



Duquesne Light
Our Energy...Your Power

411 Seventh Avenue
16th Floor
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

Gary A. Jack
Assistant General Counsel

September 10, 2009

Via Electronic Filing

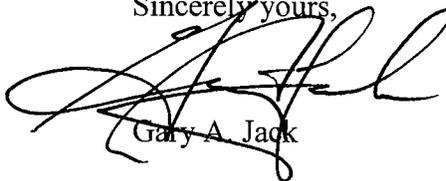
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Petition of Duquesne Light Company for Approval of its
Energy Efficiency and Conservation and Demand Response Plan
Docket No. M-2009-2093217**

Dear Secretary McNulty:

Enclosed for filing is the Reply Brief of Duquesne Light Company in the above-referenced proceeding.

Sincerely yours,



Gary A. Jack

Enclosure

cc: All parties listed on the
Certificate of Service
ALJ Nene

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Reply Brief of Duquesne Light Company 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):

VIA FIRST-CLASS MAIL AND/OR E-MAIL

David T. Evrard, Esquire
Tanya J. McCloskey, Esquire
Office of Consumer Advocate
555 Walnut Street
Harrisburg, PA 17101-1923
(717) 783-5048
(717) 783-7152 (fax)
devrard@paoca.org
tmccloskey@paoca.org

Charles Daniel Shields, Esquire
Adeolu A. Bakare, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-1976
(717) 772-2677
chshields@state.pa.us
abakare@state.pa.us

Pamela C. Polacek, Esquire
Shelby A. Linton-Keddie, Esquire
Barry A. Naum, Esquire
McNees Wallace & Nurick LLC
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000
(717) 237-5300 (fax)
skeddie@mwn.com
ppolacek@mwn.com
bnaum@mwn.com

George Jugovic, Jr.
Assistant Counsel
Department of Environmental Protection
400 Waterfront Drive
Pittsburgh, PA 15222-4745
(412) 442-4262
(412) 442-4267 (fax)
gjugovic@state.pa.us

Charles E. Thomas, Jr., Esquire
Thomas T. Niesen, Esquire
Thomas, Long, Niesen & Kennard
212 Locust Street
P.O. Box 9500
Harrisburg, PA 17108-9500
(717) 255-7615
(717) 236-8278 (fax)
cthomasjr@thomaslonglaw.com
tniesen@thomaslonglaw.com

Harry S. Geller, Esquire
John C. Gerhard, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101-1414
(717) 232-2719
(717) 233-4088 (fax)
hgellerpulp@palegalaid.net
jgerhardpulp@palegalaid.net

Christopher A. Lewis, Esquire
Christopher R. Sharp, Esquire
Melanie J. Tambolas, Esquire
Blank Rome, LLP
One Logan Square
Philadelphia, PA 19103
(215) 569-5793
(215) 832-5793 (fax)
Lewis@blankrome.com
Sharp@blankrome.com
Tambolas@blankrome.com

Carolyn Pengidore, President/CEO
ClearChoice Energy
180 Fort Couch Road, Suite 265
Pittsburgh, PA 15241
(724) 825-5391
Carolyn@ClearChoice-Energy.com

Daniel Clearfield, Esquire
Kevin J. Moody, Esquire
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
P.O. Box 1248
Harrisburg, PA 17108-1248
(717) 237-7160
(717) 237-6019 (fax)
dclearfield@eckertseamans.com
kmoody@eckertseamans.com

Daniel L. Frutchey, Esquire
Equitable Distribution
225 North Shore Drive
Pittsburgh, PA 15212-5861
(412) 395-3202
(412) 395-3155
dfrutchey@eqt.com

Scott Perry
Aspassia V. Staevska
Assistant Counsel
Department of Environmental Protection
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101-2301
(717) 787-7060
(717) 783-7911 (fax)
scperry@state.pa.us
astaevska@state.pa.us

Sharon E. Webb, Esquire
Office of Small Business Advocate
1102 Commerce Building
300 North Second Street
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)
swebb@state.pa.us

Lillian S. Harris, Esq.
Katherine E. Lovette
Hawke McKeon & Sniscak LLP
Harrisburg Energy Center
P.O. Box 1778
Harrisburg, PA 17105-1778
(717) 236-1300
lsharris@hmslegal.com
kelovette@hmslega.com

Scott H. DeBroff, Esq.
Alicia R. Petersen, Esq.
Rhoads&Sinon LLP
One South Market Square
P.O. Box 1146
Harrisburg, PA 17108
(717) 233-5731
sdebroff@rhoads-sinon.com
apetersen@rhoads-sinon.com

Theodore J. Gallagher
Senior Counsel
NiSource Corporate Services Company
501 Technology Drive
Canonsburg, PA 15317
(724) 416-6355
tjgallagher@nisource.com



Gary A. Jack
Kelly L. Geer
Assistant General Counsel
Duquesne Light Company
411 Seventh Avenue, 16th Floor
Pittsburgh, PA 15219
412-393-1541 (phone)/412-393-1418 (fax)
gjack@duqlight.com

Dated September 10, 2009

TABLE OF CONTENTS

I.	Introduction	1
II.	Procedural History.....	1
III.	Description of EDC Plan.....	1
IV.	Summary of Argument.....	1
V.	Argument.....	2
A.	Act 129 Conservation and Demand Reduction Requirements.....	2
1.	Overall Conservation Requirements.....	2
a.	2011 Requirements.....	2
b.	2013 Requirements.....	2
2.	Overall Demand Reduction Requirements.....	2
3.	Requirements for a Variety of Programs Equitably Distributed.....	2
4.	10% Government/Non-Profit Requirement.....	2
5.	Low Income Program Requirements.....	2
6.	Issues Relating to Individual Conservation and Demand Reduction Programs....	2
	Further Stakeholder Process	2
	Expiration Date Regarding Demand Response Programs	3
a.	Residential.....	3
	Program Rebate Levels	3
	Coordinating with other EDCs	4
b.	Commercial.....	4
c.	Industrial.....	4
7.	Proposals for Improvement of EDC Plan.....	4
	Energy Savings Contracts	4
a.	Residential.....	5
b.	Commercial.....	5
c.	Industrial.....	5
B.	Cost Issues.....	5
1.	Plan Cost Issues.....	5
	Inter and Intra class Fund Shifting	5
2.	Cost Effectiveness/Cost-Benefit Issues.....	6
3.	Cost Allocation Issues.....	6
4.	Cost Recovery Issues.....	6
	Interest on Over or Undercollections	6
	Grouping of Government/Non-Profit Customers	7
	PJM Peak Load Contribution Factor and Large C&I Customers	7
C.	CSP Issues.....	8
	Demand Reduction Caps	8
	Program Administration for Disadvantaged Businesses	8
D.	Implementation and Evaluation Issues.....	9
1.	Implementation Issues.....	9
2.	QA Issues.....	9
3.	Monitoring and Reporting Issues.....	9
	Mid-Course Plan Modifications	9

4. Evaluation Issues.....9
E. Other Issues.....10
Collaboration with local Natural Gas Utilities.....10
Fuel Switching Issues.....10
VI. Proposed Ordering Paragraphs.....10
VII. Conclusion.....13

TABLE OF AUTHORITIES

Cases

Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual Update, Docket No. M-00051865 (Order entered June 1, 2009) (“TRM Order”)..... 10

Implementation of Act 129 of 2008 – Total Resource Cost (TRC) Test, Docket No. M-2009-2108601 (Order entered June 23, 2009) (“TRC Order”)..... 10

Statutes and Regulations

66 Pa. C.S. §2806.1.....*passim*

V. Argument

A. Act 129 Conservation and Demand Reduction Requirements

Duquesne's plan is expected to achieve or exceed the energy savings and demand reductions mandated by Act 129.

1. Overall Conservation Requirements

a. 2011 Requirements

Please see DLC Main Brief at 5.

b. 2013 Requirements

Please see DLC Main Brief at 6.

2. Overall Demand Reduction Requirements

Please see DLC Main Brief at 6.

3. Requirements for a Variety of Programs Equitably Distributed

Please see DLC Main Brief at 6.

4. 10% Government/Non-Profit Requirement

Please see DLC Main Brief at 7.

5. Low Income Program Requirements

Please see DLC Main Brief at 7.

6. Issues Relating to Individual Conservation and Demand Reduction Programs

OCA requested that Duquesne further detail its stakeholder process by requiring quarterly meetings throughout the plan period as well as providing specific reports on implementation to the stakeholders. OCA M.B. at 32-33. Likewise, DEP and ACORN recommended such an approach. DEP M.B. at 11; ACORN M.B. at 2-3. Duquesne welcomes such a stakeholder process as it believes that process was helpful as it formulated its Plan. But quarterly meetings may not be the correct frequency. Duquesne believes it is better to hold stakeholder meetings

when needed or advisable --- which at times may be more than quarterly and at other times less than quarterly. As Duquesne has stressed, these plans are evolving. The Company does not have all the answers nor does it know the outcomes of the implementation of the programs — which is why Duquesne has emphasized its need for flexibility and the ability to make changes and move budgeted dollars to more productive programs when it sees problems or programs that are not achieving adequate results. Duquesne does not believe it is good for the efficiency of its plan to wait months to implement changes that need to be made. The stakeholder process will assist in explaining the early outcomes, gaining input, and keeping interested entities informed.

Duquesne also plans on providing written quarterly updates beginning in the first quarter of 2010 after the programs have been approved and the Company has started significant implementation. Accordingly, as long as Duquesne retains such flexibility, it supports this recommendation from OCA; DEP, and ACORN and will provide stakeholder meetings on an as-needed basis.

EnerNOC raises the prospect that demand response programs may expire after May 31, 2013. It notes curtailable load program costs could be higher if the term was three years or less versus five to seven years. It notes that Act 129 looks to the possible extension of the program to May 31, 2017. EnerNOC M.B. at 5-7. Placing aside EnerNOC's economic interests in having demand reduction programs last longer, Duquesne acknowledges there could be benefits to operating the same or different demand side reduction programs after expiration of this plan. But that is too early to determine. The purpose of this proceeding is to establish EEC&DR programs that run through May 31, 2013. That is a large enough hurdle for all parties to clear than trying to extend programs for years post expiration and to speculate on whether costs could be lower or higher depending on length of the program.

a. Residential

OCA asserts that Duquesne should coordinate with other EDCs to establish similar program rebate levels. OCA M.B. at 24. Although Duquesne would be willing to evaluate this option, it should not change its measure mix or incentive levels based on other utilities' plans. Duquesne documented the bases for the recommended measures, costs and incentive levels. These levels are supported and the programs incorporating them provide the means for Duquesne to achieve its reduction mandates. Duquesne does not share the same avoided costs, comparable program funding, target markets or program strategies as other utilities. Adopting the same

rebate levels as other EDCs would need to be based on a review of utilities' inputs and assumptions applied to establish incentive amounts (measure specifications and incremental costs) to assess whether the incentive amount is appropriate. Then offering the same incentive amount may not be appropriate for Duquesne. The decision to incent a measure at all should be tied to specific and demonstrated efficiency gain potential. As explained in the Main Brief, the Company's programs are "skinny" based solely on the mandated reduction and authorized funding. DLC M.B. at 10. Duquesne needs to pursue those programs that it believes can achieve the best results at the least cost. Those programs can be quite a bit different than other utilities due to different circumstances.

The OCA similarly requested that Duquesne consider working with other EDCs on measures where such coordination could achieve synergistic results. OCA M.B. at 23. Duquesne is willing to implement and/or coordinate EEC&DR programs with other EDC's and/or on a statewide basis when it provides economic benefit to its customers and programs. Currently, Duquesne is attempting to coordinate an EEC program with a neighboring utility that meets the criteria. Specifically, the refrigerator recycling program is proposed to be a joint effort with Duquesne and Allegheny Power. Duquesne has no objection to OCA's recommendation.

b. Commercial

Duquesne does not believe further argument is necessary under this provision.

c. Industrial

Duquesne does not believe further argument is necessary under this provision.

7. Proposals for Improvement of EDC Plan

DEP suggests promoting whole building conservation measures in the government/schools/non-profit sector through guaranteed energy savings contracts. It believes this is preferable to prescriptive rebate programs and is in the public interest because the program ultimately provides more significant energy savings than prescriptive rebate programs for lighting or HVAC replacement. DEP M.B. at 6. Duquesne's plan will in no way inhibit DEP's preferable approach of utilizing energy savings contracts, but does not agree that they are the only way to obtain energy savings. Thus, Duquesne's Plan already covers this recommendation.

First, it is important to know that the Company Plan *includes both* prescriptive rebates and custom incentives tailored to site-specific/customer-specific needs and opportunities. Second, Duquesne's Plan does not impair a government/school/non-profit's ability to obtain significant long term energy consumption through participating in such "guaranteed" or "shared savings" contracts because prescriptive and custom incentive payments can, at a customer's direction, be provided to the shared savings or guaranteed savings contractors who can incorporate the funds into their business model, product and service offerings. This approach increases profitability of the shared savings contract to the contractor who then acts as an engagement channel for the utility program. Informed shared savings or guaranteed savings contractors are "ambassadors" of the utility sponsored energy efficiency programs and do not compete or oppose activities that increase their outreach and profitability. Therefore, Duquesne does not recommend adoption of this modification.

a. Residential

Duquesne does not believe further argument is necessary under this provision.

b. Commercial

Duquesne does not believe further argument is necessary under this provision.

c. Industrial

Duquesne does not believe further argument is necessary under this provision.

B. Cost Issues

1. Plan Cost Issues

DII proposed to limit the Company's ability to reallocate interclass costs beyond 5% of the total plan budget without Commission approval. DII M.B. at 30-31. DII's proposal is cumulative so that one shift of 2.5% of the budget from Large Industrial to Large Commercial and a wholly unrelated shift of 2.5% from Small Commercial to Residential could totally consume the proposed 5% limit and no further shifting would be permitted for future years without a specific filing. Duquesne does not believe this amount provides sufficient flexibility that Duquesne needs to effectively manage its program. In other states, such a limit ranges from

15-25% per program year (as opposed to total plan budget). DLC M.B. at 18. As Duquesne noted in its Main Brief, it will need flexibility to move funds between customer classes in order to make sure the programs are on target to meet the Act 129 mandates. If Duquesne were limited to 5% of the total plan budget, even one transfer between customer classes could potentially use the entire 5%, leaving Duquesne with no flexibility for a necessary and unrelated transfer of funds. The 15-25% demarcation comes from experience with these types of programs in other states. DLC M.B. at 18. Movement of funds by Duquesne between programs within the same customer class in response to program results should not be limited at all, but should be reported quarterly.

2. Cost Effectiveness/Cost-Benefit Issues

Duquesne does not believe further argument is necessary under this provision.

3. Cost Allocation Issues

Duquesne does not believe further argument is necessary under this provision.

4. Cost Recovery Issues

Duquesne does not agree with OCA's proposal to eliminate interest on over or under collections on the surcharge. OCA M.B. at 29-30. OTS, on the other hand, proposes an interest charge, but that it is to be asymmetrical. OTS M.B. at 13-15. The Duquesne POLR tariff that OTS mentions regarding Duquesne's Default Service Supply was made effective as part of a settlement, and in no way should preclude Duquesne from collecting interest symmetrically in the EEC&DR proceeding. In sum, Duquesne believes an interest rate of 6% for both under or over collections is fair to it and its customers.

Duquesne wants to clarify what it believes is OTS's position in its Main Brief on whether interest costs or receipts should be part of the surcharge. OTS states, "Accordingly, the OTS proposal to apply eight percent (8%) interest has no impact on the Company's Plan costs and it should not be included in the two percent (2%) cap or recovered from ratepayers in any other proceeding." OTS M.B. at 15. The Company interprets this to mean interest is recovered outside the 2% cap, but is recoverable by the surcharge, and not in any other proceedings. If that

is what OTS means, Duquesne is in agreement. If not, then Duquesne would disagree and believes interest should be factored into the surcharge.

The OCA suggested that Duquesne be required to bid any qualifying energy efficiency and demand response measures into the PJM RPM auctions and credit customers for the value received through the cost recovery mechanism. OCA M.B. at 31. While Duquesne is willing to look into this option, it cannot make any firm commitments because all of the PJM base residual RPM auctions have already run for the delivery years through 2012-2013. These energy efficiency programs are scheduled to end in 2013. So it would appear that it could be impossible to bid into those auctions, but small incremental auctions could be reviewed. Additionally, certain requirements have to be met to be a capacity resource to be bid into RPM auctions. Duquesne does not know whether its energy efficiency savings will qualify as RPM capacity. Should there be defaults, the penalties are high. In sum, the Company will agree to look into OCA's suggestion, but for the reasons above cannot commit and the recommendation should not be adopted.

The OSBA asserts that Duquesne's grouping of Commercial customers with Government/Non-Profit customers is contrary to the requirement that the costs for approved measures be financed by the same customer class that will receive the direct energy and conservation benefits from those measures under 66 Pa. C.S. §2806.1(a)(11). OSBA M.B. at 6. Duquesne does not agree that separating Governmental/Non-Profit from Commercial class is necessary or feasible at this time. Duquesne's current billing system does not support this proposed separation. Further, unlike SIC code distinction between commercial and industrial customers, there is no clear distinction of what qualifies a customer as "Governmental/Non-Profit." Duquesne already has five surcharges and to add another at this point may create customer confusion and impact the current overall EEC&DR plan design with unintended consequences regarding who would qualify for certain products and incentives. Since this is a new proposal not previously raised by OSBA as a proposed change, Duquesne would recommend it not be adopted.

DII asks that Duquesne be required to employ the PJM Peak Load Contribution factor when determining Large C&I customer demand for purposes of the EE&C cost recovery mechanism. DII M.B. at 20-23. Duquesne is agreeable to this option. The Company agrees that over the course of the year, using the peak load contribution ("PLC") would result in a more

consistent and constant surcharge because the customer's PLC would not change on a monthly basis compared to the surcharge proposed in the Company's filing. The Company does not object to DII's proposed change in the calculation of the surcharge, with the understanding that there could be material changes in the charge to the customer from year to year if the customer's PLC changes.

C. CSP Issues

ClearChoice contends that the maximum amount of demand reduction served by any one curtailment service provider should not exceed 50% of the reduction required under the Plan. ClearChoice M.B. at 12. Duquesne disagrees as restrictions such as caps should not be imposed on Duquesne's small plan at this point in time. In the first year, only 3.6 MWs are needed for reduction. DLC Exhibit No. 1, Plan at 76. To limit any CSP to only 50% of the small market could hurt the willingness of CSPs to participate in the RFP. As Company Witness Barrett explained at the Evidentiary Hearing, the Company plans to select one or more CSPs through an open competitive bidding process. Tr. at 190. Duquesne would rather wait until the RFP results are known to see what the most cost-effective and economical result is for its customers. However, the concept of not exceeding 50% of the reduction could be acceptable in later years, as the quantity of megawatt reductions needed grows.

ClearChoice recommends another possible constraint on program administration by asking for a 25% set aside in the curtailable load program for disadvantaged businesses with the provision that such businesses would not have to post collateral or provide third party guarantees to participate in the program. ClearChoice M.B. at 13. While the Company intends to give every opportunity to disadvantaged businesses, a 25% set aside represents a potential constraint on program administration and injects legal concerns since some set asides have been ruled as unwarranted discrimination against those not receiving the preference. Such a set aside should be avoided for the same reasons as for the proposed 50% cap – program efficiency and cost-effectiveness should take precedence. As far as the policy issue ClearChoice raises in regard to disadvantaged businesses not posting collateral and third party guarantees, the collateral and third party guarantees are in place to protect ratepayers from CSP default. To require credit protection from certain CSPs and not require such credit protection from other CSPs would not be fair to other CSPs nor protect ratepayers.

D. Implementation and Evaluation Issues

1. Implementation Issues

Duquesne does not believe further argument is necessary under this provision.

2. QA Issues

Duquesne does not believe further argument is necessary under this provision.

3. Monitoring and Reporting Issues

OCA and ACORN suggested there should be a process for determining mid-course corrections and receiving approval of significant mid-course Plan modifications or cost recovery. OCA M.B. at 33-34; ACORN M.B. at 21-22. As noted in its Main Brief, the Company has in place evaluation, measurement and verification in the program plans and plans to file quarterly reports with the Commission according to the Implementation Order. DLC M.B. at 18-19. It also has agreed as part of this proceeding to have periodic collaborative meetings to share information and seek input from interested parties. It is anticipated that corrections will be made throughout the program. In DLC Exhibit No. 1, Plan Section 6, quality control and quality assurance provisions are in place that are administered throughout the program implementation period so that necessary “mid-course corrections” are visible to program managers. Additionally, the EEC & DR Plan evaluation measurement and verification plan identifies program key performance indicators that signal whether and to what extent programs are performing as planned. DLC Exhibit No. 1, Study at 166-213. Detailed data requirements described in this section support ongoing verification and validation of program performance. OCA and ACORN suggestions in this area are already accounted for in Duquesne’s Plan.

4. Evaluation Issues

Duquesne does not believe further argument is necessary under this provision.

E. Other Issues

OCA suggests that Duquesne consider opportunities for collaboration with local natural gas utilities. OCA M.B. at 24. Duquesne collaborates with natural gas utilities in Universal Service programs such as Smart Comfort. Duquesne is also planning on participating in the fuel switching Working Group that the PUC will set up according to the TRM Order. No specifics were recommended, so Duquesne is not able to fully comment on this suggestion.

NGDC asserts that the PUC should require that Duquesne report to it several situations in which a customer might switch from natural gas appliances to electric appliances or install electric heating where natural gas service is available. NGDC M.B. at 21. The Company rejects this assertion as such a reporting requirement would be much too difficult to patrol and meet. The appliances alone would be overly complex because they can be purchased through so many channels – store, mail, dealers, contractors, over the Internet and many other places. It also would likely hamper the ability of third parties, such as retail outlets, to administer the programs.

NGDC states that fuel switching is most likely to occur with space heating applications. NGDC M.B. at 10. Duquesne’s plan does not use such applications in its plan. DLC M.B. 21-22. Additionally, NGDC suggests restructuring the Company’s EEC&DR budget by displacing less cost-effective elements with fuel substitution. NGDC M.B. at 17. Duquesne’s budget is based on EEC&DR programs that have been thoroughly researched, benchmarked, and analyzed to be effective in its service territory. Duquesne based its plan on the TRC test and the programs that produce the highest results most cost effectively. It is neither required nor appropriate to base these programs on fuel substitution/switching. The intent and purpose of Act 129 is to reduce electric consumption--- not switch it to another “selectively chosen” carbon fuel.

Duquesne provides suggested ordering paragraphs:

VI. Proposed Ordering Paragraphs

THEREFORE, IT IS ORDERED:

1. That Duquesne EEC&DR Plan is hereby approved and is to be implemented with the following modifications/clarifications:

- a. Duquesne is directed to further examine and implement a residential furnace fan replacement program;
 - b. Duquesne is directed to further detail its stakeholder process by requiring meetings throughout the plan period as well as providing specific reports on implementation to the stakeholders as needed;
 - c. Duquesne is directed to employ the PJM Peak Load Contribution factor when determining Large C&I customer demand for purposes of the large industrial cost recovery mechanism;
2. That Duquesne may exclude the cost of the statewide evaluator from its maximum 2% cap on EE& C spending;
3. That Duquesne shall charge or receive the legal rate of interest on over or undercollections of its EEC&DR Cost Recovery Mechanism;
4. That interest costs or revenues on over or undercollections shall be a part of the EEC&DR Cost Recovery Mechanism;
5. That Duquesne may count the energy savings and costs associated with the early launch of the Residential School Energy Pledge Program, the Commercial Healthcare Program, and the Public Agency Partnership Program as part of its plan;
6. That Duquesne's plan budget is approved;
7. That all costs incurred to date in compliance with formulating an EE& C plan may be incorporated into the Cost Recovery Mechanism for further review and audit at the appropriate time;
8. Duquesne may shift funds within a customer class without further approval but must report any such movement in its next quarterly report;
9. Duquesne is limited to shifting funds between customer classes to no more than 25% of its annual budget for a customer class per year without additional Commission authorization, but shall report any such movement in its next quarterly report;
10. That Duquesne's EEC&DR surcharges are hereby approved as proposed and amended and will become effective on or before December 1, 2009;
11. Duquesne's programs were not developed to encourage fuel switching and thus the modifications proposed by the gas companies are rejected;

12. Energy savings jointly funded through Duquesne's Act 129 program and Act 1 or ARRA shall be accounted for as previously directed by the PUC;
13. That Duquesne is directed to combine its EE& C surcharge rates into its customers' existing distribution rates rather than individually set forth the charge on customers' bills;
14. Duquesne's building stock in its service territory would not produce cost effective benefits under the proposed budget from homogenous whole house audits, and thus the proposed statewide whole house audit program for Duquesne's plan is rejected;
15. Duquesne may include standby generators in its demand reduction program;
16. Duquesne is directed through its demand reduction RFP process to consider using more than one CSP;
17. The demand reduction program modifications that proposed to cap the amount of demand reduction a CSP can be awarded, provide a set aside of 25% for disadvantaged businesses, and not require CSP credit protection from only certain CSP's are rejected;
18. Duquesne's proposed matching of costs of incentives to those who pay for the incentives appears to be properly allocated in its Plan and will not be modified herein;
19. Duquesne's proposed allocation method for plan-wide administrative costs as well as statewide evaluator costs is approved; and
20. The Plan is approved through May 31, 2013, subject to future modification, and this Order does not provide authorization for the plan beyond that established date.

VII. Conclusion

For the reasons set forth above and in the Company's Main Brief, Duquesne's proposed Plan meets the requirements under 66 Pa. C.S. §2806.1(b)(1)(i)(A)-(K), and should be approved. Duquesne Requests approval of its Energy Efficiency and Conservation and Demand Response Plan, including the plan budget as well as the Energy Efficiency and Demand Response Surcharges to be effective as soon as possible after issuance of an order.

Respectfully Submitted,

Duquesne Light Company



Gary A. Jack, Esq.
Kelly L. Geer, Esq.
411 Seventh Ave, 16-1
Pittsburgh, PA 15219
412.393.1541 (phone)
gjack@duqlight.com
kgeer@duqlight.com

Counsel for Duquesne Light Company