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Our Energy...Your Power

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August 31, 2009

VIA Electronic Filing

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
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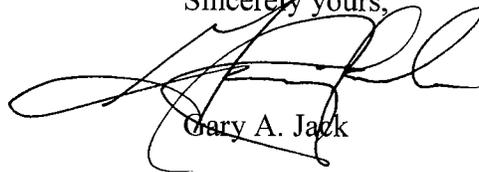
**Re: Petition of Duquesne Light Company's Energy Efficiency and
Conservation and Demand Response Plan
Docket No. M-2009-2093217**

Dear Secretary McNulty:

Enclosed for filing is a Joint Petition for Partial Settlement of a portion of Duquesne Light Company's Energy Efficiency and Conservation and Demand Response Plan requesting approval for Duquesne to start early three of its Energy Efficiency Early Start Programs.

Duquesne requests expedited treatment of the Joint Petition and that the Commission rule on this Settlement as soon as possible, in order to meet the requests of Duquesne customers for early startup.

Sincerely yours,



Gary A. Jack

Enclosure

cc: All parties listed on the
Certificate of Service
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF DUQUESNE LIGHT
COMPANY FOR APPROVAL OF ITS
EFFICIENCY AND CONSERVATION
PROGRAM** : : **DOCKET NO. M-2009-2093217**
: :
: :
: :

JOINT PETITION FOR PARTIAL SETTLEMENT

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company (“Duquesne” or the “Company”), the Office of Consumer Advocate (“OCA”), the Office of Trial Staff (“OTS”), Duquesne Industrial Intervenors (“DII”), ClearChoice Energy (“ClearChoice”), Direct Energy Business, LLC (“Direct Energy”), Equitable Gas Company, LLC (“Equitable”), Columbia Gas of Pennsylvania (“Columbia”), and Peoples Natural Gas Company d/b/a Dominion Peoples (“Dominion Peoples”) (collectively, the “Joint Petitioners”), by their respective counsel, submit this Joint Petition For Partial Settlement (“Settlement”) regarding the Company initiating three of its Energy Efficiency and Conservation Programs prior to final approval by the Public Utility Commission (“PUC”). In support of this Settlement, the Joint Petitioners represent as follows:

I. BACKGROUND

1. On June 30, 2009, Duquesne filed its *Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation Program*, requesting that the Pennsylvania Public Utility Commission (the “Commission”) approve Duquesne’s Energy Efficiency and Conservation and Demand Response Plan (the “EE&C Plan” or “Plan”) to reduce energy

consumption and demand in its service territory in accordance with the requirements of Act 129, 66 Pa. C.S. § 2806.1 (“Act 129” or the “Act”).

2. Specifically, Duquesne requested in its application the Commission to approve, among other things, an early launch of Duquesne’s proposed Residential School Energy Pledge Program, the Commercial Healthcare Program, and the Public Agency Partnership Program in order that Duquesne may meet and fulfill its customers’ requests to begin immediately implementing programs and to achieve customer energy savings as early as possible.

3. On July 2, 2009, Administrative Law Judge Fred R. Nene (the “ALJ”) issued a Notice scheduling a Prehearing Conference for July 28, 2009.

4. Petitions to Intervene in this proceeding were subsequently filed by DEP, DII, ClearChoice Energy, ACORN, FDSI, Direct Energy, Equitable, Dominion Peoples, Constellation, the gas companies, and EnerNOC. Notices of Intervention were filed by OCA and OSBA and OTS.

5. On July 18, 2009, notice of Duquesne’s filing and the July 28, 2009 Prehearing Conference were published in the *Pennsylvania Bulletin*.

II. TERMS AND CONDITIONS OF PARTIAL SETTLEMENT

6. The three programs that Duquesne requests permission to begin immediately are: (1) the Residential School Energy Pledge Program; (2) the Commercial Healthcare Program; and (3) the Public Agency Partnership Program (the “Early Start Programs”).

7. Duquesne’s Residential School Energy Pledge program provides education to students. The program will engage primary grades (K-5) students in approximately 162 primary schools in Duquesne’s service territory. Through this program, students learn about

energy efficiency, participate in a school fundraising drive and help their families to implement energy saving measures at home. Major program elements include: a kick-off assembly for the students, hands-on classroom lessons linking scientific concepts with practical applications, families signing a pledge to install energy efficiency measures contained in an energy saving toolkit, a graphic display at the school showing the number of pledge forms returned to the school by students and progress towards school fundraising and energy savings, and schools receiving energy efficiency incentive funds for the pledges returned. Duquesne estimates that the number of homes touched by this program will be 4,500. Duquesne estimates that the first year of the program (with expedited approval) will result in annual energy savings of 675,000 kWh, escalating to annual energy savings of 4,725,000 kWh by the end of the fourth plan year. The School Energy Pledge Program has a total four-year budget of \$2,000,667. The cost effectiveness under the Total Resource Cost (“TRC”) is 3.5, one of the highest in Duquesne’s Plan. Many schools are looking to plan their fall schedules now, so it is important that Duquesne be able to begin this program immediately.

8. The second program for which early startup is requested is Duquesne’s Commercial Healthcare Program. The Commercial Healthcare Program is tailored to assist the healthcare segment to overcome unique, segment specific barriers to energy efficiency program participation. It provides energy efficiency services to medical office buildings and acute care facilities. Duquesne will work directly with regional health care system administrators to establish a permanent framework for a long-term energy management program tailored to individual system administrator needs. Two of Duquesne’s major commercial healthcare customers would like to start immediately a program to be developed to specifically fit their needs. Therefore, Duquesne would like to meet the requests and financial resources that are

available to these customers now. The cost effectiveness under the TRC for this type of healthcare program is 2.6.

9. The final program which Duquesne would like to start immediately is the Public Agency Partnership Program. This program will engage local government in a partnership to implement a plan to systematically inventory efficiency gain potential present in local government departments and jurisdictional agencies. Duquesne has multiple local governments that would like to begin implementing this program as soon as possible. At the public input hearings held in Pittsburgh on August 5, 2009, testimony was provided by Allegheny County Economic Development representative Michael Gornick asking that the PUC grant permission for this program to begin immediately.¹ The cost effectiveness for programs such as this is 2.5.

10. No objection was made by any party to the requested early start-up of these three programs in Testimony and Comments filed by the parties on August 7, 2009. One party specifically recommended in its comments that the three programs should be permitted to begin early.² No party objected to the substance of any of these three programs. No party objected to the cost recovery of the three subject programs. Finally, no party raised either the early start up or any objections to the three programs at the evidentiary hearing on August 19, 2009.³

11. The Joint Petitioners agree that early deployment of Duquesne's Early Start of the three Programs is reasonable. The Joint Petitioners also agree that expedited approval of the

¹ Public Input Hearing Transcript, p 45

² Answer and Comments of the Duquesne Industrial Intervenors, Docket No. M-2009-2093217, at 24

³ The Joint Petitioners' agreement to this partial settlement should not be construed as a waiver of the parties' rights to advocate for changes to or elimination of the programs as part of subsequent filings or proceedings where the costs and benefits of the programs are considered.

Early Start Programs is appropriate to facilitate early customer savings, to meet customer needs, and to enable the EE&C plan to ramp up quickly.

12. The Joint Petitioners further agree that any consumption savings and/or demand reductions attributable to the Early Start Programs should be credited towards Duquesne's required annual consumption savings and demand reductions under Act 129. 66 Pa. C.S. § 2806.1(c), (d).

13. The Joint Petitioners agree that the proposed costs of these three programs should be included as part of Duquesne's proposed cost recovery mechanism.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

14. The Joint Petitioners submit that the Settlement is in the public interest for the following reasons:

- ***The Settlement Facilitates Early Customer Energy Savings And Allows Duquesne To Build On Customer Relationships.*** The Settlement will allow Duquesne to begin implementation of some of the most beneficial and cost effective programs in Duquesne's Plan for obtaining energy efficiency savings. In addition, early implementation provides Duquesne with a unique opportunity to leverage expenditures for members of Duquesne's community that want to be involved right away in the programs and are willing to work with Duquesne to kickoff these programs in a joint effort.
- ***The Settlement Is Consistent With Commission Policies Promoting Negotiated Settlements.*** The Joint Petitioners arrived at the Settlement terms concerning the Early Start Programs. Thus, the Settlement is consistent with the Commission's

rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391, 69.401).

- ***The Settlement Meets the Request of its Customers*** --- All three of these programs are proposed to start early due to requests from Duquesne customers.

IV. ADDITIONAL TERMS AND CONDITIONS

15. This Settlement is proposed by the Joint Petitioners to settle a portion of the issues in this proceeding and is made without any admission against, or prejudice to, any position, which any Joint Petitioner might adopt during subsequent litigation of this case, or any other case.

16. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify the terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five (5) business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect.

V. REQUEST FOR EXPEDITIOUS CONSIDERATION

17. In order to facilitate the earliest possible consumer energy savings, the Joint Petitioners respectfully request expeditious consideration of the Joint Petition and specifically request that the Settlement be placed on the Commission's agenda for consideration at the Commission's next public meeting.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the Commission approve the Settlement as set forth herein, including all terms and conditions thereof.

Respectfully submitted,



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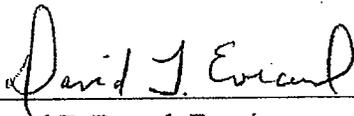
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August 27, 2009

Counsel for Duquesne Light Company

Note: A ** next to a signature will signify that the party is not joining affirmatively in the settlement but that the party is not opposed to the settlement.



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Joint Petition for Partial Settlement has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

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