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File #: 2267/148354

February 1, 2012

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Investigation of Pennsylvania's Retail Electricity Market: Intermediate Work Plan
Docket No. I-2011-2237952

Dear Secretary Chiavetta:

Enclosed please find Duquesne Light Company's Reply Comments in the above-referenced proceeding. Copies will be provided as indicated in the certificate of service.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Anthony D. Kanagy', is written over a circular stamp or mark.

Anthony D. Kanagy

ADK/skr

Enclosures

cc: Office of Competitive Market Oversight (*via email @ ra-RMI@state.pa.us*)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Investigation of Pennsylvania's :
Retail Electricity Market: : Docket No. I-2011-2237952
Intermediate Work Plan :

**REPLY COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

On December 16, 2011, the Pennsylvania Public Utility Commission's ("Commission") entered a Tentative Order in the above-captioned proceeding. In the Tentative Order, the Commission set forth an Intermediate Work Plan designed to improve the retail electricity market. The Commission further requested that parties submit Comments and Reply Comments in response to the issues addressed in the Tentative Order. On January 17, 2012, Duquesne Light Company ("Duquesne Light" or the "Company") submitted its Comments in response to the Commission's Tentative Order. The Company's Comments set forth in detail its position on the Intermediate Work Plan issues. Duquesne Light hereby submits its Reply Comments in response to the Comments submitted by the other parties. Given the detail provided in the Company's Comments, Duquesne Light is not filing extensive Reply Comments on all issues raised by the parties, but rather is submitting brief Reply Comments to a few of the issues raised by certain parties.

II. REPLY COMMENTS

A. RETAIL OPT-IN PROGRAM

Parties present a wide range of opinions regarding Retail Opt-In Auction rules. Certain parties, such as Dominion, do not want any caps limiting the number of Retail Opt-In Auction customers. Others such as OCA, want to limit the number of customers that can participate in

Retail Opt-In Auctions. Parties also have differing opinions on the level of supplier load caps for the Retail Opt-In Auction.

For these reasons, Duquesne Light requests that the Commission grant EDCs considerable flexibility to propose appropriate terms for Retail Opt-In Auctions in their upcoming default service plans as well as flexibility in how those programs are offered. This flexibility will give EDCs and interested parties the ability to tailor specific programs to the circumstances in individual EDC service territories.

Parties also have different views on whether small commercial customers should be able to participate in the Retail Opt-In Auction. In its Tentative Order, the Commission stated that a Retail Opt-In Auction should be limited to residential customers. Certain EGSs, however, want to expand the Retail Opt-In Auction to small commercial customers. However, such an expansion would require separate bids for service to the classes. Duquesne Light agrees with the Commission that Retail Opt-In Auctions should be limited to residential customers and opposes expansion of this program to small commercial customers.

B. NEW/MOVING CUSTOMER REFERRAL PROGRAM

In their Comments, certain parties have expressed a wide range of views and differences of opinion on the effectiveness and cost of New and Moving Customer Referral Programs. For example, several EGSs have questioned whether a New and Moving Customer Referral Program would be beneficial. See Direct Energy Services LLC Comments, p. 2. Another party has indicated that the rules regarding a New and Moving Customer program are making it too complex. RESA Comments, p. 8. Another party supports a New and Moving Customer referral program with different rules than those proposed by the Commission. Washington Gas Energy Services, Inc. Comments, pp. 3-4. Concerns also have been expressed about customer confusion created by overlapping customer referral programs.

Given the wide range of views among EGSs regarding the effectiveness of New and Moving Customer Referral Program, including the opinion of certain EGSs that the program will not be beneficial, Duquesne Light requests that the Commission grant EDCs flexibility in deciding whether to offer a New and Moving Customer Referral Program operated by call center contacts. Duquesne Light notes that it already provides new and moving customers with information regarding shopping in the Company's new customer packet and other materials relating to new service. This information includes a link to the OCA shopping guide and to the statewide shopping website. Duquesne Light intends to continue these practices in its next default service proceeding. Duquesne Light recommends that the Commission not require additional customer referral measures that would adversely burden call center operations where parties doubt the effectiveness of the program.

C. PILOT PROGRAMS/ EARLY IMPLEMENTATION OF PROGRAMS

In its Comments, RESA recommends that the Commission reconsider its determination that a pilot opt-in auction would be of limited usefulness and could not likely be implemented in 2012. RESA Comments, p. 11. Duquesne Light does not agree with RESA's suggestion. EDCs have either recently filed default service plans for service rendered on and after June 1, 2013 or are currently preparing such plans to be filed in the near future. Duquesne Light believes that it is important for Company resources to be focused on those default service filings. Any program, even a pilot program, would take considerable time to develop, file and get approved by the Commission. Any pilot program would be implemented so late that it would be impossible to use the pilot results as a basis for plans to be adopted in the EDCs next default service filing. In fact, most EDCs default service filings will already be approved by the Commission before the pilot would be implemented. The same rationale applies to RESA's requests for early

implementation of the New and Moving Customer Referral Program and the Standard Offer Service Referral Program. See RESA Comments, pp. 4-6.

For these reasons, the reasons explained by other parties, and the reasons explained in the Intermediate Work Plan Tentative Order, Duquesne Light does not believe that a pilot retail opt-in program is useful or appropriate and does not believe that the New and Moving Customer Referral Program or the Standard Offer Service Referral Program should be implemented prior to the Company's next default service proceeding.

D. DUQUESNE LIGHT FEES

In their Joint Comments, Constellation New Energy, Inc. and Constellation Energy Commodities Group, Inc. (collectively "Constellation") argue that Duquesne Light's fees for the use of Multiple Scheduling Coordinators are excessive and create barriers to competition. In addition, RESA argues that Duquesne Light's fee for interval data requests, when an electricity generation supplier ("EGS") makes multiple requests per account in a calendar year, is unnecessary.

Initially, Duquesne Light does not believe that it is appropriate for Constellation and RESA to raise these specific, individual EDC issues in a generic statewide proceeding. Any challenge to these fees should be presented and resolved in other proceedings, where all parties will have a full and fair opportunity to present evidence regarding the reasonableness of these charges.

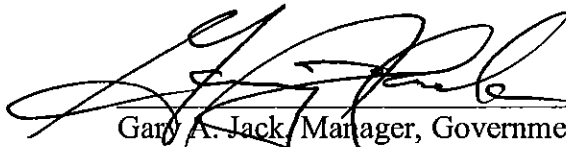
Duquesne Light also notes that it submitted its Multiple Scheduling Coordinator fee schedule to the Commission in response to the Commission's Order entered on April 13, 2000 at Docket No. M-00991230,F0002. In that Order, the Commission allowed EGSs to raise concerns about the level of Multiple Scheduling Coordinator fees. Duquesne Light also notes that its interval data charge is contained in the Company's Supplier Tariff, which has been approved by

the Commission. Duquesne Light disagrees that these fees have presented barriers to competition because Duquesne Light clearly has some of the highest levels of shopping in the Commonwealth.

III. CONCLUSION

Duquesne Light supports the Commission's retail markets investigation and supports many of the proposals contained in the Intermediate Work Plan Tentative Order. Duquesne Light has achieved high levels of shopping in its service territory and will continue to promote competitive measures in its next default service proceeding. In that regard, Duquesne Light requests that the Commission give the Company and interested parties flexibility in implementing the measures contained in the Intermediate Work Plan Tentative order so that parties can attempt to develop mutually amicable resolutions of retail market issues in future default service proceedings.

Respectfully submitted,



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