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December 15, 2023

Via Electronic Filing

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

Re: Duquesne Light Company - Default Service Plan IX
Standard Offer Program Annual Report
Docket No. P-2020-3019522

Dear Secretary Chiavetta:

Enclosed for filing, please find an original copy of Duquesne Light Company's ("Duquesne Light" or the "Company") Annual Report of Customer Activity and Rates Following Standard Offer Program for 2023 ("2023 SOP Annual Report"). The 2023 SOP Annual Report is filed pursuant to the *Joint Stipulation of Duquesne Light Company, The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and The Office of Consumer Advocate* ("Joint Stipulation"), approved by the Pennsylvania Public Utility Commission by Order entered January 14, 2021, at Docket No. P-2020-3019522. The Joint Stipulation provides in relevant part that the Company will submit annual reports, beginning 2022, that include analyses of SOP participants' effective supply rates following their initial 12-month SOP period.

Should you have any questions, please do not hesitate to contact me.

Respectfully Submitted,

Emily Farah
Counsel, Regulatory

Enclosures

Cc: Certificate of Service

CERTIFICATE OF SERVICE

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

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Date: December 15, 2023

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DUQUESNE LIGHT CO.

Annual Report – Customer Activity and Rates Following Standard Offer Program 2023

December 15, 2023

Introduction

Duquesne Light Company ("Company") hereby submits this Standard Offer Program ("SOP") Report pursuant to the Joint Stipulation of Duquesne Light Company, The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania, and The Office of Consumer Advocate ("Joint Stipulation"), approved by the Pennsylvania Public Utility Commission by Order entered January 14, 2021, at Docket No. P-2020-3019522. The Joint Stipulation provides in relevant part that the Company will submit annual reports, beginning 2022, that include analyses of SOP participants' effective supply rates following their initial 12-month SOP period.

The analysis contained herein includes residential customers[1] that began participating in the SOP during the period January 1, 2018, through July 15, 2022, and whose initial 12-month SOP period concluded on or before July 3, 2023. The analysis only includes SOP customers that completed the full 12-month SOP term.[2]

Standard Offer Program Description

The Company's SOP allows customers to enroll with a participating electric generation supplier (EGS) for a 12-month term at a rate 7% less than the Price to Compare ("PTC") effective at the time of enrollment. The 12-month SOP contract may not impose sign-up or termination fees, and customers may cancel the SOP contract during the 12-month term without penalty.

Participating customers are not automatically returned to default service at the end of the 12-month SOP term. Following expiration of their SOP contract with an EGS, a customer will continue to be served by the EGS unless that customer takes affirmative action – i.e., closes their account, returns to default service, or switches to another EGS. EGSs are required, per 52 Pa. Code § 54.10, to provide communications to customers regarding the expiration of contracts and the terms of new contracts to which the customers may be subject.

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[1] The SOP is also available to small commercial and industrial ("C&I") customers. However, due to the low SOP enrollment rates among these customers (only 9 small C&I customers enrolled in the SOP in analysis timeframe), they were omitted from this analysis.
[2] For the purposes of this analysis, a customer who remained on the same SOP rate for at least 344 days was deemed to have completed their initial 12-month SOP term. This 344-day timeframe allows for a three-week period to account for variations in billing cycle durations.

Residential Analysis

The Company reviewed residential customers who entered into the SOP during the period January 1, 2018 through July 15, 2022 and whose initial 12-month SOP period concluded on or before July 3, 2023. Similar to analysis performed by PPL Electric Utilities Corporation in its 2021 Default Service Plan V filing ("PPL DSP V"),3 this analysis examined customer actions for the four months following SOP contract expiration. As shown in Figure 1, within one month of the expiration of their SOP contract approximately 21% of residential customers took affirmative action.4 Nearly 79% of customers remained with their existing EGS and were enrolled into new non-SOP contracts.5 Of these customers, approximately 19% left those contracts within four months of the expiration of their SOP contract. In total, 60% of residential customers remained with their supplier, on a non-SOP contract, following the four-month period.

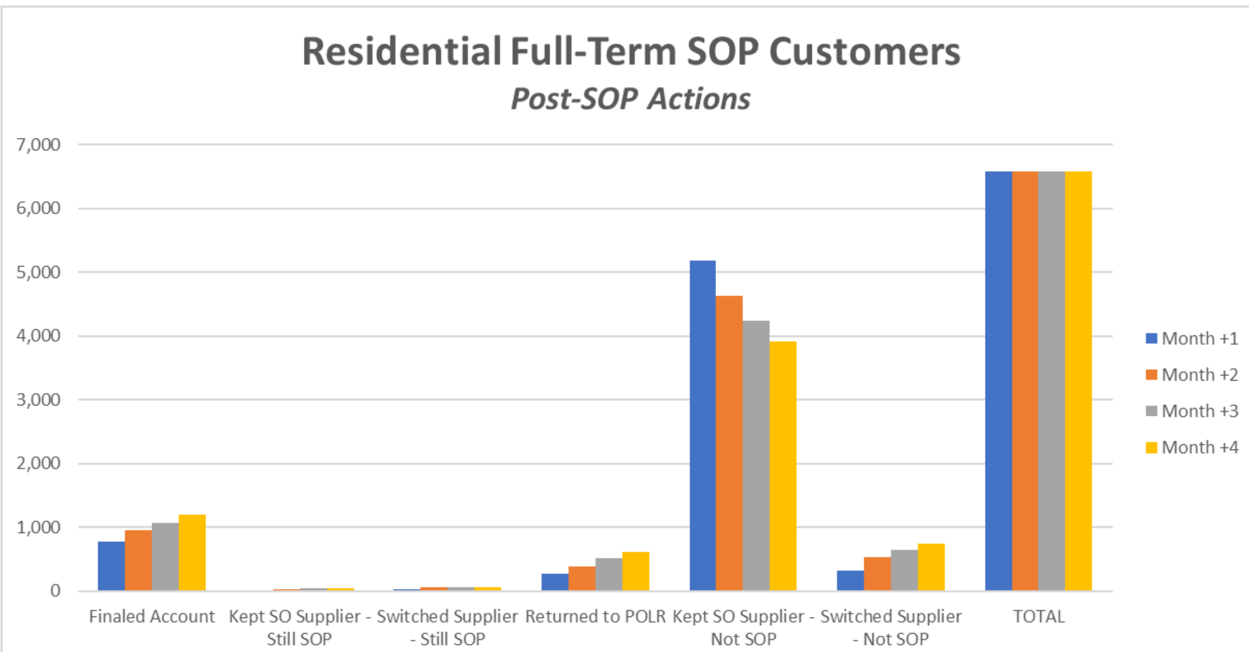

Figure 1. Residential SOP Customer Post-SOP Actions.

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[3] *See Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2021 through May 31, 2025*, Direct Testimony of Michelle LaWall-Schmidt, Docket No. P-2020-3019356 (hereinafter "PPL DSP V Filing").

[4] For purposes of this analysis, "affirmative action" was deemed to have occurred where the customer: closed their account, switched to a new supplier, returned to default service, or started a new SOP rate contract with their current supplier.

[5] The Company is not privy to the contracts between customers and EGSs. However, the Company does possess the effective rates charged by EGSs to residential customers, which were used for purposes of this analysis. The Company infers that where an EGS begins to charge a non-SOP rate to a residential customer following the 12-month SOP period, this indicates the commencement of a new non-SOP contract between the customer and the EGS.

Approximately 90% of the residential customers who were enrolled into a new, non-SOP contract with their supplier paid a rate greater than the Company's then-effective PTC within the first month of the new contract. Figure 2 provides a breakdown of the rates charged to the customers remaining with their EGS post-SOP term. Of these, 84% were charged more than 10% over the then-effective PTC. Many were charged significantly more than the PTC: 34% were charged rates 50-100% more and 19% were charged greater than 100% more than the then-effective PTC. Even after the fourth month, 32% were charged 50-100% over the then-effective PTC and another 21% were charged greater than 100%.

By the end of month four, 12% of customers remaining with their EGS post-SOP term were being charged a rate less than or equal to the then-effective PTC. By comparison, only 10% paid a rate less than or equal to the then-effective PTC at the end of the first month. This suggests that some customers who were being charged rates higher than the PTC took affirmative action by switching suppliers, returning to default service, or renewing their SOP contracts.

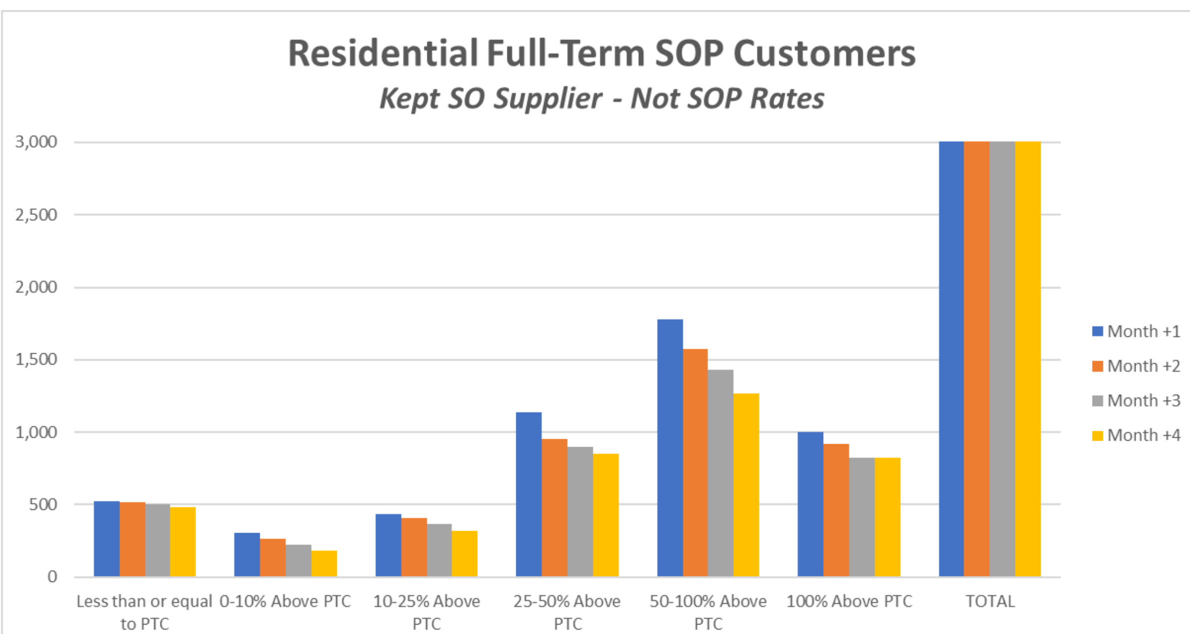

Figure 2. Residential EGS Rates Following SOP Period.

Conclusion

The Company's analysis shows that a large portion of residential customers take no action upon the expiration of the SOP term and remain with their SOP EGS at a new, non-SOP rate. Nearly 90% of those customers were charged a rate greater than the then-effective PTC. As a result, customers who did not take affirmative action upon expiration of their 12-month SOP period tended to experience higher electric bills than they would have received had they switched to default service or a lower-cost EGS product. In total, these customers were charged approximately $1,364,600 by their EGS during the four months following their initial SOP period. In comparison, these customers would have been charged a total of approximately $877,841 for default service during the same time period. These customers were thus charged approximately $486,759 – or about 55.45% – more than the corresponding default service charges.

The table below shows the data reported in 2022 compared to data reported in 2023. Consistent with the Joint Stipulation, the Company will continue to monitor these trends and report on them annually during the Default Service Plan IX period.

	EGS Energy Charges paid by customers on non-SOP contract, for four months following expiration of SOP	Amount customer would have paid on default service for four months following expiration of SOP	Difference	% Difference	Percent of Customers who remained with supplier on non-SOP contract following 4-month period	Customers who remained with EGS post-SOP term being charged more than PTC at end of month four
2023 Report (1/1/18-7/3/23)	$1,364,600	$877,841	$486,759	55.45%	60%	88%
2022 Report (1/1/18-6/9/22)	$623,865	$443,421	$180,444	40.70%	60%	82%