposal to permit limited master metering for affordable multifamily housing was not comparable and has since been withdrawn. DLC’s proposal would have been restricted to low income transitional housing providers that already subsidize the tenants’ utility costs, and that are subject to long-term use restrictions. (CAUSE-PA MB at 12-14). Contrary to NEP’s proposal, there is no similar risk to tenants in this scenario, as tenants in supportive housing do not pay utility costs – directly or through rent – and the housing provider would have been required to re-meter the building if the building was ever sold or used for some other purpose. Regardless, this proposal was withdrawn in light of serious concerns about NEP’s tariff proposal, and has no bearing on whether to approve NEP’s proposal in this case. (CAUSE-PA MB at 12-14).

***C. Implementation of NEP’s master metering and sub-metering program would impose significant unfunded administrative burdens on DLC.***

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<sup>2</sup> 66 Pa. C.S. § 2803; 66 Pa. C.S. § 2804(9).

<sup>3</sup> 66 Pa. C.S. § 2802(10).

NEP argues that the RD ignored record evidence regarding the benefits to DLC from the tariff proposal, and alleges that DLC will save operational, maintenance, and collections costs associated with managing hundreds of residential accounts. (NEP Except. at 18-19).

In its Main Brief, DLC rebutted NEP's unsubstantiated claims, and extensively detailed how NEP's tariff proposal would harm DLC, and reduce its customer base and revenues. (DLC MB at 17-19; CAUSE-PA RB at 12). For the sake of brevity, we will not reiterate those arguments here. Ultimately, the evidence in this proceeding fails to prove that NEP's proposal will provide any quantifiable benefit to DLC or its customers. To the contrary, the evidence shows that NEP's proposal would increase the administrative burden on DLC and the Commission to implement and enforce NEP's tariff proposal – without any funds to support such enforcement efforts. (CAUSE-PA MB at 57-58, RB at 12).

***D. NEP has failed to allege any specific or tangible benefit to the public interest.***

NEP purports that the RD failed to recognize the alleged benefits to the public interest stemming from NEP's tariff proposal. (NEP Except. at 19). In particular, NEP argues that sub-metering enables a property owner to demonstrate awareness of conservation and energy efficiency to investors and other financial sources; and to establish an environmentally friendly energy supply. (*Id.* at 19-21). NEP alleges that its tariff proposal intends that the conditions of master metering service include the requirement of a green electricity supply – though no such requirement is included in its proposal. (*Id.* at 19). NEP discounts the critical role of energy efficiency and conservation programs for all customer segments through Act 129 and asserts that energy efficiency programs are exclusively for low income tenants, which it claims are not the “focus of the Property Owners that use companies like NEP to facilitate master metering with smart-submeters.” (*Id.* at 20).

As discussed throughout, NEP's claims are not borne out by the record – and are in fact contradicted by NEP's own business model, which has failed to show meaningful strides towards energy efficiency and conservation adoption amongst the business owners NEP serves. While NEP attempts to paint its proposal as requiring “green” energy usage, the plain language of NEP's proposal does not set forth any such requirement. It is unreasonable to assume that property owners will voluntarily choose to invest in energy efficiency and conservation, especially given the fact that tenants subject to sub-metering are responsible for paying the bill and incentivized to adopt efficiency – yet would not have access to programs to help with adoption. (CAUSE-PA RB at 7).

NEP also offers vague reference to possible financing and loan products for master/sub-metered buildings, arguing that master/sub-metering allows for data aggregation to support efficiency loans. (NEP Except. at 20). But none of green lending products listed by NEP even remotely suggest the products require third party submetering. (CAUSE-PA RB at 8). DLC already provides data aggregation to building owners to support efficiency loans and appropriate energy benchmarking – without also stripping tenants of their right to privacy and confidentiality. (CAUSE-PA MB at 51-53). The actual result of NEP's tariff will be to sever tenants – who are the direct energy users – from programs that would reduce usage and result in bill savings.

NEP has failed to present evidence that its master/sub-metering proposal will provide any tangible benefit to property owners/landlords that would further the public interest. To the contrary, there is strong evidence that its proposal may actively undermine residential consumer choice and other important energy efficiency and conservation goals.

As a whole, the RD correctly concluded that NEP has failed to meet its dual burdens in this proceeding to both invalidate existing tariff provisions and establish a new tariff provision.

**4. Reply to NEP Exception 4: The RD does not hold NEP and other master/sub-metering companies to the standards of a utility, but rather correctly evaluates the harm to tenants posed by NEP’s mater/sub metering scheme.**

NEP asserts that the RD unreasonably imposes on NEP certain standards applicable to regulated public utilities. (NEP Exception at 22). NEP claims that the RD ignores that tenants behind commercial meters are not utility customers and that there is “no reason” for utility resellers that operate under NEP’s proposal to offer the same rights and protections to tenants that are offered by public utilities. (*Id.* at 23). NEP points to its claims that (1) NEP alleges a low level of complaints from its operations in other service territories; (2) Section 1313 of the Public Utility Code (66 Pa. C.S. § 1313) and the Discontinuance of Service to Leased Premises Act (DSLPA) (66 Pa. C.S. §§ 1521-1533) are available to tenants in residential buildings; and (3) NEP has amended its tariff proposal to include several concessions to tenants.

As the RD correctly found, NEP’s contention that it should not be held to the standards of public utilities, “does not negate consideration of whether NEP’s proposal may disadvantage certain residential tenants.” (RD at 82). The record in this matter is replete with examples of how tenants would be severed from critical rules, regulations, and protections developed over decades by the General Assembly and the Commission, including protections for medically vulnerable consumers, winter protections from termination, protections for victims of domestic violence, and dozens of other provisions which help ensure tenants stay connected to life-sustaining utility services. (CAUSE-PA MB at 21-43).

While tenants under NEP’s proposal might retain some rights under Section 1313 and the DSLPA, irrespective of metering, CAUSE-PA extensively detailed in its Main Brief how NEP’s tariff proposal will serve to undermine those rights. For example, where a landlord responsible for a utility bill stops making payments, tenants in master/sub-metered multifamily properties would have to pay for the last 30 days of service to the entire building – not just their unit, as required

under the DSLPA. (CAUSE-PA MB at 46). NEP’s proposal allows landlords to gain full control over services to a building – avoiding DSLPA prohibitions on “voluntary” disconnection of a tenant unit and permitting landlords to circumvent the eviction process by shutting off critical services to tenants at will – without involving DLC. (Id. at 46-47).

NEP’s proposal also raises numerous uncertainties related to tenants’ ability to seek redress under Section 1313, as there would be no requirement that this information be on a bill – or a description of how a tenant would be able to access this information. (Id. at 49-50). While some providers may offer this information in a readily accessible format, NEP’s proposal does not include any requirement to do so. (Id.) As such, it may prove difficult for tenants under NEP’s proposal to determine the accuracy of their bill. As the RD correctly found, there is compelling evidence that many of NEP’s tenants would pay more under NEP’s proposal through fees, charges, or ineligibility for programs through DLC. (RD at 81). As discussed above, NEP’s proposal also raises serious concerns related to enforcement under Section 1313 and the DSLPA.

As discussed more fully in CAUSE-PA’s Reply Brief, NEP’s slapdash effort to include some modicum of consumer protection do not satisfy the serious concerns raised by the parties to this proceeding, and raise questions related to the enforceability of the proposed amendments by the Commission. (CAUSE-PA RB at 18). In short, the RD correctly evaluated NEP’s proposal based on serious concerns regarding the impact to tenants. As such, this Exception must fail.

**5. Reply to NEP Exception 5: The RD properly found that NEP failed to meet its burden, regardless of NEP’s attempt to style its tariff proposal as a pilot.**

In its fifth Exception, NEP reiterates arguments in its second Exception - arguing that the RD erred in requiring NEP to show that DLC’s Tariff Rules 18 and 41 were unreasonable, and that its proposal merely amended DLC’s existing tariff. (Id. at 26-27). NEP then attempts to style its

proposal as a pilot – and claims that its proposal is limited to 130 new buildings or conversion installations to assess certain costs of the proposal. (Id. at 27-28).<sup>4</sup>

As discussed previously, the RD correctly found that NEP failed to meet its burden of showing that DLC’s current prohibitions on master-metering and redistribution of energy are unjust and unreasonable. (See supra). Moreover, NEP’s claims regarding the “pilot” nature of its proposal are – at best – overstated. NEP’s proposal is limited to 130 metering *conversions* of existing buildings, but contains no limits to sub-metering of new construction. (NEP Ex. TR-22). There is also no definitive end to NEP’s “pilot”, as reevaluation is tied to DLC’s next rate case which has no express filing date. NEP also made no proposals regarding a data, reporting, or evaluation process – critical elements to a true pilot.

Notably, there would be a substantial cost associated with later re-metering an entire building, making it very difficult and expensive to later reverse NEP’s proposed tariff revisions at some point in the future. (CAUSE-PA MB at 20-21). The record in this case is replete with tangible examples of the uncertainties and harm engendered by NEP’s proposal. (Id. at 20-58). No further investigation or experience is necessary to understand the dangers of NEP’s proposal.

**6. Reply to NEP Exception 6: The RD properly found that NEP failed to define who in the “public” would benefit from its master/sub metering proposal.**

In its Main Brief, NEP argues that its proposal balances the interests of all stakeholders, including building tenants, property owners, the Company, and the public generally. (RD at 58; NEP MB at 2, 15). In finding that NEP failed to meet its burden, the RD correctly concluded that “NEP’s other contention that the ‘public generally’ is being denied a choice is similarly unconvincing, not least because NEP does not make clear who exactly constitutes the public

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<sup>4</sup> Pa. PUC v. PGW, Order, Docket No. R-2021-3023970 (order entered Aug. 26, 2021).



generally and what is their interest in this choice.” (RD at 80). NEP takes exception with this conclusion, and alleges benefits to property owners, building investors, and tenants – as well as increased conservation and energy efficiency and climate improvements to the broader public. (NEP Except. at 29).

As discussed above, NEP has failed to meet its burden of providing evidence to show benefits to property owners/investors, landlords, tenants, and DLC. (See supra; see also CAUSE-PA MB at 21-43, CAUSE-PA RB at 5-31). NEP’s broad claims that its tariff proposal will result in greater conservation, energy efficiency, and climate improvements is also unsubstantiated by the record. NEP’s proposal would strip tenants and property owners of the ability to access tens of millions of dollars in residential efficiency and conservation incentives available only to individually metered tenants. (CAUSE-PA RB at 6-7). This fact directly contradicts NEP’s claims that its proposal would promote energy efficiency and conservation goals.

NEP could not even substantiate claims that its own sub-metering operations elsewhere in the state increase the adoption of efficiency and conservation measures by multifamily building owners, and failed to answer basic questions about efficiency adoption and savings achieved. (Id. at 7). NEP has similarly failed to substantiate its claim that its data collection services facilitate increased efficiency adoption or access to financing. (Id. at 8). While NEP’s proposal may provide landlords with granular data regarding individual tenant usage, it has not shown why a landlord cannot use aggregate building data to benchmark savings and attract capital investments. Aggregate data is already available to all DLC customers and does not raise the same concerns about tenant privacy that are raised by NEP’s proposal. (Id.; CAUSE-PA MB at 52-52).

Again, while NEP’s business model offers a tangible example, it is only one example of the numerous master/sub-metering schemes that would be permissible if NEP’s tariff proposal

were approved. Under the terms of NEP's tariff proposal, numerous master/sub-metering companies might operate without any emphasis on conservation or energy efficiency, as no such emphasis is required under the plain terms of NEP's proposal. Given NEP's broad, ambiguous, and unsubstantiated claims on benefits to various consumer groups and the "public generally," CAUSE-PA asserts that the RD reasonably finds that NEP failed to meet its burden of showing that its proposal is just, reasonable, and in the public interest. CAUSE-PA therefore urges the Commission to uphold the RD without modification and dismiss NEP's Exception and its underlying Complaint.

**7. Reply to NEP Exception 7: The RD correctly found that NEP's proposal would lead to numerous and unreasonable issues with enforceability of NEP's proposed tariff.**

NEP claims that the RD erred in finding that NEP's tariff proposal raised numerous concerns about enforcement of NEP's proposed tariff rule. (NEP Except. at 29-30). NEP points to DLC's other oversight responsibilities over its customers and contractors, and attempts to argue that, if DLC finds violations under the proposed tariff, it can simply impose individual residential metering under Tariff Rule 41. NEP flippantly dismisses DLC's concern that tenants will file complaints against it for failure to enforce the tariff proposal, arguing that all DLC must do to avoid tenant complaints is to apply the tariff proposal fairly and consistently. (Id.)

As the RD correctly found, the record in this case raises serious and substantial questions regarding how and to what extent the proposed tariff provisions could be enforced against a landlord or third-party billing agents. (RD at 81-82, Conclusion of Law 33). DLC's expert witness, Ms. Yvonne Phillips, explained that NEP's tariff proposal significantly expanded the scope of landlord requirements that DLC would need to police. (CAUSE-PA MB, citing DLC St. 6-RJ at 2: 12-18). Despite putting increased onus on the Company, it is unclear whether the Commission

has jurisdiction to regulate third-party master/sub-metering companies and landlords or property owners under these schemes, or to redress complaints of tenants who reside in these properties if a third party does not comply with tariff provisions. (Id.)

While tenants subjected to a master/sub-metering scheme retain some limited rights under the DSLPA and Section 1313, NEP's tariff proposal engenders confusion about whether tenants who reside in a master/sub-metered building may seek relief through the Commission, must avail themselves of Pennsylvania Courts, or are solely reliant on whatever voluntary relief – if any – is offered by landlords and master/sub-metering companies. CAUSE-PA detailed in its Main Brief how NEP's tariff proposal raises numerous uncertainties about how a tenant might verify their charges and seek redress for DSLPA violations. (CAUSE-PA MB at 46-48). Similarly, while it is clear the Commission has the authority to impose penalties for violations of Section 1313, pursuant to Section 3313, it is not clear whether a tenant could seek a refund or other individualized redress through the Commission for violations of Section 1313 that may result in financial harm to a tenant. (Id. at 50). It is moreover unclear the extent to which the Commission may exert authority over landlords who may be in violation of applicable tariff provisions, statutes, or regulations.<sup>5</sup>

In short, the record does not show – and NEP fails to clarify – whether the Commission has jurisdiction to enforce NEP's tariff scheme. Instead, NEP implies that DLC will bear the brunt of this enforcement. DLC has expressed numerous concerns about their ability to enforce the tariff proposal. (DLC MB at 14). It is moreover wholly unclear based on the record in this proceeding the extent to which DLC has any authority to regulate landlords in master/sub-metered buildings.

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<sup>5</sup> While NEP cites to Coggins v. PPL Electric Utilities Corporation as support that the Commission has jurisdiction over excess price on resale claims brought by non-utility consumers pursuant to Section 1313 (NEP Exceptions at 31), as the RD correctly pointed out Coggins does not speak to the ability of residential tenants to pursue complaints under NEP's tariff proposal before the Commission for issues unrelated to Section 1313. (RD at 82). The RD notes the inherent difficulty this places on tenants, and that such concerns “may not be conclusively resolved until a future complaint is raised, at which point it will be difficult to reverse course should NEP's proposal be endorsed through Commission approved tariff language.” (Id.)

While NEP claims that DLC can simply strip these buildings of their master/sub-metering abilities, NEP has failed to present evidence related to the costs and the process of reversing these buildings to individually metered status. Nor has NEP addressed whether DLC can reasonably monitor landlord and third-party compliance with the tariff proposal under the plain terms of the tariff proposal. With these critical questions unresolved, NEP has failed to meet its burden of showing that its tariff proposal is supported by evidence; or just, reasonable, and in the public interest.

**8. Reply to NEP Exception 8: The RD correctly found that DLC's EE&C programs render null allowing for master metering with smart submeters and that PURPA and Pennsylvania case law do not support NEP's proposal.**

NEP claims that the RD erred in finding that DLC's current services that provide price signals through individual meters precludes NEP's proposal and that the concerns evidenced in this proceeding related to NEP's proposal trump the energy efficiency and conservation goals in PURPA. (NEP Except. at 33). First, it is important to note that the RD did not discount energy efficiency and conservation goals, or the importance of PURPA. (RD at 82). Instead, the RD found that PURPA and its cited cases concern energy efficiency/ conservation, and customers receiving price signals; that DLC's services already address this goal through various energy efficiency and conservation programs; and that residential customers already receive price signals for their accounts by being individually metered. (Id.) Importantly, the RD found that PURPA's focus on energy conservation does not negate the numerous concerns related to customer protections raised by NEP's proposal. (See id.)

NEP's argument that its policies, procedures, and tariff proposal are consistent with PURPA is an extension of NEP's unsubstantiated argument (rebutted above) that its tariff proposal will result in greater conservation and efficiency compared to individually metered multifamily buildings. (CAUSE-PA RB at 33). As previously discussed, NEP's touted benefits related to

energy efficiency and conservation are wholly unsupported by the record. To the contrary, the record is replete with evidence that NEP's proposal undermines the accessibility and availability of numerous energy efficiency and conservation programs – and NEP does not put forward any innovation that would further efficiency goals. (See supra).

Moreover, the fact that PURPA was not driven by concerns for consumer protections is irrelevant. Chapters 14 and 28 of the Public Utility Code were enacted long after PURPA was promulgated, and provide independent legal basis for upholding DLC's current tariff prohibiting the practice of master/sub-metering in its service territory. (Id.) Once again, NEP flagrantly overlooks the real-world implications that its tariff proposal – and its practices and procedures – have on tenants in favor of focusing solely on the narrow and largely speculative business interests of commercial property owners.

Nor did the RD err by failing to properly analyze the caselaw related to master/sub-metering of services. NEP cites to several cases in its Exceptions that allegedly support its tariff proposal. As CAUSE-PA extensively addressed in its Reply Brief, NEP's reliance on each one of the cases – which repeatedly denied similar claims as NEP's proposal – is misplaced and largely based on illusory and unsubstantiated claims that NEP's tariff proposal will promote energy efficiency and conservation rather than the personal economic gain of third-party master/sub-metering companies like NEP. (CAUSE-PA RB at 34-36).

Ultimately, and without reiterating the extensive arguments above and in CAUSE-PA's Main and Reply Briefs, we submit that the RD correctly analyzed and applied prior Commission and Commonwealth Court precedent, which concluded that economic interests of property owners do not suffice to invalidate a master metering prohibition and do not support NEP's requested relief.

**9. Reply to NEP Exception 9: The RD correctly found that it was unnecessary to address issues of cost shifting associated with NEP’s proposal, given its finding that NEP’s proposal was unreasonable and against public interest.**

The Office of Small Business Advocate (OSBA) expert witness Mr. Robert Knecht recommended in his rebuttal testimony that, if NEP’s proposal were accepted, master-metered multifamily service be included as part of the Residential class for cost allocation and revenue allocation purposes. (OSBA St. 1-R at 19: 19-22). In its Exceptions, NEP argues that the RD failed to address and resolve cost and revenue issues raised by OSBA. (NEP Except. at 39). NEP acknowledges that the impacts of master metering on DLC’s revenues and cost allocation are unknown and speculative. (Id.) NEP argues that the RD erred in not approving its tariff proposal and, as such, submits that questions regarding cost and revenue must be answered. (Id.)

CAUSE-PA stands by its position that the Commission must reject NEP’s fundamentally flawed master/sub-metering proposal in its entirety, rendering moot OSBA’s argument related to cost shifting. If the Commission ultimately does approve a master-metering proposal, master-metered multifamily service should not be included as part of the residential class for cost allocation and revenue allocation purposes. In his Surrebuttal Testimony, Mr. Geller explained (1) there is no basis for Mr. Knecht’s claim that load shape should be reasonably similar to those of single-family residences; and (2) it is inappropriate to shift the cost of multifamily buildings to residential customers, as multifamily buildings are often medium and large size users, and are thus separate and distinct from smaller users under RS rates. (Id. at 45-46, citing CAUSE-PA St. 1-SR at 17-18). Thus, if any master metering proposal is approved by the Commission, it should not result in shifting of costs of servicing business, government, or non-profit customers to the residential class – thus further adding to the pervasive unaffordability faced by DLC’s residential customers – particularly for its low income customers.

## V. CONCLUSION

For the forgoing reasons, and the reasons set forth in CAUSE-PA's Main Brief and Reply Brief, NEP has failed to meet its burden of proof to show that its proposed Tariff Rule 41.2 is just, reasonable, or in the public interest, and to otherwise invalidate DLC's existing Tariff Rules 18 and 41. To the contrary, there is overwhelming record evidence that NEP's tariff proposal is inadequately designed and contains broad ambiguities that could sever tenants in DLC's service territory from numerous customer protections; allow landlords and third-party master/sub metering companies to circumvent applicable laws, regulations, and Commission policy; and endanger residential tenants' ability to access numerous forms of customer assistance to help maintain safe and affordable service to their homes. Indeed, if approved, NEP's proposal would create a second-class service for tenants in sub-metered properties, stripping tenants of rights currently enjoyed under DLC's existing tariff. CAUSE-PA urges the Commission to uphold the RD, and dismiss NEP's Exceptions and its underlying Complaint in this matter with prejudice.

Respectfully submitted,  
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