



OFFICE OF CONSUMER ADVOCATE
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

R-009741040001

IRWIN A. POPOWSKY
Consumer Advocate

(717) 783-5048

KJR

August 28, 1997

James J. McNulty
Office of the Prothonotary
PA Public Utility Commission
Room B-20, North Office Bldg.
Harrisburg, PA 17105-3265

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97 AUG 28 PM 3:36
I.A.P.U.C.
PROTHONOTARY'S OFFICE

Re: Application of Duquesne Light Company
For Approval of its Restructuring Plan Under
Section 2806 of the Public Utility Code
Docket No. R-00974104

Dear Mr. McNulty:

Enclosed please find for filing an original and 3 copies of the Office of Consumer Advocate's Formal Complaint in the above-captioned proceeding.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,

Marisa A. Sifontes

Marisa A. Sifontes
Assistant Consumer Advocate

Enclosures

cc: All parties of record

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201

FORMAL COMPLAINT

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PROTHONOTARY'S OFFICE

For Commission Use Only:

COMPLAINT DOCKET NO. _____ REF. # _____ UTILITY CODE _____

_____ VS. _____
PLEASE PRINT:

1. YOUR NAME, ADDRESS AND TELEPHONE NUMBER.

Name Irwin A. Popowsky, Consumer Advocate
Street 1425 Strawberry Square
City Harrisburg State Pennsylvania Zip 17120
County Dauphin Work Telephone-Area Code (717) 783-5048

2. COMPANY YOU ARE COMPLAINING ABOUT.

Name Duquesne Light Company

3. WHAT IS YOUR COMPLAINT? (DESCRIBE PROBLEM).

A. On August 1, 1997, Duquesne Light Company ("Duquesne") filed an Application for Approval of its Restructuring Plan at Docket No. R-00974014, pursuant to the Electricity Generation Competition and Customer Choice Act ("Act"). 66 Pa.C.S. §2801, et seq. Duquesne's Plan proposes the use of a market-based valuation process for the setting of a Competitive Transition Charge ("CTC") tariff provision to recover its stranded and transition costs from all ratepayers within the Company's service

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territory. Duquesne proposes that the CTC will be determined yearly through the competitive solicitation of blocks of generation, with the final valuation of the market value of Duquesne's generation assets taking place in 2003. In its Application, Duquesne also sets out its specific proposal for the *unbundling of its rates*, and the addition of rates based on incremental consumption. The application also includes provisions for direct access, universal service, consumer education and energy conservation cost recovery.

- B. Duquesne Light Company is engaged in the business of furnishing electric service to approximately 600,000 electric customers of which approximately 540,000 are residential customers. Duquesne furnishes electric service in the Greater Pittsburgh area. Its service territory covers portions of Allegheny and Beaver counties.
- C. The Consumer Advocate is empowered to represent the interests of consumers before the Pennsylvania Public Utility Commission, pursuant to Act 161 of the General Assembly, as amended. 71 P.S. §§ 309-1, et seq.
- D. Upon preliminary review of Duquesne's Application and Tariff Supplements, the Consumer Advocate submits that Duquesne's Restructuring Plan and its attendant proposed changes in rates are or may be unjust, unreasonable, and in violation of the Act. Through its Application, Duquesne seeks to recover costs that Duquesne projects will not be recoverable in a competitive generation market--its "stranded or transition" costs. See, e.g. 66 Pa.C.S. §2801, et seq. Specifically, Duquesne seeks recovery of costs related to its generation-related assets, such as Beaver Valley II and Perry I. The OCA submits that recovery may not be just and reasonable, or otherwise consistent with the Public Utility Code. In addition, the Consumer Advocate submits that Duquesne's method of calculating the CTC may be improper and may

lead to over-recovery of some or all of the stranded or transition costs requested by Duquesne.

- E. The Consumer Advocate avers that Duquesne's proposed unbundled prices or rates for generation, jurisdictional transmission, distribution, universal service charges and other services, including Duquesne's proposal to move a significant portion of its generation-related costs into a fixed customer charge, may be unlawfully discriminatory, be unjust and unreasonable or otherwise inconsistent with the Public Utility Code; including the prohibition against the shifting of costs associated with the recovery of stranded costs as set forth in Section 2808(a) of the Public Utility Code, 66 Pa. C.S. § 2808(a).
- F. The OCA submits that Duquesne's establishment of a CTC, including its design and application, may be unlawfully discriminatory, unjust and unreasonable or otherwise inconsistent with the Public Utility Code.
- G. Duquesne also proposes methods of insuring the availability of universal service and customer assistance programs and for furnishing customers with the information they need to exercise their statutory right to choose generation suppliers. The Consumer Advocate avers that these proposals are or may be inadequate or otherwise inconsistent with the Public Utility Code, particularly with the recently enacted Electricity Generation Competition and Customer Choice Act.
- H. The Consumer Advocate submits that all other elements, programs and organizational changes proposed by Duquesne require scrutiny to ascertain that they are in the public interest and consistent with the promotion of customer choice in the competitive electric generation market as required by the recently enacted Electricity Generation Competition and Customer

Choice Act.

- I. The Consumer Advocate files this complaint to ensure that the Commission fully and fairly adjudicates the issues pertaining to whether Duquesne's proposed Restructuring Plan results in unbundled rates which are just, reasonable, not unduly discriminatory, and are otherwise lawful and in the public interest. In addition, all issues within Duquesne's Restructuring Plan which may have an impact on the development of free and fair competition within the Duquesne service territory must be examined to ensure compliance with the dictates and goals of Chapter 28 of the Public Utility Code.

4. WHAT DO YOU WANT US TO DO?

The Consumer Advocate respectfully requests that the Public Utility Commission:

- A. Conduct an investigation of Duquesne's Application, pursuant to Chapter 28 of the Public Utility Code. 66 Pa.C.S. §§ 2801 et seq.;
- B. Hold full evidentiary hearings examining the reasonableness of Duquesne's Restructuring Plan;
- C. After providing the public with adequate notice, hold public inputs throughout Duquesne's service territory in order to provide customers with an opportunity to be heard on the record;
- D. Deny any rates or provisions in Duquesne's Plan that are unjust, unreasonable, unduly discriminatory or inconsistent with the Public Utility Code;
- E. Reject the plan and modify it to the extent that it fails to comply with the Electricity Generation Competition and Customer Choice Act; and

F. Grant such other relief which the Commission may deem to be necessary and proper.

YOU MUST SIGN AND DATE YOUR COMPLAINT.

The information I have placed on this form is true and correct to the best of my knowledge. I understand that I could be punished under Pennsylvania State Law if I purposely give false information.



Signature of complainant

8/28/97

August 28, 1997

YOU DO NOT NEED A LAWYER If you **DO** have a lawyer **PLEASE PRINT** the lawyer's name, address and telephone number below.

Lawyer's Name Marisa A. Sifontes, Steven K. Steinmetz, Tanya J. McCloskey

Office of Consumer Advocate

Street 1425 Strawberry Square

City Harrisburg State PA Zip 17120

Telephone Number-Area Code (717) 783-5048

PUBLIC STATEMENT OF THE CONSUMER ADVOCATE ISSUED IN
ACCORDANCE WITH SECTION 904-(e) OF THE ACT OF APRIL 9, 1929
(P.L. 177, NO. 175), KNOWN AS THE "ADMINISTRATIVE CODE OF
1929", AS AMENDED BY ACT 161 OF 1976 (APPROVED JULY 9, 1976)

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC or Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Formal Complaint and participate in proceedings before the Commission involving Duquesne Light Company (Duquesne or the Company).

On August 1, 1997, Duquesne Light Company filed an Application for Approval of its Restructuring Plan pursuant to the recently enacted Electricity Generation Competition and Customer Choice Act. In its Application, Duquesne presents a comprehensive Plan to unbundle its rates in preparation for consumer direct access of alternative generation suppliers. Duquesne also proposes a non-bypassable Competitive Transition Charge ("CTC") to recover from ratepayers costs associated with assets claimed as non-recoverable in a competitive generation market.

The Consumer Advocate has filed a Formal Complaint in this matter averring that Duquesne's proposed Restructuring Plan may result in rates that are unjust and unreasonable. In addition, after a preliminary review of the filing, the Consumer Advocate avers that certain provisions of Duquesne's proposed Plan may hinder the ability of consumers to achieve direct access to alternative generation providers in a free and fair competitive manner.

The objective of the Consumer Advocate in filing a Formal Complaint in this matter

is to protect the interests of the Company's customers. The Consumer Advocate will strive to prevent the Company from collecting any costs from ratepayers that are not fully justified, or are otherwise unreasonable or contrary to law. The Consumer Advocate will, in the course of these proceedings, investigate all of the Company's proposals to ensure that Duquesne's consumers are provided with an effective transition into a competitive generation market consistent with the goals of the Electricity Generation Competition and Customer Choice Act.

CERTIFICATE OF SERVICE

Re: Application of Duquesne Light Company for
Approval of its Restructuring Plan Under
Section 2806 of the Public Utility Code
Docket No. R-00974104

I hereby certify that I have this day served a true copy of the foregoing document,
Formal Complaint, upon parties of record in this proceeding in accordance with the requirements of
52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed
below:

Dated this 28th day of August, 1997.

SERVICE IN PERSON

Kandace Melillo, Esquire
Wayne Scott, Esquire
Office of Trial Staff
PA Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Karen Oill Moury, Esquire
Office of Small Business Adv.
Suite 1102, Commerce Bldg.
300 North Second Street
Harrisburg, PA 17120

Larry R. Crayne, Esquire
Duquesne Light Company
411 Seventh Avenue
P.O. Box 1930
Pittsburgh, PA 15230-1930

Scott J. Rubin, Esquire
3 Lost Creek
Selinsgrove, PA 17870

Timothy Moran
986 Greentree Road
Pittsburgh, PA 15222

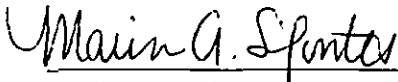
Allegheny Electric Cooperative, Inc.
212 Locust Street
P.O. Box 1266
Harrisburg, PA 17108-1266

David Hughes
4037 Ludwick Street
Pittsburgh, PA 15217

Jim Ferlo, Counselman
510 City-Counsel Building
Pittsburgh, PA 15219

Patricia Armstrong, Esquire
Thomas, Thomas, Armstrong & Niesen
212 Locust Street
P.O. Box 9500
Harrisburg, PA 17108-9500

Mary McFall Hopper, Esquire
PECO Energy Company
2301 Market Street S23-1
Philadelphia, PA 19103



Marisa A. Sifontes
Assistant Consumer Advocate

Counsel For
Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120
(717) 783-5048

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COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P O BOX 3265, HARRISBURG PA 17105-3265
SEPTEMBER 8, 1997

LARRY R CRAYNE, ASSIST GEN COUNSL
411 SEVENTH AVE PO BOX 1930
PITTSBURGH PA 15230-1930

KJI

RE: PA PUC vs DUQUESNE LIGHT COMPANY
Docket Number R-00974104C0001

Dear Sir/Madam:

A Complaint has been filed against you in the above-captioned matter before the Pennsylvania Public Utility Commission by OFFICE OF CONSUMER ADVOCATE.

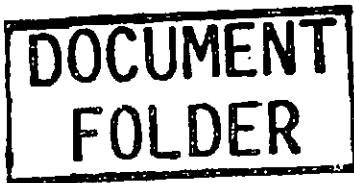
This complaint, of which the attached is a true and correct copy, has been presented and filed of record with the Pennsylvania Public Utility Commission. The Pennsylvania Public Utility Code, 66 Pa. C.S., requires the Commission to serve on each party named in a complaint a copy of the complaint.

Within twenty (20) days from the date on which this complaint is served, you may either satisfy this complaint or comply with the provisions of 52 Pa. Code, Section 5.61 et seq., as amended.

Very truly yours,

James J. McNulty

James J. McNulty
Acting Secretary



(SEAL)

Certified Mail
Return Receipt Requested
jiy

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SEP 8 1997

INSTRUCTIONS: Complete items 1 and/or 2 for additional services. Attach this form to the front of the mailpiece, or on the back if space does not permit. The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fees.	
3. Article Addressed to: <div style="border: 1px solid black; padding: 5px; width: fit-content;"> R-0097110100001 FC LARRY R CRAYNE </div>		4a. Article Number P 968 435 382	
5. Received By: (Print Name)		4b. Service Type <input checked="" type="checkbox"/> CERTIFIED	
6. Signature: (Addressee or Agent) X <i>Bowman</i>		7. Date of Delivery <i>9/10/97</i>	
PS Form 3811, January 1996		8. Addressee's Address (Only if requested and fee is paid)	
		Domestic Return Receipt	

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COMMONWEALTH OF PENNSYLVANIA

DATE: SEPTEMBER 8, 1997

SUBJECT: R-00974104C0001

RJK

TO: Office of Administrative Law Judge

FROM: *JJN* James J. McNulty, Acting Secretary

OFFICE OF CONSUMER ADVOCATE
v.
DUQUESNE LIGHT COMPANY

Attached is copy of a formal complaint filed in connection with the above docketed proceeding.

This matter is assigned to your office for necessary action.

Attachment - copy of complaint

cc:

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SEP 8 1997

Bureau of Fixed Utility Services - w/copy of complaint
Office of Trial Staff - w/copy of complaint
Press Secretary, John Frazier - w/copy of complaint
Office of ALJ, Charles Hilmer - w/copy of complaint
Office of Special Assistants - w/copy of complaint

jiy

**DOCUMENT
FOLDER**