



Duquesne Light
Our Energy...Your Power

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February 17, 2010

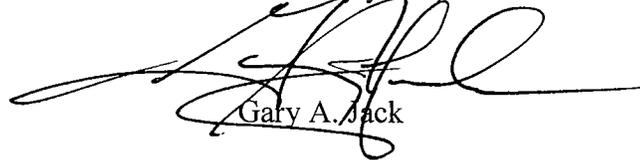
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**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:

Please find attached for electronic filing Duquesne Light Company's Comments in response to the Commission's Opinion and Order entered February 2, 2010 in the above-referenced proceeding.

Sincerely yours,



Gary A. Jack

Enclosures

cc: All Parties listed on the
Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

COMMENTS OF
DUQUESNE LIGHT COMPANY

Duquesne Light Company (“Duquesne”) files these Comments in response to the Pennsylvania Public Utility Commission’s (“Commission”) Opinion and Order entered February 2, 2010 in the above-referenced proceeding.

I. Background

On October 27, 2009, the Commission entered its Opinion and Order (“October 2009 Order”) approving Duquesne’s Energy Efficiency and Conservation and Demand Response Plan (the “Plan”), in part, and rejected it, in part. The October 2009 Order directed Duquesne to file a revised Plan consistent with the modifications in the Order within sixty days. On November 9, 2009, Duquesne submitted a Compliance filing (“November 2009 Compliance Filing”) calculating the surcharge rates as directed by the October 2009 Order. On December 24, 2009, Duquesne filed its Revised Plan, including a red-lined version to show all changes made to its original Plan in compliance with the October 2009 Order. At the Public Meeting held on January 14, 2010, Commissioner Powelson expressed concern after reviewing customer data and other information submitted with the November 2009 Compliance Filing and moved that the Commission amend and modify the October 2009 Order consistent with the concerns expressed

in his Motion. Subsequently, the Commission entered an Opinion and Order dated February 2, 2010 (“February 2010 Order”).

II. Comments

a. Duquesne Light Accepts the February 2010 Order

In its February 2010 Order, the Commission directed Duquesne to restore the customer charge components of the Large Commercial and Industrial (“Large C&I”) cost recovery mechanisms for the recovery of the administrative costs of the programs. February 2010 Order at 6. The Commission went on to state, “The restoration of the original customer charge components as calculated by Duquesne in its filing will be commensurate with the effective date of the Compliance tariff, and Duquesne should implement an appropriate reconciliation mechanism to ensure that customers pay EE&C Plan costs consistent with the original rate design (as modified to use the PLC for the demand charge.)” *Id.* The Commission provided all the Parties an opportunity to be heard.

Duquesne Light has no objection to the Commission’s proposed modification. Accordingly, Duquesne Light is willing to implement the rate design of a fixed customer charge to recover the administrative costs and a demand charge, using peak load contribution, to recover the incentive costs for Large C&I customers. Duquesne also has no objection to reconciling the rate currently in effect with the new rate so that the rate change is commensurate with the start of the surcharge, or December 1, 2009.

b. Duquesne Light Proposed Implementation of the February 2010 Order

Duquesne will use the annual budget approved in the October 2009 Order as the projected costs for rate design purposes for these customers. These projected costs will later be reconciled with actual costs and revenues and trued-up.

Duquesne will reconcile the revenues from the surcharges currently in effect with the new surcharges back to the effective date of the current surcharges, December 1, 2009, on an individual customer basis. The difference in the revenues under the two surcharges will be reflected as a credit or a charge on each customer's bill in the first billing cycle after the effective date of the new surcharge.

Unless opposing comments are filed, Duquesne proposes to file the new surcharges and tariff supplement February 22, 2010. If opposing comments are filed, Duquesne will await further Commission guidance.

Duquesne proposes the fixed customer charge component of the surcharge and the demand charge component of the surcharge be set forth as two separate line item charges on the customer bill.

The energy efficiency surcharges for Large C&I customers have been recalculated and are shown in Attachment A. Absent objections filed by Parties to the February 2010 Order, Duquesne will implement the new surcharges filed in the tariff supplement as soon as possible given the billing system changes required.

Duquesne proposes to notify customers of the change in surcharge by printing a message on each customer's bill.

III. Conclusion

Duquesne Light accepts the requested rate design change to its Energy Efficiency surcharge for Large C&I customers and would intend to implement the change as outlined herein. Duquesne thanks the Commission for the opportunity to comment on these issues.

Respectfully Submitted,

Duquesne Light Company

A handwritten signature in black ink, appearing to read 'G. Jack', written over a horizontal line.

Gary A. Jack, Esq.

Kelly L. Geer, Esq.

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Attachment A

Duquesne Light Company
Large Commercial and Industrial Customers
Energy Efficiency and Conservation and Demand Response Surcharge
Docket No. M-2009-2093217

	Large Commercial			Large Industrial		
		<u>Current</u>	<u>Proposed</u>		<u>Current</u>	<u>Proposed</u>
	Plan As Filed <u>7/1/2009</u>	October 2009 <u>Order</u>	February 2010 <u>Order</u>	Plan As Filed <u>7/1/2009</u>	October 2009 <u>Order</u>	February 2010 <u>Order</u>
Administrative Costs	\$7,289,462	\$1,796,997	\$1,796,997	\$6,723,516	\$1,395,084	\$1,395,084
Incentive Costs	\$23,204,345	\$3,280,847	\$3,280,847	\$5,652,584	\$1,129,481	\$1,129,481
Total	\$30,493,807	\$5,077,844	\$5,077,844	\$12,376,100	\$2,524,565	\$2,524,565
 <u>Billing Units for Rate Design</u>						
Bills	30,088		4,237	9,114		1,302
Billing Demand (kW)	15,509,165			13,358,074		
Peak Load Contribution (PLC) (kW)		3,987,170	3,987,170		2,030,932	2,030,932
 <u>Base Surcharge</u>						
Fixed Charge per Month	\$242.27	n/a	\$424.12	\$737.71	n/a	\$1,071.49
Variable Charge / Billing kW	\$1.50	n/a	n/a	\$0.42	n/a	n/a
Variable Charge / PLC kW	n/a	\$1.27	\$0.82	n/a	\$1.24	\$0.56
 <u>Surcharge Including GRT</u>						
Fixed Charge / Month including GRT	\$257.00	n/a	\$451.00	\$784.00	n/a	\$1,139.00
Variable Charge / Billing kW inc. GRT	\$1.59	n/a	n/a	\$0.45	n/a	n/a
Variable Charge / PLC kW inc. GRT	n/a	\$1.35	\$0.87	n/a	\$1.32	\$0.59

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Comments of Duquesne Light Company in response to the Commission's February 2, 2010 Order have 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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Dated February 17, 2010