



**Tishekia E. Williams, Esq., Managing Director, External Affairs and Regulatory Law
Duquesne Light Company Testimony before the Senate Consumer Protection and
Professional Licensure Committee**

January 28, 2025

Introduction

Good morning, Chairman Stefano, Chairwomen Boscola and members of the committee. Thank you for the opportunity to testify today regarding electric service affordability and universal services. My name is Tishekia Williams. I am the Managing Director of External Affairs and Regulatory Law at Duquesne Light Company.

For more than 100 years, Duquesne Light Company has proudly provided electric distribution and transmission services to customers in Allegheny and Beaver Counties. The Company provides electric service to more than 600,000 customers within its service territory, and roughly 500,000 are residential service customers. Duquesne Light is dedicated to safety, reliability and affordability for its customers. The purpose of my testimony today is to provide an overview of universal service program and the associated costs and benefits to customers.

Universal Services

Duquesne Light Company has a comprehensive Universal Service and Energy Conservation Plan, which consists of its Customer Assistance Program (“CAP”), Customer Assistance and Referral Evaluation Services (“CARES”), Low Income Usage Reduction Program (“LIURP”), and Hardship Fund administered by Dollar Energy. The goals of Duquesne Light’s universal service programs are to provide and maintain affordable service for income qualified customers, to assist income qualified customers to conserve energy and reduce residential utility bills, and to operate its universal service programs in a cost effective and efficient manner. These programs are guided by, and anchored to Pennsylvania Public Utility Commission policy statements, regulations and orders.¹

¹ 2019 Amendments to Policy Statement on Customer Assistance Programs, Docket No. M-2019-3012599 (Final Policy Statement and Order entered November 5, 2019); 52 Pa. Code §§ 54.71-§ 54.78; 52 Pa.Code §§ 69.261-69.267.

Customer Assistance Program (CAP)

The CAP program provides income qualified customers with a discount and opportunity for arrears forgiveness. Duquesne Light's CAP design is a Percent of Income Payment Plan (PIPP). CAP customers pay a percentage of their household income each month, as follows:

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Residential Service			
Income Level	Energy Burden (PIPP Percentage)	Accounts	% of Total
0-50%	2%	10,098	29.95%
51%-100%	4%	13,828	41.02%
101%-150%	4%	9,788	29.03%

Residential Heating			
Income Level	Energy Burden (PIPP Percentage)	Accounts	% of Total
0-50%	6%	1,255	25.21%
51%-100%	10%	2,296	46.11%
101%-150%	10%	1,428	28.68%

When a customer reaches the maximum annual discount within twelve months of the anniversary of the enrollment month, the customer is required to pay the actual bill at the full tariff rate. The discount will be reset annually after bill month 12. CAP is the most expensive universal service program because it provides significant benefits to customers. Universal Service Program costs, including CAP costs, are recovered through a reconcilable surcharge found in Duquesne Light's Tariff.

Customer Assistance Referral and Evaluation Services (CARES)

Duquesne Light's CARES program assists payment-troubled and special needs customers obtain necessary social service support and assistance. The primary objectives of the CARES program are to:

- Help customers experiencing payment hardships to manage their electric bills by providing them with information, resources and encouragement.
- Make tailored referrals to company and community assistance programs; and
- Maintain and/or establish partnerships and alliances with social service agencies, government offices, and community organizations to ensure maximum and timely assistance for customers who have personal or family hardships.

The program focuses on residential customers whose income is at or below 150% of the FPL and senior citizens over the age of 62 at the time of enrollment whose income is at or below 200% of the FPL. Community based organizations play an integral role in the CARES program. An outreach worker or community agency acts as an intermediary between the customer and the Company to link the customer to the necessary social service programs that will enhance the customer's ability to pay for electric service.

Low-Income Usage Reduction Program (LIURP)

Duquesne Light's Low-Income Reduction Program is called Smart Comfort. The program supports residential customers whose gross household income is less than 150% of the FPL and senior citizens whose gross household income is less than 200% of the FPL, with base load electric usage more than 500 kWh per month and who have been residing at their current address for at least six months. Smart Comfort key objectives are:

- To reduce the energy usage and electric bills of low-income customers.
- To increase the ability to pay for low-income customers.
- To provide safer living conditions for low-income customers through the reduction of secondary heating devices.
- To educate the customer on current conservation practices.
- To make tailored referrals to company and other assistance programs such as CAP, Dollar Energy Fund or private funds, LIHEAP, Act 129 programs and other weatherization programs.

Smart Comfort has evolved from strictly weatherization to an "end use" strategy. Usage reduction measures include cost effective appliance and lighting replacements in addition to determining if weatherization is warranted. Duquesne Light Company's Smart Comfort annual budget is \$3.5 million.

Hardship Fund

Duquesne Light's Hardship Fund is administered by the Dollar Energy Fund ("DEF"). The primary features of the Dollar Energy Fund include:

- Direct financial assistance for overdue energy bills
- Protection against shutoffs

- Referral to other programs and services

The Hardship Fund operates from October 1st of each year² and continues until funds are depleted. Dollar Energy is designed specifically for lower-income residential customers (household income at or below 200% of the FPL) who are unable to pay their electric service. The program focuses on lower-income customers who have overdue balances and an inability to pay the full amount of their energy bills. From January 1, 2022, through December 31, 2023, the income eligibility is 300% of FPL. Duquesne Light contributes up to \$375,000 annually, plus up to \$75,000 for administrative support to DEF. The average DEF customer grant amount is approximately \$399.

Universal Services Costs and Benefits

The cost of universal service programs has increased steadily in recent years. These cost increases are primarily driven by program design change, increases in generation costs and increased customer enrollment. See Attachment A – 5-year breakdown of Universal Service Cost.

The Company acknowledges the financial hardships being experienced by customers due to a multitude of economic factors. Duquesne Light Company works diligently to manage and control its cost of service. We recognize that access to electric service is essential to the health and safety of our customers, as well as the economic vitality of our region. High energy burdens disproportionately strain low-income households, forcing them to allocate a significant portion of their income to utility bills. While low-income programs are important and necessary, the most effective way to improve customers' access to energy is by improving their access to family sustaining wages.

Presently, Duquesne Light invests more than \$60-70 million annually in programs designed to lower customers' energy consumption and costs, and to help ensure access to electricity for low-income customers. Notably, these costs are borne by customers. While we are proud to provide products, services, and programs to help ensure access to electricity for our most vulnerable customers, we must also consider the interest of all customers and must recognize the inherent limitations in our ability to solve customers' economic challenges via bill discounts.

² Notably, customers whose income is at or below 250% of federal income poverty guidelines are protected from termination of service from December 1 through April 1 of each year under current law.

Duquesne Light Company Universal Service Costs 2020-2025

November 2019 through October 2020

	Total
Deficiency	\$25,273,773
Frozen Arrearage	\$4,222,506
CAP Admin	\$1,845,997
Smart Comfort	\$1,374,016
CARES	\$135,000
Hardship Funds	\$155,713
<u>Total Expenses</u>	<u>\$33,007,004</u>

November 2020 through October 2021

	Total
Deficiency	\$25,648,348
Frozen Arrearage	\$4,328,103
Recoverable PIPP Costs - 55%	\$1,567,712
CAP Admin	\$1,852,507
Smart Comfort	\$2,110,330
CARES	\$135,000
Hardship Funds	\$79,193
<u>Total Expenses</u>	<u>\$35,721,193</u>

% Different from Previous
Year 8%

November 2021 through October 2022

	Total
Deficiency	\$32,099,612
Frozen Arrearage	\$7,257,819
Recoverable PIPP Costs - 55%	\$1,657,578
CAP Admin	\$1,831,519
Smart Comfort	\$3,136,809
CARES	\$135,833
Hardship Funds	\$172,614
<u>Total Expenses</u>	<u>\$46,291,783</u>

% Different from Previous
Year 30%

Duquesne Light Company Universal Service Costs 2020-2025

November 2022 through October 2023

	Total
Deficiency	\$36,556,196
Frozen Arrearage	\$5,523,803
Recoverable PIPP Costs - 55%	\$469,934
CAP Admin	\$1,681,315
Smart Comfort	\$3,625,222
CARES	\$145,000
Hardship Funds	\$203,120
<u>Total Expenses</u>	<u>\$48,204,589</u>
% Different from Previous Year	4%

November 2023 through October 2024

	Total
Deficiency	\$37,083,724
Frozen Arrearage	\$3,849,317
Recoverable PIPP Costs - 55%	\$107,631
CAP Admin	\$1,797,361
Smart Comfort	\$3,829,753
CARES	\$145,000
Hardship Funds	\$82,086
<u>Total Expenses</u>	<u>\$46,894,872</u>
% Different from Previous Year	-3%

Forecasted CAP Expenses November 2024 through October 2025

	Total
Deficiency	\$44,773,498
Frozen Arrearage	\$4,300,810
Recoverable PIPP Costs - 55%	\$151,292
CAP Admin	\$2,043,554
Smart Comfort	\$3,526,500
CARES	\$144,996
Hardship Funds	\$130,000
<u>Total Expenses</u>	<u>\$55,070,649</u>

Duquesne Light Company Universal Service Costs 2020-2025

% Different from Previous
Year 17%