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VIA OVERNIGHT MAIL

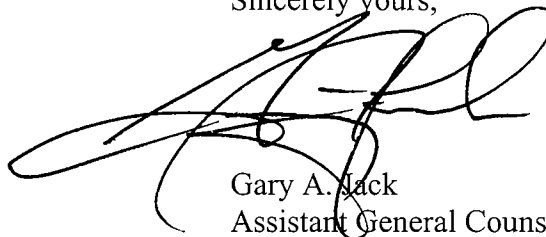
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**RE: Duquesne Light Company Consumer
Education Plan for 2008--2012
Docket No. M-2008-2032278**

Dear Secretary McNulty:

Enclosed for filing are the original and three copies of a supplement to Duquesne Light Company's Consumer Education Plan addressing Education Standards 6 and 7 as requested by Commission Order entered June 6, 2008 in the above-referenced proceeding. Also enclosed is a proposed Budget for Consumer Education for the period 2008—2012. Please do not hesitate to contact me if you have any questions.

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.)

In addition to the information Duquesne submitted in its prior Consumer Education Plan, Duquesne supplements its plan filed in December 2007 by providing the following additional details to address Education Standards 6 and 7.

Standard 6: Customers may reduce the size of their electric bills, or receive service options more suited to their needs, by purchasing generation service from an alternative electric generation supplier.

Standard 7: Current information that will allow customers to make informed choices about competitive generation alternatives is readily available. In territories where there are not competitive offerings currently, more choices may be available once rate caps expire.

RESPONSE: Both Standards 6 and 7 concern choice and alternative generation suppliers. The Duquesne territory has the highest shopping levels in the state and, for many customer groups, in the nation. This has been the case since the onset of customer choice in Pennsylvania. For example, more than 50% of Duquesne's territorial load is currently invoking choice and is shopping with alternative suppliers. For the large C & I load, 98% is shopping, the highest level in the entire country. Approximately 20% of Duquesne's residential customers are shopping. It is clear from these results that Duquesne has been successful in meeting the objectives of these Consumer Education standards. Duquesne has achieved these high levels of customer shopping through four primary initiatives:

1. It has proposed and implemented POLR plans that encourage competitive alternatives, such as indexed generation rates for medium size commercial and industrial customers and hourly price rates for large commercial and industrial customers;
2. It has implemented innovative options, such as the purchase of receivable program, to assist alternative energy suppliers;
3. Duquesne has committed to semi-annual meetings with alternative electric generation suppliers and annual meetings with large commercial and industrial customers to educate them on the applicable issues of customer choice; and
4. It has educated its customers about the options available to them and assisted them in implementing choice through various channels.

More specifically, and in response to the Commission's request to address Standards 6 & 7 more clearly, Duquesne has an array of communication vehicles it uses to inform its customers about their options, including reducing their bill. They include:

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Residential/Small Commercial Customer Newsletter

Duquesne Light's "ServiceLine" newsletter is inserted with every monthly residential and small commercial customer bill. ServiceLine is a primary vehicle to educate customers about its commitment to keeping customers connected to a secure, safe, reliable source of electricity, whether they choose an alternate generation supplier or Duquesne's default-service plan. In direct adherence to Standards 6 and 7, ServiceLine contains a variety of information, as appropriate, on timely topics including energy conservation, customer assistance programs and customer choice.

Corporate Website

Duquesne also addresses both Standards 6 and 7 through its website.

- Under the Electric Choice section of the Duquesne Light website, there is supplier and customer choice information, including price to compare, details on switching, and options available to customers.
- The online Home Energy Center provides a wide range of information regarding energy conservation and other options.

Customer Service Guides

Every new Duquesne Light Customer is mailed a booklet with important information about their new electric service. This booklet also focuses on Standards 6 and 7 by containing information on customer choice, the wise use of energy, Duquesne's online Home Energy Center, payment plans, and customer assistance.

Speakers Team

Duquesne Light provides speakers and information to community-based organizations on topics such as energy conservation, customer choice, customer assistance programs and other timely topics. Duquesne performs approximately 115 speaking engagements per year, and customer choice is an issue that is oftentimes addressed in these communication outreach programs.

Television and Radio

From time to time, Duquesne does utilize these more expensive mediums to communicate worthwhile information to customers. For example, during the roll-out of customer choice, these mediums were used to communicate the changes. Duquesne does try to limit their use, however, due to their expense.

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Newspaper

Duquesne will occasionally either comment for newspaper articles or issue press releases on various matters, some of which can touch on Standards 6 & 7. The newspapers control the content generally, timing, and whether the message is run.

Duquesne Sponsored Group Meetings

Duquesne meets once a year with its large commercial and industrial customers (and twice a year with suppliers as a group) to address customer choice issues, shopping, protocols, and any pertinent issues affecting these people.

DUQUESNE LIGHT COMPANY
CONSUMER EDUCATION BUDGET
2008-2012
Docket No. M-2008-2032278

Duquesne Light hereby comments on the Commission order in the above case. Duquesne agrees with the approved budget amount of \$622,012, subject to two minor adjustments shown below, as the appropriate budget funding levels. It is also Duquesne's position, at this point in time, that future budgets of Duquesne for Consumer Education should be similar in content and order of magnitude for expenditures, absent material changes in scope due to regulatory changes, new initiatives or unexpected inflationary pressures. Duquesne will notify the Commission of material unanticipated changes through the reconciliation process.

In its December 2007 filing in this proceeding, Duquesne provided one budget estimate for the year 2008. Duquesne believes it is appropriate, at this time and due to the Commission order in this proceeding, to project budgets thru 2012. Duquesne has accepted the Commission finding on the 2008 budget with one change and proposes to adjust the accepted funding level for inflationary effects during 2009—2012 to provide a more accurate estimate. Thus the proposed budget for each year is essentially the same as the Commission-approved 2008 amount in **real** terms:

The two specific changes proposed are:

1. Duquesne provided an initial funding level for energy conservation booklets in its December 2007 submittal. These booklets were under the "Customer Guides" line item. We have decided to print more Energy Tips booklets, increasing the Customer Guides line item from \$35,830 to \$46,800 for 2008.
2. Due to increasing costs for all consumer education expenditures, Duquesne proposes it would be reasonable and appropriate to adjust future budgets upward by 4% per year to reflect increasing cost levels for materials and expenses.

Accordingly, the proposed budgets of Duquesne for the period 2008-2012, subject to future modifications and true-up as part of the reconciliation process of a surcharge, are as follows:

2008	\$ 632,982
2009	\$ 658,301
2010	\$ 684,633
2011	\$ 712,019
2012	\$ 740,499

These are projected budget levels for estimating purposes with the understanding Duquesne will fully comply with the reconciliation and audit requirements of the order and of the Commission.