



Duquesne Light

Our Energy...Your Power

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Gary A. Jack
Assistant General Counsel

December 27, 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

**Re: Commission Process for Filing, Review and Approval of
Electric Distribution Company Consumer Education Plans
Docket No.: M-00061957**

Dear Secretary McNulty:

Enclosed for filing are an original and three copies of Duquesne Light's 2008-2012 Consumer Education Plan.

Sincerely yours,

Gary A. Jack
Assistant General Counsel

Enclosure

c: Office of Trial Staff (w/enc.)
Office of Consumer Advocate (w/enc.)
Office of Small Business Advocate (w/enc.)

Duquesne Light Consumer Education Plan 2008 – 2012



OVERVIEW

Because of active promotion of electric choice in the late-1990s and the fact that rate caps were lifted in 2002 for the vast majority of our residential customers, Duquesne Light does not face the same communications challenge as several of the other major electric utilities in Pennsylvania. While residential customers in other parts of the state will be facing significant bill increases as rate caps end, Duquesne Light's 2008-2010 default-service plan projects that our customers will be paying a rate lower than what they paid more than 15 years ago.

During the height of the Electric Choice education program, statewide research conducted by Baseline & Associates indicated customer awareness of the program in our service territory reached 95 percent. This awareness transferred into shopping. In fact, Duquesne Light consistently has led the Commonwealth in participation. As of Nov. 30, 2007, nearly 20 percent of Duquesne Light residential customers receive their energy from an alternative energy supplier, and 98 percent of the large commercial and industrial loads were shopping – the highest levels in the United States.

When the rate cap was lifted in 2002, along with elimination of the transition charge, the vast majority of our residential customers realized a 20-percent decrease in their average monthly electric bills. In subsequent years, residential customers who did not select an alternative energy supplier experienced moderate increases as part of the company's three default-service plans, as well as distribution and transmission rate cases in 2006. A new default-service energy-supply plan is scheduled to be in effect from 2008 through 2010.

Given Duquesne Light's unique position in the electric landscape, it would not be a prudent use of resources for the company to partake in a communications initiative focused on the possible effects of rate cap removal. However, the company will continue to use its proven default-service communication tactics, coupled with our wise energy use communications and universal services programs, to continually educate customers on how they can best manage their monthly electric bill. The plan is flexible enough to adapt to any potential changes in the company's default-service supply plan, beyond 2010.

Communication initiatives will continue to target all Duquesne Light customers in Allegheny and Beaver counties.

COMPANY COMMUNICATION CHANNELS

Residential/Small Commercial Customer Newsletter

The Duquesne Light "ServiceLine" newsletter, inserted with monthly residential and small commercial customer bills, is a primary vehicle to educate customers about our commitment to keeping them connected to a secure, safe, reliable source of electricity, whether they choose an alternate generation supplier or our default-service plan. The newsletter has included an extended discussion of our default-service plans, as well as the impact on our monthly bill. A reminder about the rate impact is included on the actual bill during the month the rate changes (January 2008 for our approved 2008-2010 default-service supply plan).

Independent monthly surveys show our customers rank ServiceLine as their primary source of information about Duquesne Light. Close to seven out of 10 customers read ServiceLine on a regular basis. The newsletter also promotes our Universal Service options and includes a monthly wise-use energy tip corresponding with the current season.

Letters to Mid-Sized Commercial and Industrial Customers

Letters detailing our 2008-2010 default-service plan were distributed in December to mid-sized commercial and industrial customers. All customers were encouraged to contact their Duquesne Light account representative with any follow-up questions. Additional communications will be considered, as necessary, when biannual market-price updates begin.

Large Customer Communications

Our large customers have been at the forefront of choice in Pennsylvania. As we did in late 2004, because of the nature of change taking place in their service option as part of the new default-supply plan, a seminar was held for these customers in December 2007. Invitation letters were sent to each customer, noting the changes, and linking them to supplemental information on our website for those who could not attend. Customers also were encouraged to contact their Duquesne Light account representatives if they have any questions.

Home Energy Center on Corporate Website

Duquesne Light customers can receive fast and free advice on how to manage their energy use via the company's online Home Energy Center.

The Home Energy calculator is one of the centerpieces of the website. Users answer general questions about their home, such as the number of people living there, type of windows and temperature setting for the thermostat. Once

that information has been inputted, the calculator estimates the monthly and annual energy usage and costs for the customer's home. The calculator automatically factors in weather and local electricity and natural gas prices.

The calculator's estimate provides customers with a starting point to compare potential energy-saving measures – such as adjusting thermostat settings, turning down the water heater temperature, adding double-pane windows or changing out the heating system.

Another free online service enables customers to check their daily usage over various time periods, including the past week, month or most recent billing cycle. This tool also helps customers gauge how changes in weather and lifestyle affect power consumption. To compare electricity usage with recent weather fluctuations, the tool provides the region's high, low and average temperatures for the past 45 days.

In addition to these two complementary features, the Home Energy Center offers online tools for estimating energy savings for appliances and lighting, an interactive home designed to help customers understand where and how energy is used, an extensive home energy library, and information on the fundamentals of electricity. There's also a "Kids Korner" for children of all ages, featuring fun activities for learning about energy efficiency, safety and a wide range of other topics. In addition, there is a direct link to the Keystone HELP program website, which enables homeowners to borrow money at low interest rates to purchase new Energy Star-rated appliances or to make home improvements that conserve energy.

The Home Energy Center will be a major referral point for 2008-2012 customer communications.

Customer Service Guides

Duquesne Light's main Customer Service Guide, which is sent to all consumers moving into the service territory and to certain customers moving within our coverage area, continues to include information on how to manage energy wisely, as well as our Universal Services offerings. Approximately 30,000 of these guides are issued in a 12-month period.

We also produce and regularly update additional customer guides that provide:

- an overview of our Universal Services programs
- an overview of our Smart Comfort Program
- wise-use energy tips

OUTREACH TACTICS

Home & Garden Show

Duquesne Light has incorporated wise use education into its exhibit at the 10-day Pittsburgh Home and Garden show, which attracts an estimated 350,000 attendees per year. The 2008 show will feature several hands-on exhibits and a wise-energy-use expert available to provide information on how to best save energy at home.

Speakers Team

Duquesne Light will continue to use its Speakers Team to conduct informational presentations focused on wise energy use and, where appropriate, the company's Universal Services programs. Flyers detailing our energy assistance programs for payment-troubled and senior customers are provided, as appropriate.

This grassroots approach to communicating with local community-based organizations and civic groups is particularly helpful in reaching the senior audience. More than half of our presentations typically involve seniors. Consistent with our wise-energy-use message, each senior taking part in these presentations, beginning in the fall of 2007, receives a free compact fluorescent light bulb. Wise-use energy pamphlets also are made available.

Universal Services Outreach

Our Universal Services representative meets regularly with community-based organizations, such as Goodwill Industries and Holy Family Institute, to work together to best assist our low-income, payment-troubled customers. Through these meetings, we provide details on our default-service supply plans, as well as reinforce our ongoing commitment to help their clients. Our close working relationships with these two agencies, in particular, date back at least through the late 1990s.

In addition, our Smart Comfort program is helping payment-troubled customers better manage their electric bill by providing free information and services to reduce their electric usage. Through a home energy audit, customers learn how to use energy wisely. The program also helps participants weatherize their residences through better insulation, use of compact fluorescent light bulbs and, in some cases, installation of more efficient appliances.

A new initiative, Stay Warm, extends the safety net for low-income and working-poor families during the winter of 2007-2008. This program will provide a free home energy audit to customers whose income falls between 150 and 200 percent of the federal poverty guidelines. Typically, working-poor families are not eligible for many energy assistance programs.

Governmental Relations Outreach

With each of our default-service plans, state and local elected officials were briefed so they could respond to questions from their constituents. Individual and small-group briefings were held with state legislative officials, key Allegheny County and City of Pittsburgh officials and municipal leaders. Special group briefings with House and Senate caucuses were held, when appropriate. All of these groups received information about the 2008-2010 default-service plan.

Media Outreach

In addition to their coverage of our default-service plans, print, radio and television outlets traditionally have provided excellent opportunities to provide customers wise-use information. Local media are particularly receptive to featuring energy-saving tips when temperatures soar.

'Watt Do You Know?' School Program

Since 2002, Duquesne Light has presented its "Watt Do You Know?" wise-energy-use program to more than 50 schools. Targeted to grades 4-6, the program was developed with the following objectives:

- Encourage the wise use of energy among elementary and middle school students in order to build lifelong habits.
- Heighten awareness of the relationship between wise energy use and the environment.
- Encourage students to share the information with their parents, teachers and, most importantly, one another.

Research shows that the information needed to be delivered in a high-energy and creative format to ensure the messages successfully reach the students. At each school, the assembly room is transformed into a virtual game show set with lighting, music, bright and bold graphics, and a 20-foot screen to display the multimedia "Watt Do You Know?" presentation.

A 20-minute introductory segment highlights, in an entertaining way, how energy is produced, renewable sources of energy and environmental impact. During the remainder of the 50-minute presentation, students are quizzed on conservation facts based on information offered during the introductory segment.

At the conclusion of the show, two energy audit brochures – one for home and one for the classroom – are distributed. Students, their schools and families are challenged to complete the audits and return their findings to Duquesne Light.

The overall program has been a great success, winning several communications awards and remaining in great demand five years after its inception.

MEASUREMENT

A variety of methods are used to measure program effectiveness. Outreach events are evaluated on the number of events, the location of the events, target audience reached and number of attendees. Customer feedback from each event also is gathered to help gauge the effectiveness of the programs. Duquesne Light's monthly customer surveys have been used to track awareness and other measures.

ESTIMATED 2008 PROGRAM COSTS

<u>Program</u>	<u>Cost</u>
COMPANY COMMUNICATION CHANNELS	
Residential/Small Commercial Customer Newsletter	\$150,000
Letters to Mid-Sized Commercial and Industrial Customers	\$35,407
Large Customer Communications	\$4,275
Home Energy Center on Corporate Website	\$39,000
Customer Service Guides	\$35,830
OUTREACH TACTICS	
Home & Garden Show	\$210,000
Speakers Team	\$50,000
Universal Services Outreach	\$2,500
Governmental Relations Outreach	\$40,000
Media Outreach	\$5,000
'Watt Do You Know?' School Program	\$50,000
Total	\$622,012

COST RECOVERY MECHANISM

We recommend a surcharge be approved under 66 PA CSA Section 1307, which provides for an automatic adjustment clause to recover, on a full and current basis, local customer education costs related to the Commission's Order in Docket No. M-00061957, as well Duquesne Light's portion of the proposed statewide customer education program.

We propose to place it on the same timetable as Duquesne Light's current transmission tracker, which tracks and recovers ongoing transmission expenses. That is based on a May 15 filing every year, with new rates to be effective June 1. This would enable the consumer education rate change to be done in conjunction with the transmission tracker, with the intent of minimizing any potential customer confusion as to why rates are changing twice per year.

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