



Duquesne Light
Our Energy...Your Power

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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 and approval is Duquesne Light Company's ("Duquesne") revised Energy Efficiency and Conservation and Demand Response Plan ("EEC&DR Plan"). Duquesne is making this filing pursuant to the Pennsylvania Public Utility Commission's ("Commission") October 27, 2009 order, which approved, with modifications, Duquesne's EEC&DR Plan at the above-referenced docket. Duquesne has made the Commission-requested modifications and they are shown by red-line in the enclosed Plan and explained in the enclosed application.

Sincerely yours,

Gary A. Jack
Assistant General Counsel

Enclosure

cc: ALJ Nene
All Parties on Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company :
Energy Efficiency and Conservation : Docket No. M-2009-2093217
Program :

COMPLIANCE FILING OF DUQUESNE LIGHT COMPANY FOR APPROVAL OF
REVISIONS TO ITS ENERGY EFFICIENCY AND CONSERVATION
AND DEMAND RESPONSE PLAN

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Duquesne Light Company (“Duquesne”) hereby files this compliance filing, pursuant to the Pennsylvania Public Utility Commission’s (“PUC” or “Commission”) Opinion and Order in the above-referenced docket, entered October 27, 2009 (“Order”), directing Duquesne to file revisions to its Energy Efficiency and Conservation and Demand Response Plan (“EEC&DR Plan” or “Plan”).¹ In support of this filing, Duquesne states as follows:

Low Income Program Requirements

1. The Commission found that Duquesne had 1 of 18 programs, or 5.5% that are targeted towards low-income customers. Order at 27. The Commission acknowledged that Duquesne’s Plan had a “number of measures proportionate to the low-income households’ share of total energy usage at this time,” but requested tracking be conducted because the 5.5% can also participate in three other

¹ While the Commission has not yet ruled on OSBA’s request that EDCs provide a red-line version of the amended EE Plans, Duquesne has provided such a red-line version and notes in the changes to the Plan discussed herein where those amendments may be found within the Plan document itself.

residential programs. Order at 27. The Commission directed Duquesne to track and report low-income customers that participate in Duquesne's other programs for residential customers. Order at 27. Duquesne's Program Management and Reporting System tracks this information by account number and premise number. Accordingly, Duquesne will track instances in which low-income customers participate in all residential programs that are not specifically directed toward low-income customers, and will include such collected information in Duquesne's annual report to the Commission. Please see page 10 of 197 in the revised version of the Plan for these amendments. Low-income customers are eligible for each of Duquesne's residential programs. Duquesne also plans on participating in the state-wide working group charged with developing implementation standards for deploying proportional energy efficiency and conservation measures to low-income customers.

Statewide Whole House Approach

2. Per the Order, Duquesne was not required to implement a whole house approach at this time. However, Duquesne will monitor and where possible, coordinate its planned whole house energy audits, especially in regard to LIEEP, with any statewide whole house programs that would benefit its customers. Order at 33. Please see page 45 of 197 in the revised Plan.

Use of Residential Furnace Fans

3. In Duquesne's first Residential Energy Efficiency Program, it did not include residential furnace fans because of what it later learned to be an error in its TRC calculations on furnace fans. The Office of Consumer Advocate pointed out the

benefits of such fans and Duquesne agreed that it should modify its plan to include them. Accordingly, Duquesne represents that it has modified its plan to include high efficiency furnace fans. This inclusion is referenced in Figure 5, Page 15 as well as page 24 of 197 in the revised Plan.

Bid Demand Response Measures into PJM Auction

4. Although the Commission did not require Duquesne to participate in the RPM program Base Residual Auctions (“BRAs”) for delivery years 2012-2013, it asked that Duquesne consider bidding the longer term energy efficiency programs into future BRAs. Order at 56. Duquesne plans to analyze to see if it can avail itself of PJM’s RPM program and is currently looking into whether it can bid longer term energy efficiency programs into future BRAs. This inclusion is referenced on page 5 of 197 of the revised Plan.

Separate Line Item on Customer’s Bill

5. Duquesne proposed five separate surcharges, which were proposed to be add-ons to its current distribution rates to recover its budgeted EE&C costs. The five proposed surcharges were (1) residential; (2) small and medium commercial; (3) small and medium industrial with metered demand up to 300 kW; (4) large commercial with metered demand over 300 kW; and (5) large industrial with metered demand over 300 kW. Because “a separate line delineation of these charges will provide necessary transparency and may foster greater participation by C&I customers,” the Commission directed Duquesne to amend its plan so that its large and small C&I surcharge is not included in distribution rates but presented as a separate line item on C&I customers’ bills. Order at 60. Accordingly, Duquesne has modified its

large and small C&I billings to show this surcharge as a separate line item. This inclusion is referenced on page 11 of 197 in the revised Plan. It also has made this change in its tariff, which was approved on November 24, 2009 by a Secretarial Letter at Docket No. M-2009-2093217.

Interest on Over/Under Collections

6. The Commission has directed Duquesne not to impose interest on over or under-collections for the surcharge. Order at 62. The tariff modification referencing zero interest was filed with the Commission on November 9, 2009 and was approved by a Secretarial Letter issued on November 24, 2009, at Docket No. M-2009-2093217. Please also see page 118 of 197 in the attached revised version of the Plan.

Measurement of Large C&I Demand

7. The Commission stated, "For Large C&I customers, recovery on a per-kW demand basis to correspond to the encouragement of demand reductions would be appropriate." Order at 65. For the demand measure on which the per-kW charge should be based, the Commission found that using the Peak Load Contribution ("PLC") to determine responsibility for a kW-based surcharge would encourage all Large C&I customers to engage in efficiency and demand control measures during the five PJM peaks, which would further the demand reduction goals of Act 129. Order at 65. Accordingly, Duquesne will adopt the use of the PLC demand measure in the application of its cost recovery mechanism for Large C&I customers. The tariff modification was filed with the Commission on November 9, 2009 and was approved by a Secretarial Letter issued on November 24, 2009, at

Docket No. M-2009-2093217. Please also see pages 118-119 of 197 in the revised Plan.

Inter/Intra Program Cost Shifting

8. Duquesne understands that shifting program funds within a customer class or between customer classes without prior Commission approval is not allowed and would be considered a modification to the Plan, which requires a filing for approval. This modification is referenced on page 10 of 197.

Frequency of Cost Recovery Reconciliation

9. Duquesne proposed to reconcile the Small and Medium C&I surcharges on an annual basis, and a one-time reconciliation for Residential and Large C&I surcharges. The Commission believed that “annual reconciliations are necessary for all surcharge groups, since variations could expose one or more customer groups to significant rate increases (or decreases) when the reconciliation for customer groups is done at the conclusion of the EE&C plan.” Order at 76. Duquesne will consequently file annual reconciliations on all surcharge groups. This inclusion is referenced in the revised Plan at page 11 of 197. Also, the revised tariff noting the annual reconciliations was filed with the Commission on November 9, 2009 and was subsequently approved in the Secretarial Letter issued on November 24, 2009, at Docket No. M-2009-2093217.

DI's Request to Use Their Own CSP

10. The Commission found that Duquesne's Large C&I curtailable load program, as designed, could be restrictive in that a customer could only participate through Duquesne's selected CSP(s), and only for facilities not already committed under the

PJM LRP program. Further, the Commission declared that all CSPs should be given equivalent incentives to participate in the Duquesne program, equivalent access to customer usage data, and equivalent facilities paid for through the EEC & DR surcharge to implement this program. Order at 82. Duquesne made some clarifications to its Demand Response curtailable load program for its Large C&I customers at pages 81-82 of the revised Plan. In order to address the Commission's Order regarding equivalent incentives to participate, Duquesne represents that the contracted Conservation Service Provider will provide tools for the customer to use that are in addition to that which the customer currently has in conjunction with the PJM programs. Duquesne, therefore, through its RFP and competitive bid process when soliciting for a Conservation Service Provider, will ensure that customers can choose to participate or not. Please see page 81-82 of 197 in the revised Plan.

Demand Response Program Marketing

11. Duquesne represents that its marketing materials will be competitively neutral with regard to the customer's choice of CSP for the demand response program and understands that these marketing procedures will be subject to periodic Commission review. Please see revised Plan at page 82 of 197.

Fuel Switching/Fuel Substitution Programs

12. Duquesne will track appropriate data, in coordination with the Statewide Evaluator, including at least (1) type of appliance or equipment being replaced; (2) the availability of natural gas at the customer's location or immediate area; and (3) whether electric appliances or equipment were installed in areas where natural gas is available. Order at 92. Please see the revised Plan at page 10 of 197.

On-Going Stakeholder Process

13. Duquesne will plan to meet with stakeholders as needed, but no less than semi-annually, until May 31, 2013, unless otherwise ordered by the Commission. Please see pages 6-7 of 197 in the revised version of the Plan. Duquesne will also follow the Commission's encouragement on being open and responsive to issues of merit that the parties bring to these discussions which may lead to improvements in the efficiency and cost effectiveness of the plan. In order to be open and responsive to issues, Duquesne will seek in advance all current topics from stakeholders to be used at the stakeholder meetings.

Photovoltaic Incentives Program

14. The Commission directed Duquesne to delete the Photovoltaic Incentives program from its Plan and it has been removed from the Plan. The Commission noted that Duquesne's TRC analysis of the program measure yielded a benefit/cost ratio of only 0.3, thus the ratio of the benefits to costs for the program indicates it is not an effective use of ratepayer funds. Order at 101. As a result of this directive, Duquesne removed the funding associated with this Photovoltaic Incentives program and included an equal amount in its Residential Energy Efficiency Rebate Program ("REEP") budgets. The REEP energy savings and demand reduction estimates changed based on increasing annual budgets that were previously in the photovoltaic program and adding the high-efficiency furnace fan to the REEP. Please see the revised Plan at pages 23, 38-39, 122, 161, 163, 165-168, 173-176, 180, 182, and 188 of 198. Duquesne will continue to evaluate renewable resource

programs that yield higher benefit/cost ratios and determine if and when Duquesne will file for approval of such a program in a future plan.

Miscellaneous

15. Duquesne filed originally on June 30, 2009 a “placeholder” for the Commission-approved consumption forecast for the period of June 1, 2009 through May 31, 2010 and inadvertently neglected to put the forecast in the “placeholder” pages of the Plan. This forecast has been placed in the “placeholder” in the revised plan on pages 129-130 of 197.

Conclusion

Duquesne has made revisions to its Energy Efficiency Plan to comply with the Commission’s Order in this proceeding. The changes to the plan are set forth herein and in the attached Plan. The amendments to the Plan should be approved and incorporated into the Plan for implementation.

Respectfully Submitted,



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Duquesne Light Company

Counsel for Duquesne Light Company

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Compliance Filing and Revised EEC&DR Plan 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):

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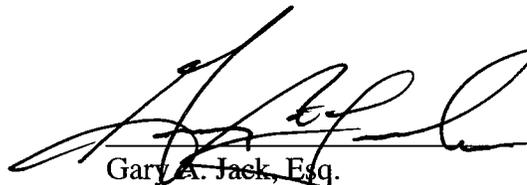
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Dated December 23, 2009