



Lindsay Baxter
Manager, Regulatory and Clean Energy Strategy
lbaxter@duqlight.com
412-393-6224

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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: Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1-58.18 L-2016-2557886

Dear Secretary Chiavetta:

Enclosed for filing please find Duquesne Light Company's Comments 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 'LBQ', is written over a light blue horizontal line.

Lindsay A. Baxter
Manager, Regulatory and Clean Energy Strategy

Enclosure

cc: Regina Carter, regincarte@pa.gov
Joseph Magee jmagee@pa.gov
Louise Fink Smith, finksmith@pa.gov
Erin Tate, etate@pa.gov
Karen Thorne, kathorne@pa.gov
RA-PCLAW-LIURP@pa.gov
ra-pcpcregreview@pa.gov

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Initiative to Review and Revise the Existing :
Low-Income Usage Reduction Program : Docket No. L-2016-2557886
(LIURP) Regulations at 52 Pa. Code §§ :
58.1-58.18 :

**COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

On May 18, 2023, the Pennsylvania Public Utility Commission (“Commission” or “PUC”) entered a Notice of Proposed Rulemaking (“NOPR”) seeking comments regarding proposed amendments to the existing regulations at 52 Pa. Code §§ 58.1-58.18 (regarding the Low-Income Usage Reduction Program or LIURP).¹ Interested parties were invited to file written comments within 45 days following the date of publication in the *Pennsylvania Bulletin*, with reply comments due within 30 days of the closing of the comment period. This notice was published December 2, 2023. *Pa. Bulletin Volume 53 Number 48*. Accordingly, Duquesne Light Company (“Duquesne Light” or “Company”) submits these comments for the Commission’s consideration.

¹ The Commission issued on Oct. 31, 2023 an Errata Order to remove an extraneous “to” in the definition of “dwelling” on page 3 of the Annex; to adjust the formatting of § 58.14(a)(3) – Program Measure Installation – on page 18 of the Annex to reflect underlining and bolding to show the proposed changes; and to rename “LIURP measures” to “program measures” in § 58.14c(c) – Inter-utility coordination – on page 21 of the Annex.

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.² 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 20% qualifying as low-income.³

The Company's 2020-2025 Universal Service and Energy Conservation Plan ("USECP") details Duquesne Light's LIURP program, known as "Smart Comfort."⁴ The program targets residential customers whose gross household income is less than 150% of the Federal Poverty Income Guidelines ("FPIG") and senior citizens whose gross household income is less than 200% of the FPIG, with average baseload electric usage more than 500 kilowatt-hours (kWh) per month, and who have been residing at their current address for at least six months. The key objectives of Duquesne Light's Smart Comfort Program are to reduce energy usage and electric bills; to increase the ability to pay; to provide safer living conditions through the reduction of secondary heating devices; to educate customers on current conservation practices; and to make tailored referrals to Company and other assistance programs.

The Company determined in its 2020-2025 USECP that approximately 24,494 households were eligible to participate in the Smart Comfort Program, with an average job cost of \$585. In calendar year 2022, the Company spent approximately \$2.6M on its LIURP,

² Duquesne Light is a member of the Energy Association of Pennsylvania, which is also submitting comments at this docket. In addition to the positions stated herein, Duquesne Light generally supports the positions articulated in EAP's comments to the extent they are consistent with the comments submitted by the Company.

³ Duquesne Light defines a low-income customer as one with an income of 150% of Federal Poverty Index Guidelines ("FPIG") or below.

⁴ See *Duquesne Light Company Universal Service and Energy Conservation Plan for 2020-2025*, Docket No. M-2019-3008227.

completing approximately 22 heating, two water heating, and 3,100 baseload jobs.⁵ The Company projected to complete 310 heating jobs, five water heating jobs, and 2,785 baseload jobs in 2023.⁶

As an electric distribution company (“EDC”) subject to the provisions of these regulations and implementing a LIURP in its service territory, Duquesne Light is an interested stakeholder in this proceeding and files these comments for the Commission’s consideration.

III. COMMENTS

Duquesne Light agrees that, after 25 years and significant changes in policy, customer usage patterns, technology, and the energy landscape, it is appropriate to revisit the LIURP regulations with a goal of ensuring operational efficiency and reducing energy costs to customers. The Company believes that, overall, the existing regulations “establish fair, effective and efficient energy usage reduction programs.”⁷ As such, the Commission and stakeholders must ensure any revisions balance maximizing benefits with ensuring that other residential customers are not overly burdened with increasing and/or unnecessary costs. The suite of universal service programs is meant to improve energy affordability for low-income customers but should not be seen as an avenue to subsidize all low-income customers’ bills. As noted in Duquesne Light’s comments in the Commission’s 2023 Review of All Jurisdictional Fixed Utilities’ Universal Service Programs: “Utility assistance programs alone cannot be expected to solve larger societal problems.”⁸ The impact of increasing program costs is greater financial

⁵ See *Universal Service Program & Collections Performance – 2022 Report*, Pennsylvania Public Utility Commission Bureau of Consumer Services, Sept. 2023, at pp. 53-54.

⁶ See *Universal Service Program & Collections Performance – 2022 Report*, Pennsylvania Public Utility Commission Bureau of Consumer Services, Sept. 2023, at pp. 53-54.

⁷ See 52 Pa. Code § 58.1.

⁸ See *2023 Review of All Jurisdictional Fixed Utilities’ Universal Service Programs*, Comments of Duquesne Light Company, Docket No. M-2023-3038944, filed June 7, 2023, at p. 3.

burden on nonparticipating residential customers, which could include those at or below 250% of FPIG who are not participating in programs, as well as those designated as Asset Limited, Income Constrained and Employed (“ALICE”). ALICE customers are frequently just above the 250% of FPIG. These customers are not eligible for assistance programs, but struggle to meet basic needs. The Commission must remain focused on maximizing the efficiency of programs to reduce administrative costs while ensuring sustainable cost savings to participating customers.

Section 58.1. Statement of Purpose.

As noted above, Duquesne Light submits that the regulations currently meet the charge of § 58.1. The Company wishes to add more nuance to the following proposed sentence from the Statement of Purpose: “[**The**] A reduction in energy [**bills**] usage [**should decrease**] **creates cost savings, which can lessen** the incidence and risk of customer payment delinquencies and the attendant **public** utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.” In Duquesne Light’s experience, the LIURP program results in electricity savings each year; however, cost savings vary by participant. Not every job results in cost savings, as some customers may have experience changes in household members, occupancy patters, or other changes. These jobs still have benefits, increasing comfort and safety of the premise and reducing energy usage below what it would have been, absent the LIURP improvements.

Additionally, the Company has concerns with the definition of “special needs customer” and the particular focus on those customers and, as such, disagrees with the inclusion of “special needs customers” in this section, discussed in more detail below.

Section 58.2. Definitions.

The Commission proposes the following definition for “special needs customer”: A customer whose household income is between 151% and 200% of the FPIG with one or more household members who meet any of the following criteria:

- Are age 62 or over or age five and under.
- Need medical equipment.
- Have a disability.
- Are under a protection from abuse (“PFA”) order.
- Are otherwise defined as a special needs customer under the public utility’s approved USECP.

The Company is concerned by the Commission’s expansion of this definition, especially the inclusion of any household member aged five and under. This would likely significantly expand the number of eligible households for Duquesne Light’s LIURP, potentially directing the program’s resources away from those most in need. The current definition of special needs customer is based on income level and demonstrated inability to pay. The Company believes this is the appropriate criteria. Should the Commission determine the definition should be expanded, it must assess the costs and benefits of expanding LIURP eligibility. Duquesne Light recommends the existing definition be maintained, perhaps with the final bullet of the proposed definition, allowing the utility and its stakeholders to agree to an alternate definition in the company-specific USECP.

The Company also questions what is considered “medical equipment” in this definition. This term could be interpreted very broadly, again potentially directing resources away from those who need them most. The Commission should also remain cognizant that a utility may not

reasonably be able to reduce consumption at a residence that has necessary medical equipment. While it is admirable to provide specific focus on such customers, there may be limitations to how a utility can help them. Any medical equipment should be clearly defined, and such provision should only be applicable to those customers either over the age of 62 or with a disability as defined under the ADA. The Company believes these requirements keep program measures and funds appropriately focused, and ensure budgets are not increased.

Section 58.3. Establishment and maintenance of a residential LIURP.

The Company believes the existing language of section 58.3 is sufficient. As described above, Duquesne Light has concerns with the inclusion of “special needs customers” as defined in the proposed regulations. While the Company does not disagree with a focus on certain customers with unique situations, as it does through its current USECP, the more expansive special needs definition and provisions included throughout the proposed regulations introduce a lack of regulatory clarity, likely increase costs, and fail to show a benefit beyond what the utilities currently provide. It is unclear to the Company that the benefits of the proposed changes outweigh the increase in program costs.

Section 58.4. LIURP budgets.

a.1. General

Duquesne Light agrees with the proposed section a.1, which provides that LIURP budgets are to be included for Commission review and approval in utility USECP filings. USECP proceedings provide for ample stakeholder input, along with input from the necessary

Commission subject matter experts, to develop plans that serve the needs of each specific utility service territory.

a.2. Special needs customers.

The Company does not disagree with the proposed language allowing for up to 25% of the LIURP budget to be spent on eligible special needs customers. Currently, Duquesne Light's USECP provides that up to 20% of program participants can be special needs, but that the spending on those special needs customers may be up to 50% of the annual budget. A limit of *up to 25%* of budget spending is acceptable. However, a requirement *to spend 25%* would be unreasonable and limit utility flexibility in addressing its customers' unique needs.

c. Revisions to a LIURP budget.

The proposed changes to the existing "Guidelines for revising program funding" section include more defined factors to be taken into account when a utility develops its LIURP budget. Duquesne Light agrees with subsections 1 and 2 regarding the estimated and confirmed numbers of customers at varying FPIG levels. This is information the utility already collects.

However, the Company disagrees with subsections 3 and 5 regarding the number of special needs customers and those that could be provided program services. A utility does not know the total number of customers in its service territory who: (1) need medical equipment (a vague designation as previously discussed herein), (2) have a disability, or (3) are under a PFA order. Unless a customer provides this information, it is not currently known or systematically tracked and maintained by Duquesne Light. Requiring utilities to determine this level of detail for its customer base would be cumbersome and costly. The Commission's proposed regulation fails to demonstrate that the benefits of such information would outweigh the costs.

Duquesne Light also has concerns with the provision in subsection 8, which proposes to require a LIURP budget to include “[a] plan for providing program services **to eligible customers** within a **[reasonable period of time] proposed timeline**, with consideration given to **[the contractor] ESP** capacity necessary for provision of services, **including time and materials**, and the impact on utility rates.” The addition of “eligible customers” should be clarified as to whether it refers to all potentially eligible customers or expected participants. Utilities cannot be expected to reach every eligible customer. Additionally, Duquesne Light prefers the existing language of “a reasonable period of time” and has concerns to committing to a strict timeline. The present language allows the utility flexibility to make adjustments based on conditions, so long as it meets the target. As FirstEnergy noted in its previous comments in this proceeding: “...[P]ublic utilities have no reasonable basis for projecting the timeline for a single job, let alone for all feasible LIURP jobs, as the timeline of a LIURP job is determined after visiting each residence and evaluating the cost-effective measures available to the customer.”⁹

d.1. Unspent LIURP funds.

Duquesne Light disagrees with the addition of this provision that would dictate that unspent LIURP funds be carried over from program year to program year. The Commission appears to recognize that flexibility in such a provision is needed based on its inclusion of “unless an alternate use is approved by the Commission in a USECP proceeding.” The Company asserts that the matter of unspent LIURP funds should continue to be addressed in company-specific USECP proceedings.

⁹ See Reply Comments of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company, at this docket, filed Mar. 1, 2017, at p. 5.

e. Recovery of LIURP costs.

The Company does not disagree with the changes proposed in this section. Duquesne Light agrees with the overall position the Commission appears to take regarding LIURP budgets being determined via USECP proceedings, with the associated recovery of costs being determined via rate proceedings.

Section 58.5. Administrative costs.

Duquesne Light does not oppose the proposed changes to Section 58.5.

Section 58.6. Consultation.

Duquesne Light does not oppose the proposed changes to Section 58.6.

Section 58.7. Integration.

Duquesne Light does not oppose the proposed changes to Section 58.7.

Section 58.8. Tenant household eligibility.

Duquesne Light does not oppose the proposed changes to Section 58.8. In particular, the Company supports making section (c) “optional.” The Company appreciates the intent of this provision in ensuring that utility-funded improvements do not have the unintended consequence of forcing the tenant out of the improved space. However, Duquesne Light believes that requiring a landlord to agree to restrictions on changing rent or eviction practices as a condition for the tenant to participate in LIURP will disincentivize landlord participation, reducing options for program-eligible tenants. If the landlord declines to participate, the options to assist a

customer are much more limited. By making this provision optional, the Commission opens the door to eligibility for renters who might otherwise be barred from participation.

Section 58.9. Program announcement.

Duquesne Light does not disagree with the revisions to proposed to Section 58.9 of the regulations. The Company currently utilizes a third-party vendor to translate program materials to non-English language options, in accordance with its current USECP.

Section 58.10. Prioritization of program services.

The Company disagrees with certain aspects of the Commission's proposed prioritization of customers. It understands the value in prioritizing a CAP customer, as the higher their monthly usage, the greater the costs spread to non-CAP customers. Additionally, the higher their usage, the faster they may use the maximum benefit. However, once enrolled in CAP, so long as a customer continues to pay the monthly CAP payment, they are no longer at risk of termination. In certain instances, customers with a lower delinquency would likely benefit more from LIURP services than a customer with a higher delinquency, because the customer with a lower delinquency has a greater chance of being able to pay down the delinquency. While it is true that a higher arrearage customer is likely more vulnerable because available assistance may not be sufficient to pay down delinquency, prioritizing LIURP services to these customers is an inefficient use of program dollars. Installation of efficient light bulbs, for example, are unlikely to make a significant impact on a customer's ability to pay down a very high balance, even if it results in energy savings going forward.

Throughout the proposed regulations and in the additional questions included in the NOPR Order, the Commission continually shifts focus to CAP customers, those with arrearages, those in debt, etc. Those issues are not the correct priority in a proceeding regarding LIURP. LIURP is a usage-focused program. While the Company recognizes the portfolio of universal service programs work together to assist vulnerable customers, the focus of LIURP is the subset of vulnerable customers whose usage is too high. CAP-related provisions are not appropriate for this proceeding and introduce regulatory uncertainty. The existing regulations provide the appropriate method for prioritizing services — “those with the largest usage and greatest opportunity for bill reductions relative to the cost of providing program services shall receive services first.”¹⁰

Section 58.11. Energy audit.

Duquesne Light strongly disagrees with the Commission’s proposed addition of subsection (c): “A public utility may not use the same ESP [energy service provider] that performed an energy audit at a dwelling to install the program measures determined appropriate by the energy audit at the same dwelling.” While the Company recognizes the Commission’s intent to limit an ESP’s potential financial motivation, there is no evidence to support that such a restriction is necessary nor that it benefits customers.

The Company utilizes a number of practices to prevent any issues related to an auditor completing unneeded work. For example, pre-approvals are required for comprehensive jobs. Additionally, post job inspections would identify if auditors were completing unnecessary work.

¹⁰ See 52 Pa. Code § 58.10(a)(1).

The proposed additional restrictions are unreasonable and will make program delivery more challenging and expensive.

First, it can be difficult to even schedule an audit with a customer due to a variety of factors, such as work schedules, childcare needs, etc. By requiring more than one visit, the utility risks being unable to provide the necessary conservation measures due to a customer's inability to facilitate multiple in-home visits. Second, by creating additional visit requirements, the proposed regulation will increase program costs, reducing the number of customers that can be reached and increasing costs paid by other utility ratepayers. Third, such a requirement creates greater demands on ESPs, potentially limiting the pool of ESPs available to perform the audits, increasing timelines in completing audits, and, again, increasing costs.

The Company notes that the Commission fails to fully support the need for this provision, including an analysis of the costs versus benefits. Duquesne Light recommends this proposed restriction be stricken from the final regulations.

58.12. Incidental repairs and health and safety measures.

Duquesne Light supports section 58.12(a). Addressing incidental repairs and health and safety measures in individual utility USECP proceedings is appropriate. By providing this flexibility, the utilities and stakeholders may determine the appropriate measures for the varying service territories across the Commonwealth.

However, the Company recommends removal of proposed subsections (a)(1) and (a)(2). The detail included in the Commission's proposed language, especially detailing what a health and safety measure entails, unnecessarily restricts possible measures and does not fully take into account service territory differences and even customer differences (e.g., electric versus gas

heating). The Commission's proposed definitions of incidental repair and health and safety measures in proposed section 58.2 appropriately define these items and, as such, further specificity in section 58.12 is unnecessary and limiting.

The Company does not disagree with the Commission's proposed language in section 58.12(b).

Duquesne Light also does not disagree with the proposed language in section 58.12(c), except (c)(2). As explained later herein, the Company has concerns regarding the extensive reporting provisions proposed by the Commission. The Commission fails to demonstrate the benefits of these reporting requirements and the intended use of the reported information. While reporting requirements may appear minor to non-utility stakeholders and regulators, these requirements do, in fact, take extensive resources at each utility to ensure compliance. DLC currently reports information to the Commission and interested stakeholders on dollars spent compared to budget; number of LIURP jobs completed, broken out by electric heat, water heating; and baseload jobs, along with the average job cost for each group; the number jobs completed jointly with each natural gas distribution company; number of refrigerator replacements; and the number of LED light bulbs and health and safety measures installed. The Company also shares information on the number of post-job inspections completed, reported by category (baseload or comprehensive), as well as a breakout of the number of jobs deferred with the reason for deferral.

The proposed additional reporting requirements will increase program costs, impacting all customers. The Company believes the Commission should provide a cost-benefit analysis or some supporting information demonstrating the need for the extensive reporting requirements outlined in this NOPR, including 58.12(c)(2).

58.13. Energy conservation education.

Duquesne Light disagrees with subsection (d)(4) as proposed by the Commission — “Energy conservation education must be provided by phone or in-person to recipients of program measures whose energy usage has increased 12 months post-installation.” This provision would require significant resources and costs. Further, this provision lacks clarity on what threshold of usage triggers the requirement and is duplicative of the proposed requirement under §58.14a., Quality control, subsection (f), which is discussed in more detail below.

The Company recommends this provision be removed from 58.13. If this provision is maintained, it should be clarified so that EDCs only provide such follow-up education to electric heating customers. As discussed in more detail regarding §58.14a, measures implemented with baseload customers are typically more behavioral focused, as compared to physical improvements. Additionally, specifying that the follow-up requirement only applies to heating customers ensures there is not overlap between the industries, as EDCs will address electric heating customers and NGDCs will address gas heating customers.

58.13a. LIURP pilot programs.

Duquesne Light proposes the addition of the phrase “but are not limited to” in section 58.13(a)(a) to allow flexibility in pilot program proposals, so that it reads, “(a) Public utilities may propose LIURP pilot programs that offer innovative services that may include, **but are not limited to**, the following.” Pilots are generally intended to provide an opportunity for new ideas. While the Company supports the options enumerated in items one through four, it believes further flexibility should be provided to allow for proposal of additional concepts.

The Company does not disagree with the proposed subsection (b).

Duquesne Light requests that the Commission clarify how changes to a pilot program would be approved, as described in subsection (c). The Company assumes the intent here is to ensure any pilot provisions, whether new, amended, or discontinued, be addressed via USECP dockets as opposed to rate or other proceedings. The Company recommends the Commission clarify that changes can be addressed through submission of a petition to the USECP docket, but that it does not require initiating a full USECP proceeding. The USECP is far more expansive than just LIURP, including other programs such as CAP and hardship fund.

58.14. Program measure installation.

Duquesne Light is generally not opposed to the changes to 58.14. However, the applicable measures under 58.14(a)(3) deserve additional discussion. The contractors who are in a customer's home for an EDC baseload visit can address behavioral changes, lighting, and refrigerator replacements or efficiency improvements. However, they will generally not be qualified to work on gas appliances, including a gas hot water heater. This language should be clarified to specify that EDC baseload visits may address electric water heaters, and NGDC baseload visit may address gas water heaters. The exception would be if a utility contractor determines there is an emergency safety hazard.

58.14a. Quality control.

Quality control is a priority of Duquesne Light. All weatherization contractors have a one-year guarantee on their workmanship. The Company does not oppose the quality control provisions under 58.14a, although it has concern with proposed subsection 58.14a(f), which requires additional follow-up to customers whose usage has increased more than 10% within the

first 12 months post-installation. Duquesne Light recommends this provision apply only to electric heating customers, not electric baseload customers. As described above, measures for baseload customers are often more focused on behavioral changes, as compared to physical changes to the residence, such as furnace replacement. The proposed requirement for customer contact and/or a follow-up inspection is more appropriately targeted to heating customers who have received more comprehensive measures.

58.14b. Use of an ESP for program services.

Subsection 58.14b(c) proposes to require that the utility contract with multiple ESPs or justify its use of a single ESP. The reasoning behind the proposed requirement is unclear. Duquesne Light notes that efficiency and reduced costs can result from use of a single program administrator. Competitive procurement practices ensure the single ESP is the best overall value. In the Company's experience, the single ESP contractor may utilize multiple subcontractors to implement the program in the utility's service territory.

With regards to 58.14b(d), the Company does not oppose allowing public utilities to prioritize contracting with CBOs that meet the necessary ESP qualifications. However, this should not be made a requirement, as, in the Company's experience, CBOs may not have interest in partnering with the utility on LIURP implementation, due to budget constraints, other priorities, staffing, etc.

58.14c. Inter-utility coordination.

Duquesne Light does not oppose the changes to 58.14c.

58.15. LIURP reporting and evaluation.

Duquesne Light has concerns regarding the additional information requested in 58.15(4).

Specifically, the following data points present concerns:

- (ii) Changes in customer utility bills.
- (iii) Payment behavior and account balances.
- (iv) Household demographic data at the time program measures were installed.

Compiling this additional data not previously reported adds additional burden and administrative costs. Data point (iv) could also be considered invasive. The Commission should focus on metrics related to performance and not demographics.

Additionally, clarity is needed around data point (v): “Assessment of the cost-effectiveness of ESPs used in providing program services and how the ESPs are meeting quality control standards. The public utility shall identify how this information is incorporated into LIURP management decisions.” The Company seeks clarity on the benchmark by which cost-effectiveness is measured. If cost-effectiveness is to be based on the amount of energy saved, this information would not be known until at least one year later.

During this time, a customer’s situation may have changed. For example, new family members may have been introduced to the home or appliances or medical equipment may be added. The additional energy usage resulting from these changes in circumstance would not have any correlation to the quality of service provided by the ESP. To require the utility to tease out these nuances has the potential to significantly increase time and cost associated with annual reporting.

58.16. LIURP advisory committee.

Duquesne Light does not oppose the proposed change.

58.17. Modifications of a LIURP.

Duquesne Light does not oppose the proposed change.

58.18. Waiver.

Duquesne Light does not oppose the proposed change.

58.19. Temporary suspension of program services.

Duquesne Light does not oppose the proposed change.

Cost Compliance with the Proposed Amendments and Timelines

The Commission requested feedback on the following:

- “Identify the benefits and adverse effects of the proposed amendments, including costs and cost savings. Explain how you arrived at your estimates.
- Quantify the specific costs, savings, or both, to a public utility anticipated to be associated with compliance with the proposed amendments. Your comments should provide details in terms of administering a LIURP. If you wish to address this in terms of the cost of providing LIURP services, that information must be set out separately from the cost of administration. Explain how you arrived at your estimates.

- Explain the additional legal, accounting, consulting, reporting, recordkeeping, and other work that would be involved in complying with the proposed regulations.”

At this time, Duquesne Light has not quantified the estimated costs of the proposed changes. Many of the proposed changes will not be difficult to implement. However, some, as noted throughout these comments, will add additional time, burden, and costs. The Company does not predict any savings to result from the proposed changes to LIURP. Additionally, as mentioned throughout, it is not clear that additional benefits will accrue to utility customers as a result of the increased program costs.

Additional Questions

The Commission posed a series of other questions regarding LIURP and its impacts on customer bills and arrearages. While Duquesne Light understands the Commission’s desire to obtain this information as guidance in developing revised regulations, the Company notes that including such questions in a NOPR is inappropriate. As described in the Annex, a NOPR must include the text of the proposed regulation. While the Commission provides such text, the additional questions outlined in the accompanying Order do not support any proposed regulatory changes. These questions appear to be a request for further information, which are not appropriate in a NOPR. It is unclear to the Company how the Commission intends to use the information gathered from stakeholders in response to these questions.

While Duquesne Light disagrees with addressing the content of the included questions as part of a LIURP rulemaking, the Company provides below the following feedback in response to the questions for the Commission’s information and education.

Question A. Has LIURP proven to be an effective means to help customers with extremely high arrearage balances (e.g., \$10,000 or more) maintain utility service and pay down this debt?

The Company has not found LIURP to be an effective means to help customers with extremely high arrearage balances. While the reductions in usage provided through LIURP measures are beneficial, they do not generally have a meaningful impact in reducing prior debt. LIURP's focus is not on arrearage reduction or forgiveness. Rather, its focus is on usage reduction, to make energy costs more affordable. Participation in LIURP should improve affordability for customers moving forward, due to reduced usage, but customers may use savings from reduced energy bills towards any number of expenses, not necessarily paying down an arrearage. It is not clear that LIURP participation directly influence arrearages, and, even less likely that LIURP would assist with extremely high arrearages over \$10,000.

Question B. Would offering LIURP to customers with high utility account balances and unusually high monthly average bills result in a decrease in the cost of collection efforts and a decrease in uncollectible write-offs? If so, what eligibility criteria may apply?

No. As provided in response to Question A, LIURP has not been shown to be an effective means to address existing arrearages. LIURP is not the appropriate program to address these issues.

Duquesne Light's service territory has a high concentration of natural gas heat customers and, as such, 90% of the Company's LIURP visits are baseload audits. A baseload audit may result in measures such as lightbulbs, smart power strips, nightlights, health and safety measures (carbon monoxide and smoke detectors), appliance replacement, and air sealing, when deemed

necessary. For customers that have high electric usage with a heating source other than electricity, a baseload audit may not result in significant usage reduction, and almost certainly will not result in changes to payment patterns.

Question C. At what arrearage accumulation point or points should a public utility intervene to assist a customer reduce the household's monthly bill to make the bills more affordable before the customer accumulates a balance of \$10,000 or greater? What criteria could the public utility use to identify customers who could benefit from LIURP treatment to minimize extremely high balances (e.g., amount of arrearage accumulating, age of housing and ability to provide conservation treatment, amount of average monthly bill compared to ability to pay, history of good faith payments, and the like)? Should the accumulation point be based on household income level or FPIG tier? What should the point or points be?

Utilities should take affirmative actions to assist customers with delinquencies, based on a combination of age and amount of the debt. There are a few reasons it makes sense to consider both the age and the amount of debt. First, some customers are *slow* paying customers and pose no material risk of becoming uncollectible or high balance accounts based on their payment history. In those cases, utilities should continue to deploy low-cost tools such as friendly reminders to prompt customer payment. Deploying more costly and time-intensive actions (like LIURP) for customers that can and will eventually pay their bill in full diverts limited resources from customers with substantial assistance needs.

Second, utility actions taken to prevent and mitigate large delinquency should be cost-effective and efficient. For example, it would be unreasonable to require a utility to incur \$1000

in expenses to resolve a \$100 delinquency, particularly if more cost-effective mechanisms are available. The Company is mindful that the cost to resolve and prevent the delinquency is borne by all customers. For these reasons, when a customer demonstrates an inability to pay their utility bill as evidenced by the increasing age and amount of the debt, utilities should—and often do—deploy the most cost-effective and effective interventions. Customers may be offered payment arrangements, Act 129 energy efficiency measures, universal service programs, and grant referrals to help resolve and prevent account delinquency. Duquesne Light submits that the PUC should maintain this flexibility for utilities and avoid being overly prescriptive or unreasonably usurping management discretion.

Finally, it must be noted that high balance accounts (\$10,000 and above) are most often the result of customers using various bill pay sanctuaries, such as medical extensions, disputes, complaints, and winter moratorium. Accordingly, changes to LIURP will not prevent the accumulation of high balance accounts. Often, low-income customers are in the untenable position of “taking from Peter to pay Paul” because there simply is not enough money in the household budget to satisfy their total obligations. In that case, some customers must prioritize paying bills based on urgency. When rules are established that reduce the need for customers to pay their electric or natural gas bill, those rules inadvertently contribute to increased delinquencies. The more payment sanctuaries available, the more likely the unpaid balance is to increase. While these rules may be intended to help customers, they are not always in customers’ best interest. Ultimately, changes to LIURP criteria will not resolve the customer’s income limitations or reduce their *existing* delinquency.

In summary, Duquesne Light believes that the Commission should focus on maximizing the efficiency and effectiveness of the program and providing excellent service to existing

customers. Spreading limited resources over a larger group of customers limits the ability to provide participants a substantial benefit or meaningful help.

Question D. How can coordination with other programs (e.g., Act 129) help customers with high arrearage balances who are income-ineligible for LIURP?

Utilities, as well as many state agencies and social entities, provide a wide array of support systems to assist customers with their energy burden. Utilities already work diligently to coordinate their suite of universal service programs to assist customers to the extent possible while ensuring costs are reasonable to the rest of their customers.

Specific to Act 129, utilities have been coordinating LIURP and Act 129 programs since the inception of Act 129, as required by the statute. While both programs improve efficiency to reduce energy costs, neither program provide sufficient assistance to customers to resolve high arrearages. Most LIURP participants are eligible for, and referred to CAP. Through CAP participation, these customers have an opportunity to receive arrears forgiveness and a substantial discount on their bill.

The Company submits that the required coordination is occurring. The Commission and utilities should continue to focus on reducing customer usage through implementation of substantial efficiency measures, weatherization, and health and safety improvements. Doing so will require a greater focus on better serving the existing customers, rather than serving more customers. To do both simultaneously would be cost-prohibitive.

Finally, the Company notes that customers may also receive assistance through state or local agencies, churches, community organizations, and others. Duquesne Light currently participates in the Commission's universal service working group, which is considering, among

other things, program coordination. The Universal Service Review proceeding (Docket No. M-2023-3038944) is the appropriate forum for consideration of questions of program coordination, not the instant proceeding.

Question E. What other avenues should be considered, in combination with or separate from LIURP, to help public utility customers maintain service if they have arrearage balances near or exceeding \$10,000? What programs exist or could be recommended to address the existing arrearage for customers income-eligible for CAPs so as not to burden ratepayers with write-offs of accumulated arrearages in the future?

Ideally, if a customer is facing financial hardship and has accumulated a balance in the thousands of dollars, the customer should apply for all available grant programs, in addition to enrolling in CAP once the grants are received and outstanding debt is paid down. Duquesne Light also offers payment arrangements, in addition to budget billing, to allow the customer to pay a manageable amount and avoid the threat of termination.

The Commission should partner with utilities and other interested stakeholders to pursue federal funding from the Infrastructure Investment and Jobs Act and/or Inflation Reduction Act to develop programs that will reduce customers' bills. Examples include weatherization and deployment of solar and other distributed energy resources that help customers offset their bills in a sustainable manner, while mitigating cost to nonparticipating customers.

While outside of the scope of the LIURP rulemaking, Duquesne Light recommends the Commission be open to proposed innovative programs and rates that may assist customers in managing energy expenses and bill payment. Examples could include increased use of email and/or text alerts to provide near-real time information on energy usage; beneficial electrification

where it results in customer benefits; potential pre-payment programs; and/or subscription/flat rates. Examples of each of these exist in other jurisdictions and can serve as a model for Pennsylvania.

The Company reiterates that LIURP is not an effective tool to address existing high arrearages. The Commission should consider solutions that are not funded through utility bills to mitigate high arrearages. Before expanding any utility assistance program, including LIURP, a cost-benefit analysis should be performed to ensure that programs are delivering value added service and achieving key metrics.

IV. CONCLUSION

Duquesne Light remains fully committed to helping its customers access programs that help to improve energy affordability, safety, and comfort. The Company is equally committed to partnering with the Commission and other interested stakeholders to design solutions. While Duquesne Light is supportive of efforts to review LIURP regulations for any necessary updates, it reiterates that the Commission should avoid expanding the scope of the program beyond its intended purpose, maintain a focus on improving cost-effectiveness and efficiency and ensure that each dollar spent is a wise investment of limited customer resources. Duquesne Light appreciates the opportunity to provide input regarding potential updates to the LIURP regulations and looks forward to continuing to engage in productive dialogue around delivery of universal services.

Respectfully submitted,



Lindsay A. Baxter
Manager, Regulatory and Clean Energy Strategy
Duquesne Light Company
411 Seventh Avenue, Mail Drop 15-7
Pittsburgh, PA 15219
lbaxter@duqlight.com
Tel. (412) 393-6224

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