



Duquesne Light

Our Energy...Your Power

411 Seventh Avenue
16th Floor
Pittsburgh, PA 15219

Tel 412-393-1482
Fax 412-393-5711
akurtanich@duqlight.com

Adrienne D. Kurtanich
Attorney

May 12, 2015

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, Pennsylvania 17120

RE: 2016 Total Resource Cost (TRC) Test Reply Comments
Docket No. M-2015-2468992

Dear Secretary Chiavetta:

On March 11, 2015, the Commission issued a Tentative Implementation Order seeking comments on the implementation of the 2016 Total Resource Cost Test. Duquesne Light Company's reply comments regarding the 2016 Total Resource Cost Test are enclosed for consideration.

Should you have any questions, please feel free to contact me or David Defide at (412) 393-6107.

Respectfully,

Adrienne D. Kurtanich
Attorney, Regulatory

Enclosures
cc: Certificate of Service

CERTIFICATE OF SERVICE

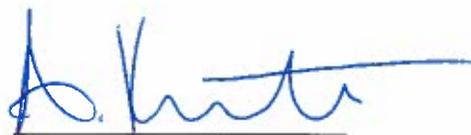
I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. §1.54 (relating to service by a participant).

FIRST CLASS MAIL

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101

Office of Small Business Advocate
Suite 1102, Commerce Building
200 North Street
Harrisburg, PA 17101-1923



Adrienne D. Kurtanich, Esquire
Attorney, Regulatory
Duquesne Light Company
411 Seventh Avenue, 16-1
Pittsburgh, PA 15222
412-393-1482
akurtanich@duqlight.com

Date: May 12, 2015

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Energy Efficiency and Conservation :
Program : **Docket No. M-2015-2468992**
:

**Reply Comments of Duquesne Light Company on the Commission’s
2016 Total Resource Cost (TRC) Test Tentative Implementation Order**

On March 11, 2015, the Pennsylvania Public Utility Commission (“Commission”) issued the Tentative Implementation Order (“TRC Tentative Implementation Order”) to continue the process of evaluating the Total Resource Cost (“TRC”) Test for Phase III of Act 129’s Energy Efficiency and Conservation (“EE&C”) Programs for electric distribution companies (“EDCs”). In the TRC Tentative Implementation Order, the Commission sought both initial and reply comments on incremental cost reduction targets, peak demand reduction targets, and other requirements set out therein. Upon review of the initial comments and pursuant to the March 11, 2016 TRC Tentative Implementation Order, Duquesne Light Company (“Duquesne Light” or “Company”) hereby submits its reply comments regarding the implementation of EE&C TRC Test in Phase III.

I. TRC Test Methodology Updates

On page 2 of its initial comments, the Pennsylvania State University, commented that the TRC test methodology should be reviewed during Phase III. Duquesne Light Company disagrees with this approach. If inputs to the TRC test methodology were to be reviewed during the course of Phase III, Duquesne Light asserts that such review and changes would have

questionable benefit and would not be cost-effective. Duquesne Light also maintains that the cost-effectiveness measurement should remain constant for the duration of Phase III.

2. Incremental Measure Costs

First Energy stated on page 4 of its initial comments that it recommends the flexibility to choose among values in the Statewide Evaluator (“SWE”) database, adjusted values from DEER, or values currently used for program planning and testing cost-effectiveness. First Energy also asserts that EDCs should retain the option to continue to use their current methodology in order to determine the most accurate incremental measure costs. Duquesne Light agrees with First Energy’s comments and the TRC Tentative Implementation Order and asserts that the incremental measure cost data be defined in the same manner as in Phase II.

3. Inclusion of Demand Response in Phase III

Duquesne Light affirms that mandatory DR targets are not an effective use of EE&C budgets. Thus, there is no need to address the cost effectiveness of DR in the TRC Tentative Implementation Order.

4. Factoring of Net-to-Gross Ratios in TRC Calculations

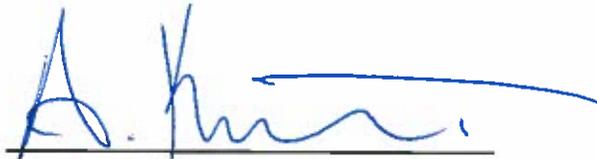
PPL states in its initial comments at page 7 that the Commission’s recommended approach to factoring the net-to-gross (“NTG”) ratio in the calculation of TRC is flawed. The Commission’s recommended approach is based upon the calculation described in the 2007 Clarification Memo of the California Public Utilities Commission. PPL correctly asserts that this approach incorrectly reduces the TRC cost benefit ratio for the rebate program rather than correctly accounting for the measure costs under a direct install scenario. PPL further asserts

that this treatment of NTG and the lower TRC yield results in an understatement of the value of saving from certain energy efficiency measures and programs. Duquesne Light agrees with this assertion and supports the methodology outlined by PPL in Exhibit 1 of its comments.

Conclusion

Duquesne Light appreciates the opportunity to comment on the issues raised regarding the 2016 TRC Test.

Sincerely,



Dave Defide
Manager, Customer Programs
Duquesne Light Company
411 Seventh Avenue, 15-1
Pittsburgh, PA 15219
Email - Ddefide@duqlight.com
Phone – (412) 393-6107

Tishekia E. Williams
Sr. Counsel, Regulatory
Adrienne Kurtanich
Attorney
Duquesne Light Company
411 Seventh Avenue, 16-1
Email - Twilliams@duqlight.com
Akurtanich@duqlight.com
Phone - (412) 393-1541
(412) 393-1482