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File #: 160549

December 15, 2014

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of Duquesne Light Company For A Waiver of the Three Business Day Switching Requirements Under 52 Pa. Code § 57.174 - Docket No. P-2014-2448863

Dear Secretary Chiavetta:

Enclosed for filing is the Petition of Duquesne Light Company for Reconsideration/Rehearing of the Pennsylvania Public Utility Commission's Order Entered on December 4, 2014, for the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Michael W. Gang

MWG/jl
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).

VIA E-MAIL AND FIRST CLASS MAIL:

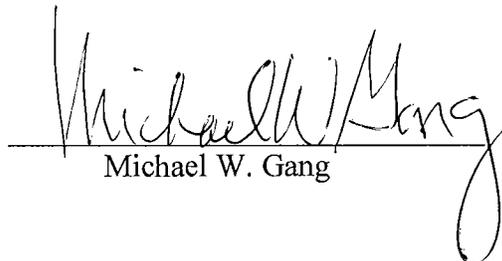
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Date: December 15, 2014


Michael W. Gang

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :
For A Waiver of the Three Business Day : Docket No. P-2014-2448863
Switching Requirements Under 52 Pa. :
Code § 57.174 :

**PETITION OF DUQUESNE LIGHT COMPANY
FOR RECONSIDERATION/REHEARING OF
THE PENNSYLVANIA PUBLIC UTILITY COMMISSION'S
ORDER ENTERED ON DECEMBER 4, 2014**

I. INTRODUCTION

Duquesne Light Company (“Duquesne Light” or the “Company”), pursuant to Section 703(g) of the Public Utility Code, 66 Pa.C.S. § 703(g) and Section 5.572 of the Pennsylvania Public Utility Commission’s (“Commission”) regulations, 52 Pa. Code § 5.572, hereby requests reconsideration of the Order entered on December 4, 2014 (“*Waiver Petition Order*”) in the above-captioned proceeding. Duquesne Light further requests a hearing so that the Company can develop an evidentiary record in support of its request for a waiver of 52 Pa. Code § 57.174, to explain why the Company cannot reasonably implement a manual three business day switching solution to switch customers to an electric generation supplier (“EGS”) by December 15, 2014.

In the *Waiver Petition Order*, the Commission denied the Company’s request for a waiver of the off-cycle switching (“OCS”) regulation at 52 Pa. Code § 57.174 to implement its Phase 1 Solution by January 16, 2015, denied the Company’s request to implement its proposed Customer Protection Back-Up Solution if the Company was not able to implement its Phase 1 Solution by December 15, 2014 and approved the Company’s request to implement its Phase 2 Solution by July 31, 2015. Duquesne Light requests that the Commission: (1) reconsider its

decision to deny the Company's request for a waiver of Section 57.174 until January 16, 2015 or the Company can implement its Phase 1 Solution, and (2) clarify its decision concerning transferring customers to default service within three days of receipt of a customer request.

In its Waiver Petition that was filed on October 21, 2014, the Company explained that it was in the process of implementing a new Customer Care & Billing ("CC&B") System to modernize it and enable smart meter technology. The CC&B replacement is part of the Company's FOCUS Project. The Company further explained that the FOCUS Project was scheduled to go live on November 28, 2014, and that the information technology ("IT") changes necessary for OCS may not be able to be integrated with the new FOCUS System by December 15, 2014.

The Company's FOCUS System did go live on November 28, 2014. The Company has now determined that it will not be able to implement its Phase 1 Solution by December 15, 2014, due to multiple critical system modifications to the original FOCUS design that have been identified as necessary to integrate the OCS application with the FOCUS System. These significant code changes cannot now be made to the FOCUS System because of a substantial risk that doing so would destabilize the new system. In this context, destabilization of the FOCUS System means the system is not functioning as designed, which could produce negative effects for all customers, including failures to issue bills as well as the issuance of inaccurate bills.

As explained in more detail later in this Petition, the Company also cannot implement manual three business day switches between EGSs and to EGSs because this process would also require significant code changes to the automatic processing of Electronic Data Interchange ("EDI") transactions during the FOCUS stabilization period. These code changes cannot be made any more quickly than those necessary to implement the Phase 1 Solution. Given these

unique circumstances that the Company faces, it is requested that the Commission reconsider its decision to deny the Company's request for a waiver to implement the Phase 1 Solution. The Company further requests that the Commission clarify its decision and permit the Company to switch Residential and Small Commercial customers who contact the Company concerning variable rate contracts to default service in three business days until the Phase 1 Solution is operational. This will allow customers to quickly avoid variable rate contracts, which the Commission has stated on numerous occasions (including in the *Waiver Petition Order*) is the impetus behind the OCS regulation and why the regulation was adopted on an accelerated basis through the Final-Omitted Rulemaking Process. Duquesne Light further requests a hearing to develop an evidentiary record in support of its requests and to explain why the Company cannot implement a manual solution to switch customers to an EGS until the Company is able to implement the Phase 1 Solution.

II. BACKGROUND

1. Duquesne Light is a public utility as that term is defined under Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, certified by the Commission to provide electric service in the City of Pittsburgh and in Allegheny and Beaver Counties in Pennsylvania. Duquesne Light is also an electric distribution company ("EDC") and a default service provider as those terms are defined under Section 2803 of the Public Utility Code. 66 Pa.C.S. § 2803. Duquesne Light provides electric distribution service to approximately 590,000 customers.

2. Duquesne Light's attorneys are:

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Duquesne Light's attorneys are authorized to receive all notices and communications regarding this matter.

3. On April 3, 2014, the Commission issued its *Final-Omitted Rulemaking Order* to amend its existing Regulations at 52 Pa. Code, Chapter 57 to direct EDCs and EGSs to accelerate switching timeframes for retail electric customers to switch suppliers or to switch to and from default service in three business days.

4. In its *Final-Omitted Rulemaking Order*, the Commission also stated that multiple off-cycle switches are to be permitted within a single billing period. *Final-Omitted Rulemaking Order*, p. 27-28.

5. EDCs are required to implement the new accelerated switching requirements by December 15, 2014. *See* Secretarial Letter, Docket No. L-2014-2409383 (September 8, 2014).

6. However, recognizing that a considerable amount of time and resources may be needed to obtain full compliance, the Commission provided that any EDC or EGS unable to comply by December 15, 2014, may file a petition seeking a waiver that explains the inability to comply and provide proposed alternatives, including the estimated timeframe for implementation. *Final-Omitted Rulemaking Order*, p. 30.

7. Duquesne Light filed its Waiver Petition on October 21, 2014. Therein, the Company requested:

- (a) A waiver of 52 Pa. Code § 57.174 to implement its Phase 1 Solution by January 16, 2015;
- (b) Authority to implement a Customer Protection Back-Up Solution that would allow customers to switch to default service within three business days upon request if the Company was not able to implement its Phase 1 Solution by December 15, 2014; and
- (c) A waiver of 52 Pa. Code § 57.174 to implement its Phase 2 Solution by July 31, 2015.

8. On December 4, 2014, the Commission entered an Order denying Duquesne Light's request for a waiver of 52 Pa. Code § 57.174 to implement its Phase 1 Solution by January 16, 2015,¹ and denying the Company's request to implement the Customer Protection Back-Up Solution. The Commission granted Duquesne Light's request to implement the Phase 2 Solution by July 31, 2015.

9. Duquesne Light hereby requests that the Commission reconsider its decisions to deny Duquesne Light's request for a waiver to implement the Phase 1 Solution and to deny Duquesne Light's request to implement the Customer Protection Back-Up Solution until the Phase 1 Solution is implemented.

10. Duquesne Light also requests a hearing in order to develop a factual record in support of its requests and to explain why it is unreasonable for the Company to implement a manual three day switching solution.

¹ The Commission granted the Company a waiver of 52 Pa. Code § 57.174 to implement its Phase 1 Solution beginning December 15, 2014 through July 31, 2015.

III. DUQUESNE LIGHT MEETS THE COMMISSION'S STANDARDS FOR GRANTING RECONSIDERATION

11. The Commission's standards for granting reconsideration following final orders are set forth in *Duick v. Pennsylvania Gas and Water Co.*, 56 Pa. P.U.C. 553, 559 (1982):

A petition for reconsideration, under the provisions of 66 Pa.C.S. § 703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part. In this regard we agree with the Court in the Pennsylvania Railroad Company case, wherein it was said that "[p]arties ..., cannot be permitted by a second motion to review and reconsider, to raise the same questions which were specifically considered and decided against them...." What we expect to see raised in such petitions are new and novel arguments, not previously heard, or considerations which appear to have been overlooked or not addressed by the Commission.

A. DUQUESNE LIGHT'S REQUEST FOR THE COMMISSION TO RECONSIDER ITS DECISION TO DENY THE COMPANY'S REQUEST FOR A WAIVER TO IMPLEMENT THE PHASE 1 SOLUTION MEETS THE *DUICK* STANDARDS.

12. In the Waiver Petition, Duquesne Light explained that its FOCUS go-live date was estimated to be November 28, 2014. Duquesne Light also explained that it was simultaneously programming and testing the IT modifications necessary for OCS but that they would have to be integrated with FOCUS after the go-live date, and the Company was not sure that this could be accomplished between November 28, 2014 and December 15, 2014.

13. The Company's FOCUS System did go live on November 28, 2014. Now that the FOCUS System is live, the Company has determined that it will not be able to implement the Phase 1 Solution by December 15, 2014, primarily due to multiple critical system modifications to the original FOCUS design that are necessary to integrate the OCS application with the FOCUS System.

14. This is new information should be considered by the Commission before making a final determination with respect to Duquesne Light's request for a waiver to implement its Phase 1 Solution.

15. In the *Waiver Petition Order*, the Commission states that Duquesne Light was fully aware of the three business day switching requirements on June 14, 2014, and should have made better preparations for complying. Duquesne Light made extensive preparations to comply with the OCS regulations and simultaneously developed the OCS solution with the development of the FOCUS system. However, the extensive undertaking associated with implementing a new CC&B system and the complexities associated with developing and integrating the new OCS application with the brand new FOCUS System so soon after the go-live date has prevented the Company from implementing OCS or a manual solution by December 15, 2014. While Duquesne Light attempted to develop a workable IT solution, it could not predict every possible issue with implementation and integration of such complex IT changes at essentially the same time.

16. In its *Waiver Petition Order*, the Commission states “[e]ven if Duquesne realizes issues with the implementation of its FOCUS System, we believe Duquesne should still be able to effectuate one off-cycle and one on-cycle switch per billing period for most of its customers by December 15, 2014, even if this requires manual, non-automated means.” The Company respectfully disagrees. Duquesne Light has evaluated manual solutions and has concluded that there is not a workable solution for three primary reasons.

17. First, since there is no purely “manual” solution that does not require changes to code in the newly implemented FOCUS System, an entirely “manual” solution is not possible. In the Company's existing automated processes, switches are initiated via automated EDI

transactions to *and* from the Company and EGS. When a request to switch is received via EDI transaction it triggers a series of automated actions throughout the systems, as well as automated letters to the customers. In order to create a workable “manual” switch process it would be necessary to intercept and stop inbound EDI transactions. This would require significant code changes to the FOCUS System thus requiring regression testing of approximately 40% of the FOCUS code impacting CC&B and MTM transactions which are highly interrelated with each other and other processes in the FOCUS System.² Accordingly, successfully implementing a “manual” solution would require the Company to design, build, test and implement modifications to the new FOCUS Systems including CC&B and MTM, in order to intercept the inbound EDI transaction and stop the resulting automated processes. In order to implement a “manual” off-cycle solution, the Company would be required to change the inbound interface from the EGSs for enrollments. This would entail making substantial code changes to disable or change specific MTM transactional processing to prevent automatic processes from forcing an on-cycle switch.³

18. Completing a switch presently includes automated EDI transactions to *and* from the Company and EGS. In addition to modifications to the inbound interface, the Company (and possibly EGS) would be required to design, build, test and implement modifications to the outbound interface to EGSs. Again, substantial code changes would be required to prevent MTM from sending all responses as on-cycle switches.

² CC&B is the acronym for Customer Care and Billing components of the FOCUS System, which provides for Account and Revenue Management, including bill calculation/presentation, payment processing and collection. MTM is the acronym for Market Transaction Management, which is the component that creates and handles files for sending and receiving customer information with suppliers including account numbers, rates and switching dates.

³ The technical expertise in the FOCUS System design is fully engaged in FOCUS stabilization and OCS implementation and testing. Drawing that expertise away to design and implement code changes to permit a manual solution will delay the Phase 1 and potentially the Phase 2 Solutions.

19. Second, implementing the above-referenced code changes to the new FOCUS System would risk destabilizing the system. As noted previously, destabilization of the system could result in delays in billings and inaccurate bills. Further, the new code changes would have to be tested. In order to isolate any problems in the FOCUS System to the code changes required to implement the “manual” solution, ongoing testing of the Phase 1 Solution would have to be stopped, further delaying the implementation of the Phase 1 Solution and potential delaying of the implementation of the Phase 2 Solution. As a result, the “manual” solution could not be implemented any earlier than the Phase 1 Solution.

20. Third, implementation of a “manual” solution would require the Company to disable the new and substantially enhanced privacy and security features within the FOCUS System that are designed to restrict access to customers personally identifiable information, and restrict most employees’ ability to modify discrete areas of the FOCUS Systems. Existing system restrictions must be disabled to provide Duquesne Light employees with the ability to manually manipulate the systems to perform certain tasks that presently occur automatically, and access customer data that is currently restricted.

21. For these reasons, Duquesne Light does not believe there is a reasonable, workable “manual” solution to comply with the OCS regulations, especially considering the short time period that it would be employed.

22. Now that FOCUS is live, Duquesne Light knows that it will not be able to implement the Phase 1 Solution by December 15, 2014, and is able to present actual evidence in support. While the Commission appears to have recognized the complexities associated with integrating the new OCS application with the FOCUS System in such a short time period, the Commission concluded that the Company had not demonstrated that it could not develop a

workable “manual” solution. For the reasons explained herein, Duquesne Light requests that the Commission reconsider its decision denying the Company a waiver of the OCS regulation until it can implement the Phase 1 Solution and conclude that these reasons meet the *Duick* standards.

23. The Company respectfully requests that the Commission reconsider its *Waiver Petition Order* and grant the Company a waiver of Section 57.174 until January 16, 2015 or the Company can implement its Phase 1 Solution.

B. DUQUESNE LIGHT’S REQUEST FOR THE COMMISSION TO CLARIFY ITS DECISION CONCERNING TRANSFERS OF CUSTOMERS TO DEFAULT SERVICE MEETS THE *DUICK* STANDARDS.

24. The Commission should also clarify its decision and permit Duquesne Light to transfer Residential and Small Commercial customers with variable rate contracts to Default Service on customer request to the Company until the Phase 1 Solution is implemented.⁴

25. Duquesne Light is able to transfer Residential and Small Commercial customers to default service within three business days notwithstanding its IT constraints associated with the implementation of the FOCUS System.

26. The Company understands that the Commission does not favor broad implementation of the Customer Protection Back-Up Solution to switch customers back to default service within three business days upon request by the customer because this solution does not fully comply with the OCS regulation. However, the Company requests the flexibility to implement Residential and Small Commercial customer initiated transfers to default service if there is a spike in energy prices causing customers to incur increased costs under variable rate

⁴ Customer inquiries concerning variable rates are received by telephone and do not require an Inbound EDI transaction to transfer the customer to default service. The transfer can be accomplished by providing the customer with a new supplier agreement identification number which will automatically create an EDI transaction notifying the EGS of the drop via the FOCUS System without the need to change code.

contracts. In this regard, the Company notes that such switches meet the regulation's requirement that EDCs are to switch customers back to default service within three business days upon request. 52 Pa. Code § 57.174.

27. The Commission's decision to reject a partially compliant solution that would allow customers to quickly avoid variable rate EGS contracts, which was the impetus behind the OCS regulation and adopting the regulation on an accelerated basis, should be reconsidered.

28. In the *Waiver Petition Order*, the Commission also notes that it has concerns that Duquesne Light's transferring Residential customers to default service within three business days will require multiple bills in a billing period. *Waiver Petition Order*, p. 11. Duquesne Light notes that the Commission recently approved PECO Energy Company's ("PECO") waiver petition, which provides for multiple bills in a billing period. *Petition of PECO Energy Company for Temporary Waiver of Regulations Related to the Required Days in a Billing Period*, Docket No. P-2014-2446292, Order entered December 4, 2014.

29. In addition, the Commission stated that the Customer Back-Up Solution would have been in effect for about seven and a half months until July 31, 2015, when customers would have to adjust to a new process. This conclusion is incorrect. Any potential transfer of customers to default service in three business days would remain in effect only until the Company's Phase 1 Solution is implemented, which is estimated to be January 16, 2015. Only the customers that choose to switch back to default service between December 15, 2014 and the date on which the Phase 1 Solution is implemented would get two bills in a billing period. Moreover, the Commission approved PECO's proposal for multiple bills in a billing period proposal for a two year period. *Id.*

30. In addition, the Commission expresses concerns that transferring customers to default service in three business days could be construed as an implicit endorsement of default service. Duquesne Light disagrees with this conclusion. Duquesne Light would only switch customers back to default service upon request of the customer. This action is required by the new three-day switching regulation upon a customer request and will allow customers to quickly avoid variable rate contracts.⁵ Further, Duquesne Light has explained that it will advise customers of their choice to switch to an EGS at their meter read date or to switch to default service and switch back to service from an EGS on the next meter read date.

31. Duquesne Light's request for the Commission to reconsider and clarify its decision to prohibit transfers of customers to default service within three business days meets the *Duick* standards because the Commission appears to have overlooked the fact that this solution would allow Duquesne Light to protect customers from the effects of variable prices and be partially compliant with the OCS regulation.

32. The Company respectfully requests that the Commission clarify its *Waiver Petition Order*, and confirm that the Company may switch Residential and Small Commercial customers back to default service within three business days until the Phase 1 Solution is implemented.

IV. THE COMMISSION SHOULD GRANT DUQUESNE LIGHT A HEARING IN THIS PROCEEDING

33. The Commission denied Duquesne Light's request for a waiver of Section 57.174 to implement its Phase 1 Solution by January 16, 2015.

34. Due process requires that Duquesne Light be granted a hearing in order for the Company to present factual evidence in support of its requests.

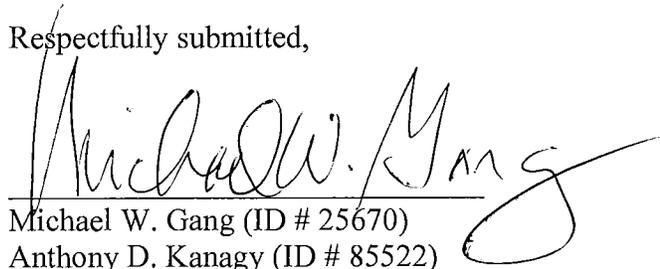
⁵ Duquesne Light will not advertise this option to address the Commission's concerns about marketing default service.

35. In the *Waiver Petition Order*, the Commission stated that it would not “grant a petition for full waiver of our regulations based on future contingencies and possibilities without a clearly articulated and supported demonstration of good cause or actual need.” *Waiver Petition Order*, p. 10. The Commission correctly observed that the Company could not know the facts until FOCUS was live. Now that FOCUS is live, Duquesne Light will be able to present evidence regarding why it could not implement the Phase 1 Solution so close to the FOCUS go-live date of November 28, 2014. Duquesne Light should be given this opportunity at a hearing.

36. In the *Waiver Petition Order*, the Commission stated that the Company should be able to effectuate one off-cycle and one on-cycle switch per billing period for most of its customers by December 15, 2014, even if this requires “manual,” non-automated means. At a hearing, Duquesne Light will present evidence regarding why the Company could not reasonably implement a “manual” solution as summarized Section III(A) above.

WHEREFORE, for the foregoing reasons, Duquesne Light Company respectfully requests that the Pennsylvania Public Utility Commission reconsider its decision to: (1) deny Duquesne Light Company's request for a waiver to implement its Phase 1 Solution by January 16, 2015, and (2) clarify the Commission's decision and permit the Company to switch Residential and Small Commercial customers who contact the Company concerning variable rates to default service within three business days until the Phase 1 Solution is implemented. In addition, the Company respectfully requests a hearing in order to provide factual evidence in support of its requests.

Respectfully submitted,



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