

R-00974104, R00974104C0001-C0002

Pa. Public Utility Commission
v. Duquesne Light Company
Docket No. R-00974104

OCA Cross Exam. No. 2

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PROTHONOTARY'S OFFICE

Item No.: OCA-2-031

Witness: Allison

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DUQUESNE LIGHT COMPANY

Office of Consumer Advocate Interrogatories Set II

31. Is it Duquesne Light's intent to require a customer to satisfy a past due balance owed to any supplier before receiving generation services from the Company under its obligation to serve?

Response:

No. This position is consistent with the Proposed Guide for Maintaining Customer Services at the Same Level of Quality Pursuant to 66 Pa. C.S. § 2807(d), and Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. § 2809(e) and (f), item L. Termination/Payment Agreements. Docket No. M-00960890 F.0011 (Folder 11 Order).

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Pa. Public Utility Commission
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Docket No. R-00974104

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Item No.: OCA-2-032

Witness: Allison

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DUQUESNE LIGHT COMPANY

Office of Consumer Advocate Interrogatories Set II

32. Is it the Company's position that any contract to collect unpaid supplier charges [Direct Testimony at 15] will not include the use of the threat of termination for these charges? What collection procedures will the Company offer to suppliers in the collection of their unpaid charges included on bills issued by Duquesne?

Response:

Yes. This position is consistent with the Folder 11 Order, item L. Termination/Payment Agreements.

As indicated in the Direct Testimony, pages 14 and 15, collection of delinquent, unpaid generation charges billed by Duquesne in a single, consolidated bill will require electricity suppliers to enter into a contract with Duquesne for the terms and conditions of the collection service. This service will differ from Duquesne's current procedures for collecting electric distribution company (EDC) receivables. Duquesne, as an agent of the suppliers, will clearly inform customers of the distinction between termination of utility service versus cancellation of supply services. The customer will have the opportunity to repair the relationship with the supplier through Duquesne. Following exhaustion of available, appropriate collection remedies to collect the delinquency, the customer would default to utility services at capped rates.

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Pa. Public Utility Commission
v. Duquesne Light Company
Docket No. R-00974104

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DUQUESNE LIGHT COMPANYOffice of Consumer Advocate Interrogatories Set V

24. Please provide a schedule of the annual costs to Duquesne of the programs now referenced as Universal Service programs (e.g. CAP, LIURP) for each of the last 5 years.

Response:

Universal Service and Energy Conservation Policy, Activity, and Service					
Policy, Activity, and Service	1992 Actual	1993 Actual	1994 Actual	1995 Actual	1996 Actual
Smart Comfort	\$612,000	\$769,257	\$712,024	\$711,275	\$788,460
Pilot Customer Assistance Program ¹	Not Applicable	Not Applicable	Not Applicable	\$260,311	\$354,987
Pilot Customer Assistance Program frozen arrearage and billing deficiency write-offs ²	Not Applicable	Not Applicable	Not Applicable	\$0 ³	\$223,390
CARES	\$31,036	\$30,833	\$54,928	\$57,361	\$59,538
Hardship Funds - Administration	\$30,000	\$58,000	\$65,000	\$65,000	\$65,000
Gatekeeper Programs ⁴					

¹ Projected budget expenses include, but are not limited to program start-up, labor, equipment, programming and evaluation costs. Write-offs of both arrearage forgiveness and billing deficiencies are not included in these estimates.

² Write-offs are part of the overall Company write-offs.

³ No participants were in the pilot long enough to earn a write-off.

⁴ The Gatekeeper program is not budgeted as a separate program. These costs are estimates based on time spent.

Universal Service and Energy Conservation Policy, Activity, and Service

Policy, Activity, and Service	1992 Actual	1993 Actual	1994 Actual	1995 Actual	1996 Actual
Low Income Collection Costs, including labor ⁵	Not Applicable (N/A)	N/A	N/A	\$5,000,000	\$5,000,000
Low Income Write-offs ⁶	N/A	N/A	N/A	N/A	\$5,804,226
Low Income Late Payment Charges forgiven ⁷					
Consumer Credit Counseling Services	\$26,040	\$19,459	\$15,505	\$14,800	\$12,670
LIHEAP promotion costs	\$53,116	\$50,767	\$73,113	\$68,046	\$67,890

⁵ The amount expended for low income collections is part of the overall collection budget. Duquesne Light does not divide the budget into low income vs. non-low income. Based on this, the listed budgeted amount is estimated in a similar manner as the Equitable Gas top down approach which is recommended in the Final Order of the Universal Service and Energy Conservation Programs. The \$5,000,000 includes allocated expenses such as mainframe computer operation time, building rents, utilities, etc. These amounts may not be available to fund other programs. All Duquesne Light labor costs associated with supporting all of the listed low income programs, except Smart Comfort and CAP, are included in this number.

⁶ Actual write-offs for 1995 are not identified as low income and non-low income. Duquesne Light is unable to supply this data.

Budgeted write-offs are based on actual write-offs in prior years. Write-offs associated with low income customers is not a criteria for budgeting future expected write-offs. Based on this, Duquesne Light is unable to provide this data.

⁷ Duquesne Light does not budget late payment charges. Moreover, these moneys are not revenues and are not available for future programming. They represent charges which could be but are not billed to the low-income customer.

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Duquesne Light

411 Seventh Avenue
P.O. Box 1990
Pittsburgh, PA 15230-1930

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October 13, 1997

Duquesne Light Account
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John Q. Public
Borough of Oz
1234 West Main Boulevard
Pittsburgh, PA 15234-5678

Dear Mr. Public,

Re: Municipal Building
Pilot, PA 15298-7654

I am happy to let you know that you have been selected to be one of the first Duquesne Light customers eligible to participate in our customer choice pilot program. This program gives you the opportunity to have more control over your utility costs by letting you choose the company that generates your electricity. Although you can now choose a new generation supplier, Duquesne Light will continue to deliver the power to you, read your meter, respond to outages, and answer questions about your electricity service.

The table below shows how much electricity you have used during the last 12 billing periods. This information can help suppliers offer a rate plan that is right for you, so you may want to keep this letter handy when you talk to companies about your electricity needs.

Meter Reading Date	Jan 6 1996	Feb 4 1996	Mar 2 1996	Apr 4 1996	May 5 1996	Jun 1 1996	Jun 30 1996	Aug 3 1996	Sep 4 1996	Oct 3 1996	Nov 6 1996	Dec 2 1996
Usage (kWh)	500 kWh	543 kWh	535 kWh	500 kWh	600 kWh	689 kWh	865 kWh	950 kWh	712 kWh	598 kWh	535 kWh	512 kWh
Demand (kW)	25 kW	30 kW	22 kW	35 kW	27 kW	38 kW	42 kW	48 kW	31 kW	25 kW	21 kWh	26 kW

Duquesne Light strongly encourages you to review all of the information in the enclosed brochure, and then become an active participant in the pilot program. If you still have questions, call Duquesne Light's special toll-free pilot hotline at 1-888-245-7500. Thank you for your interest in Duquesne Light's customer choice pilot program.

Sincerely,

X 15 10

Enclosure

Frank Hoffmann
General Manager



Highlights

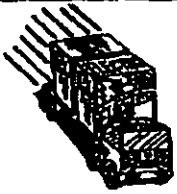
- **Money Saving Opportunities** (page 4)
- **Average Savings Calculations** (page 5)
- **Pilot Participation Checklist** (page 10)

Inside

- **Key Questions for Suppliers** (page 3)
- **Questions and Answers** (page 6)
- **Glossary of Terms** (page 8)

*Introducing Retail
Customer Choice
Volume 1 • Issue 1
October 1997*

An Electric Opportunity



Duquesne Light's pilot program brings you customer choice!

Now you can choose your own electric generation supplier.

Calculations

You are one of the first customers chosen to participate in Duquesne Light's new customer choice pilot. Here's what that means...

As a Pilot Participant

As part of a small group (5%) of customers chosen to take part in Duquesne Light's pilot program, you can help us learn how competition for electric generation will work and ultimately, make the transition easier for everyone.

During the pilot, which officially starts November 1, 1997 and is expected to run until December 31, 1998, you will get the chance to choose the company that generates your electricity. Regardless of your choice, Duquesne Light will still deliver your power, read your meter, respond to outages, and answer your service questions.

As a pilot participant you can now decide whether to buy power from one of many licensed electricity suppliers. These suppliers will tell you how much they charge for electricity, then you can compare their charge (plus our delivery charge) to the cost you pay now. You will

pay the supplier for the actual electricity used, and pay Duquesne Light for the delivery services.

If you continue to participate in the program through the end of next year, you will automatically be included in the first group of customers given the permanent opportunity to choose their electricity supplier beginning January 1, 1999. If you decide to stop participating in the pilot, you can switch back to Duquesne Light—provided you are not violating the terms of your agreement with another supplier. You will return to the original Duquesne Light rate plan you had before the pilot program began.

Money Saving Programs

As an incentive offered to pilot participants, Duquesne Light will give residential and commercial customers a 13% participation credit that applies toward the delivery services portion of their monthly bill, and a generation credit of 3¢ per kWh delivered that applies toward the cost of generation services received from alternate suppliers. Industrial customers will receive a 10% customer participation credit and a generation credit of 2.4¢ per kWh delivered. These credits apply only to active pilot participants, and only for the duration of the pilot.

Recent Changes in Pennsylvania Law

Recent changes in Pennsylvania law are enabling competition in the generation of electricity. Starting this November, each Pennsylvania utility will conduct a pilot program. These pilots will allow us to learn how customer choice will actually work by testing the new rules before they go into effect beginning January 1, 1999.

The new law allowing competition for the sale of electricity separates generation—the making of electricity—from the delivery of that power to your home or business by the local utility. Many new firms will want to sell electricity to you, but by law, each of these new suppliers must get a license from the Pennsylvania Public Utility Commission (PUC) first. The licensing process helps to determine that these new firms can provide the same reliable power that you have always received from your local electric utility.

The move to competition for electricity generation may bring new changes to the way you buy, and ultimately use, electricity. The next few pages will help to explain some of them.



Duquesne Light Company

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Under the current rules, utilities provide *bundled* services. You get all of the basic services needed to create electricity and bring it to you, combined or "bundled" into a single rate. As part of the recent legislation directing the shift toward competition and customer choice, utilities will now separate or "unbundle" these services, and show the charge for each one as a separate item on your bill. There are no new fees—you have always paid for these services as part of your basic rates. Also, the new law ensures that unbundled rates for the pilot cannot be any higher than current bundled rates.

Under *unbundled* service, you choose your electricity supplier and the price you pay for the generation of your electricity. The supplier's charge for electricity will appear as a separate item on your Duquesne Light bill, or you may choose to have your new supplier bill you directly for the electricity charges.

The letter that came with this brochure shows your recent electricity usage, based on your last twelve electric bills. This information can be helpful when you talk to another supplier, because most of these companies will use your usage pattern to decide what price they will charge for power if you switch to their service. Duquesne Light will not give this electricity usage history to anyone else, so please make sure you keep a copy for yourself.

Now that you are eligible, and you know your individual energy usage, your next task is to decide whom you want as your electricity generation supplier. You may wish to talk to several suppliers about your electricity needs, then choose one with whom you feel comfortable.

We've included some questions on page 3 that you can ask suppliers to better understand their rates and other offers. The checklist on page 10 also summarizes these steps.

Only you can decide which electricity supplier to choose, depending upon your individual needs. It is a good idea to ask questions of every supplier you contact and learn as much as you can to determine which company's offer best meets your requirements.

Once you've made a decision, and reached an agreement with a supplier, you must let Duquesne Light know. You can use the customer/supplier agreement form included with this brochure to show your choice, or your supplier may have a different form for you to use.

Another way to tell us whom you chose is to call 1-888-245-7500. After confirming who you are, the service representative will ask three questions:

1. **What type of billing do you want?**
A single bill lists all charges for delivery and generation on one, integrated bill. You make one payment to Duquesne Light, and we pay your supplier. The two bill option means you get a bill from Duquesne Light, and a bill from your power supplier. You pay each bill individually.
2. **Who is your new supplier?**
When you call, the customer service representative will ask you for the name of your new supplier.
3. **What rate plan did you choose?**
If you select the single bill option, the service representative will also ask you to identify which rate plan you chose with the new supplier.

Be sure to use your Duquesne Light account number when you call or fill out the consent form. You can find

this number at the top of the letter that came with this brochure, or on the front of your last electric bill.

Duquesne Light wants to make sure that your electricity service is not changed without your knowledge or permission. To prevent this process, known as "slamming," we require oral or written notification from you and matching written notification from your supplier before we will change your service. If you decide to change suppliers at any time during the pilot, you and your new supplier must also notify Duquesne Light to confirm the change. After we receive the proper confirmation, we will switch you to the new company's billing plan beginning with your next regularly scheduled meter reading.

The changes in the utility industry will bring new opportunities, but they may also bring some confusing new choices. Duquesne Light encourages you to learn more about competition, and to become a more educated consumer. On the next few pages, we've explained some of the new terms and provided a list of suppliers who have expressed interest in selling electricity in our area. We've also answered some of the most common questions about competition and the pilot programs. If you want to know more call Duquesne Light at 1-888-245-7500 or contact the Public Utility Commission (PUC) directly...

Consumer Education
Public Utility Commission
P. O. Box 3265
Harrisburg, PA 17105-3265

1-888-782-3228

<http://puc.paonline.com>

3 AM ELECTRIC OPPORTUNITY OCTOBER 1997

Evaluating Suppliers & their Offers

An Electric Generation Supplier is any person or company that generates, buys, brokers, arranges or sells electricity for use by retail customers. By granting a license, the Public Utility Commission determines that a supplier is both financially and technically able to perform this role in our service area.

The PUC has licensed both local and national suppliers to sell power in the state. If you decide you want to use one of these suppliers during the pilot, make sure that the firm has also told Duquesne Light that it plans participate in our pilot program. If you have questions about these companies, or about the licensing process, please contact...

PA Public Utility Commission
B-20, North Office Building
Harrisburg, PA 17120
(888) 782-3228

To better understand the different offers available from generation suppliers, here are some questions you may wish to ask about the services, prices and additional charges included with any agreement you consider.

- ◆ Does your company have a valid license from the Pennsylvania Public Utility Commission to sell power in this area?
- ◆ Has your company registered with Duquesne Light to participate in its pilot program?
- ◆ What rates and payment options are available to me?
- ◆ Are your energy prices fixed or variable? For what period of time?
- ◆ Is there a minimum billing charge?
- ◆ Are there other charges besides the rate per kilowatt hour charge?
- ◆ Do I have to sign a contract? For how long? What if I move?
- ◆ Will you notify me when my agreement is about to expire? How much notice will I receive?
- ◆ Will my agreement automatically renew, or do I have to contact you to continue or stop service?
- ◆ If you offer a more attractive rate plan later, can I switch to that plan? Is there a penalty for making that change?
- ◆ Is there a fee to start, stop or change service? How much advance notice does your company need?
- ◆ Do you offer a budget billing plan?
- ◆ Is there a late payment penalty?
- ◆ Are all fees and taxes included in your price?
- ◆ Do you offer any energy assistance, senior citizen or other discount programs?
- ◆ Do I need a special meter? Who will install it? Is there an added charge for this service?
- ◆ What is the source of electricity you are selling?
- ◆ What other optional energy services are available?
- ◆ What happens if I want to switch suppliers during the pilot?
- ◆ Do you have a toll-free number to handle billing problems and customer service questions?

Evaluating Suppliers and their Offers - continued

In a truly competitive environment, the market will set the actual prices for electricity based on supply and demand. This means that when the supply of electricity (i.e., the amount generated by existing power plants) exceeds the amount required by existing customers, the price of that electricity can be driven down. On the other hand, if the demand for electricity (i.e., the amount needed by all customers) is greater than the capacity available from existing power plants, prices can go up. The forces of supply and demand also explain why the time of day that you use electricity—whether during peak or non-peak periods—can affect the price you pay. The demand for electricity is greater, and the available supply less, during peak periods (e.g., extreme weather, high factory and business activity, etc.), than it is during off-peak periods (e.g., evenings after 9:00pm, weekends and holidays) when there are fewer demands on the available supply of electricity from existing power plants.

During the pilot program, suppliers will use a variety of methods to package and sell electricity to you. The simplest offers will provide a basic cents per kilowatt-hour rate that may apply the same price to all energy usage or vary the price during certain hours of the day. More complex offers can charge different rates for each block (or amount) of energy you use. For example, this type of plan might charge one rate for the first 250 kWh of electricity, a lower rate for the next 250 kWh, and an even lower rate

for everything over 500 kWh that you use in a month. In some cases, the offers may tie the price you pay for electricity to the average monthly, weekly, daily or even hourly wholesale market price for power. Having this type of rate plan is similar to having a variable interest rate on a loan—the per kilowatt-hour price you pay each month for your electricity usage depends on whether the wholesale rate went up or down!

Regardless of what type of rate plan you're considering, the easiest way to determine your potential savings is to compare the generation credit Duquesne Light will give you as a pilot participant to the generation price per kWh offered by your selected supplier. If the supplier's price per kWh is less than the generation credit, then you can save money with that supplier. If the rate is equal to the generation credit, you break even on the generation portion of your bill. And if the supplier's offer is higher than the generation credit, the savings on your total bill will be less.

As long as you continue to participate in the pilot, and take power from an alternate electricity supplier, Duquesne Light will give you a discount on the transmission and distribution services we provide. This participation credit only applies to the Duquesne Light portion of your utility bill, but as long as you are buying power from a licensed supplier, you will have this opportunity to save money compared to the current rates for your customer class for the duration of the pilot.

As mentioned earlier, we are also providing a generation credit to be applied toward the rate that you pay an alternate supplier for electricity delivered. If you can purchase electricity for less than the generation credit, you can save money. The lower the price/kWh you pay for generation, the greater your total savings!

Please note that both the participation and generation credits will end at the expiration of the pilot program on December 31, 1998.

Everyone's usage needs are different, so we cannot predict which supplier you will choose or what rate you will agree to pay. Because the participation and generation credits vary by rate class, we also cannot tell you *exactly* how much you will save by participating in the pilot. What we can do, starting on the next page, is show you an example of how to calculate your own savings potential.

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Evaluating Suppliers and their Offers - continued

To calculate your own potential savings, you need to know the generation rate from the new supplier, the generation and participation credits for your customer class (from Table 1 below) and a copy of your most recent electric bill. Your rate class is shown next to your account number on the front of your electric bill.

Customer Class	Rate Class	Generation Credit	Participation Credit
Residential	RS, RH, RA	3.0¢ / kWh or 0.030	13% or 0.13
Commercial	GA/GM, GMH, GLH, GL, L	3.0¢ / kWh or 0.030	13% or 0.13
Industrial	GS/GM, GMH, GL, GLH, L, HVPS	2.4¢ / kWh or 0.024	10% or 0.10

Table 1 - Money Saving Credits from Duquesne Light

Remember...The results shown here are only estimates—your actual savings may be different

	Exc. Rate RS Residential Customer	Your Potential Savings...
1. Amount Due - from your current bill:	\$62.76	_____
2. kWh Consumed - from your current bill:	500	_____ kWh
times 3. Generation Credit - from Table 1:	x 0.03	x _____ ¢/kWh
equals 4. Duquesne Light Generation Savings*:	\$15.00	_____
5. Amount Eligible for Participation Credit (Subtract line 4 from line 1):	\$47.76	_____
times 6. Participation Credit - from Table 1:	x 0.13	x _____
equals 7. Duquesne Light Participation Savings*:	\$6.21	_____
8. Duquesne Light Delivery Charge (Subtract line 7 from line 5):	\$41.55	_____
9. Generation Rate from new supplier:	0.03	_____ ¢/kWh
times 10. kWh Consumed (from line 2)	x 500	x _____ kWh
equals 11. Estimated Supplier Generation Charge:	\$15.00	_____
12. Total Amount Due - after pilot savings (Add lines 8 and 11)	\$56.55	_____
13. Total Pilot Savings (subtract line 12 from line 1):	\$6.21	_____

*rounded
 This example assumes the customer purchased 500 kWh of electricity at the same price as the Generation Credit of 3¢ per kWh.

6 AN ELECTRIC OPPORTUNITY OCTOBER 1997

Questions & Answers

Q: Why do we need pilot programs, and how will customer choice work?

A: The recent state law that brings competition to the electric industry requires pilot programs. These programs let us test the customer choice process, and learn the best way to create competition among those who generate power. Under customer choice, Duquesne Light still owns and maintains the wires and equipment that bring electricity into your home or business. However, you will choose the firm that supplies that electricity.

Q: How were customers chosen to participate in the pilot?

A: For each rate class within a customer group (residential, commercial and industrial), Duquesne Light compared the number of volunteers at the end of the open enrollment period to the pilot limit of 5% for each rate class. For those rate classes where more customers volunteered than could be accepted, we used a computer program to randomly select participants from all volunteers in the same rate class. This computer program was reviewed by an independent accounting firm.

Q: Why should I participate in customer choice?

A: Your bill could go down if you choose a different supplier. And, you could benefit from new product and service options. For example, some companies may offer you the chance to reduce your energy costs based on the time of day that you use electricity most.

Q: Could Duquesne Light prevent other companies from contacting me to sell electricity?

A: No. Just as the local phone companies cannot keep long distance companies from calling you to switch your phone service, Duquesne Light cannot stop competitors who meet state and local guidelines from contacting you to sell their power to you.

Q: Will the other energy suppliers call me or do I have to find them?

A: Some of the licensed firms will actively seek your business via mail, newspaper and TV. Others may choose not to contact you at all, but you can still contact them.

Q: Can I change from one supplier to another? How long do I have to stay? How long will it take to switch from one supplier to another?

A: This will depend on your agreement with the new power supplier that you choose. The actual switch to your new company could take up to 45 days, based on your meter reading and billing cycle, and when you request the change. How quickly your new supplier provides written confirmation of the change request can also influence the timing of the switch.

Q: What if I don't like my new supplier? Can I come back to Duquesne Light?

A: Yes, you can come back to Duquesne Light. If you do switch back to us, you will return to your original bundled rate without the generation and participation credits. Of course, you cannot break the terms and conditions of your agreement with another power supplier.

Q: How much will my rate change if I switch from Duquesne Light to another supplier?

A: We don't know. Depending upon the individual offers made by each supplier, and the terms of the agreement or rate plan you choose, your total bill may go down or it may go up. The market will set the actual prices for electricity based on supply and demand. Too much or not enough electricity from existing power plants can drive prices down or up at any time. Also, when you use electricity—whether during peak or non-peak periods—can affect the price you pay.

As long as you actively participate in the pilot, you will receive a discount on the Duquesne Light portion of your bill (excluding all charges for generation services) for the duration of the pilot. Additional savings can come from the generation credit Duquesne Light is giving during the pilot.

Keep in mind, the participation and generation credits from Duquesne Light are only offered during the pilot program which is expected to end on December 31, 1998.

7 AN ELECTRIC OPPORTUNITY OCTOBER 1997

Questions and Answers - continued

Q: What happens if my supplier runs out of power, or even goes out of business?

A: During the pilot, and until the move to full customer choice is complete, Duquesne Light will be responsible for providing energy to meet your needs, even if your supplier runs out of power or goes out of business. Should this happen, you will return to Duquesne Light's bundled rates.

Q: Who will I call if I have a question about my bill, move to a new location, or need someone to fix power lines after a storm or accident?

A: As long as you still live in Duquesne Light's service area, we will be your first point of contact for all of these service questions. For outages or other emergencies please call 1-888-393-7000. For all other questions, call 1-888-393-7100. Both numbers answer 24 hours a day, every day. Even if you buy your power from someone else, we will still handle all maintenance and repairs, outage restoration, meter reading and other services required to bring power to your home or business.

Q: If I decide to change suppliers, why do I still pay Duquesne Light?

A: When you switch suppliers, you are only changing who actually makes the electricity you use. Duquesne Light still owns and maintains the lines that carry that power from the generator, and we still provide the equipment and services needed to deliver that power to your home or business. The bill you get from Duquesne Light will continue to cover these vital services.

Q: I have heard a lot about "stranded costs" lately. What are these costs?

A: Every utility has costs associated with investments in power generation. In the past, Duquesne Light built power plants, as required by the state's regulatory system, in anticipation of the growing power needs of our region's then thriving companies—like the steel mills. The decisions to build plants and supply electricity to meet the needs of all the homes and businesses in the region were approved by the PUC with consumer input, based on the best economic, legal and technical information available. The term of these investments was typically 40 to 50 years. Utilities like Duquesne Light had to plan and build generation facilities to fully meet the anticipated changing needs of their customers, often forecasting a decade or more in advance, regardless of the business prospects. When many of these customers later shut down or moved out of the region, the cost of investment in these power plants remained.

Q: Will Duquesne Light still be able to recover its investments?

A: In the past, electric utility rates were designed to recover PUC approved generation investments over a long period of time. Now, because the number of power generation customers a utility serves will be determined by choice, not by law, investments once approved to be recouped over decades will have to be recouped in a much shorter period of time. Under the new law, the PUC will decide just how much of the outstanding investment each utility can recover as just and reasonable costs of the transition to a competitive generation marketplace.

**DUQUESNE LIGHT COMPANY
CUSTOMER/SUPPLIER AGREEMENT**

Customer Information

[REDACTED]											
				-			-			-	

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R-00974104, R-00974104 C0001-C0002

Pa. Public Utility Commission
v. Duquesne Light Company
Docket No. R-00974104

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Witness: Hoffmann

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DUQUESNE LIGHT COMPANY

Office of Consumer Advocate Interrogatories Set II

19. Provide a copy of the 500-word "advertorials" and 25-word advertisements issued to date and the drafts of any future advertorials and advertisements scheduled for the coming year.

Response:

Copies of each of the ten advertorials and three advertisements are attached.



POWER TO CHOOSE

First it was the airlines. Then came the phone company—swiftly followed by trucking, railroads, petroleum, natural gas, and financial services. In industry after industry, government regulators have stepped aside, and new competitors have stepped in. With their arrival has come an often bewildering array of choices and, in many cases, competitive pricing. Consumer response has run the gamut from overjoyed to overwhelmed—and, not infrequently, both at the same time.

Now it's the electric power industry's turn. Newly-enacted legislation in Pennsylvania mandates full retail competition. Under the new law, beginning January 1, 1999, one-third of consumers will have the opportunity to choose who generates their power. By 2001, all customers will choose. It's too soon, of course, to predict what all this will mean to consumers, but it's clear that wise choices will call for knowledge and understanding, not to mention a healthy dose of common sense.

Duquesne Light strongly supports this move toward customer choice in electric power. We believe that, as in other industries, choice will bring with it greater innovation, tailored service, and market-driven prices. And because it will also bring a measure of uncertainty, we want to help illuminate the issues involved in the transition to competition. In the coming weeks and months, we will use this space as a forum in which to help clarify the

decisions that consumers will need to make—and provide information they will need to make them.

One important aspect of the new legislation is the difference between generation and delivery of electricity. You'll be free to purchase your power

from any licensed generator, much as you now choose a long-distance telephone company. As to the delivery of power, the company that set the poles and strung the wires into your home or business will remain the same—and will continue to

be regulated by the state Public Utility Commission. Just as today, the law still provides that all customers will have access to the power they need, when they need it.

On the subject of free market trade, a wise Pennsylvanian, Benjamin Franklin, once wrote that government should go "no farther with trade than to protect it, and let it take its course." We heartily subscribe to that sentiment—recognizing that the transition to a competitive market, like all complex changes, must unfold over time.

With the coming of consumer choice, a new era has dawned for electric power in Pennsylvania. And we welcome it. In the next few years, customers will enjoy the freedom to decide who generates their power. It will mean new relationships between consumers and electricity suppliers. By better understanding these relationships and the issues surrounding them, we will all help to make competition's future a bright one.

**We believe choice
will bring with it
greater innovation,
tailored service, and
market-driven prices.**



Duquesne Light



LET THE **COMPETITION** BEGIN

There's a well-known Chinese saying: "The journey of a thousand miles begins with a single step." As Pennsylvania embarks upon the path toward customer choice in power generation, a similar logic applies. While it's true that the recently enacted legislation doesn't mandate full deregulation until 2001, the scale and complexity of the task require that we get moving right away.

Fortunately, much of the groundwork is already in place. The legislation is the culmination of more than two years of public debate and planning. Pilot programs are already under development—subject to the approval of the Public Utility Commission—that will permit a representative sample of consumers to select their power producer on a trial basis, starting as soon as the second half of this year. In the area currently served by Duquesne Light, some 26,000 households will be involved. Their experience will provide a base of knowledge that can help ensure a smooth transition to full-scale consumer choice. (Under the law, one third of consumers will be able to choose the company that generates their power as early as January 1, 1999; the next third by January 1, 2000; and the remainder by January 1, 2001.)

This timely phase-in of competition aims to avoid the disruption and confusion that followed in the wake of the abrupt, across-the-board deregulation of other industries. At the same time, it will mean that companies

like our own—which, under the new law, can serve as both competitive producers and regulated distributors of electric power—must strive to meet an ambitious timetable in this transition to a competitive environment.

Some have expressed surprise that Duquesne

Light should be among those supporting the move toward competition and deregulation. They wonder why we would want to give up a monopoly position in power generation and expose ourselves to new competitors in our marketplace. Yet more than a century of providing power to Western Pennsylvania has equipped us with the knowledge and expertise that will serve us well in the competitive arena. The new law, moreover, enables us to

continue to streamline our business and to reduce the fixed costs we incurred under regulation. Additionally, it will open new markets in other regions that can facilitate our future growth. Under deregulation, Duquesne Light will be a stronger company—competing successfully in many markets, in Western Pennsylvania and beyond.

Like most consumers, then, we welcome this brave new world of competition in power generation. Indeed, we're reminded that the word competition itself originally meant "to seek together." And while the full benefits of deregulation may be some distance down the road, we—producers and consumers alike—must begin with these trial efforts to seek a strong, efficient marketplace. For this is a journey we will make together.

**The timely phase-in
of competition aims
to avoid the disruption
and confusion that
followed the abrupt,
across-the-board
deregulation of other
industries.**



Duquesne Light

This is the second in a series of messages on customer choice. We welcome your comments. You may write us at: Power to Choose, 411 Seventh Avenue, Pittsburgh, PA 15219. Or respond through our home page at <http://www.dqe.com>



DELIVERING THE FUTURE

Yogi Berra once sagely observed: "The future ain't what it used to be." Certainly, he was right about the future of electric power.

For as long as most of us can remember, electricity has been produced, distributed and sold under a regulated monopoly. That is, the government (namely, the states) granted an exclusive franchise to a single utility company to generate and distribute electricity within a given geographical area. The reasoning was that it would be inefficient to create redundant generating capacity and redundant wiring for multiple utilities to serve the same set of customers.

In exchange for this guaranteed customer base, however, the government expected something from the utility in return—what came to be known as an "obligation to serve." In simplest terms, this meant that the utility could not refuse to provide power to any customer within its geographical market. And no matter how much power customers required, the utility was obliged to find a way to supply them. If a company built a new factory, it was up to the utility to make sure there was power available to start up the line—and to keep it running around the clock, if need be. As long as energy needs kept growing, so did the utility's obligation to provide generating capacity.

Today, however, the business of generating electricity is far more flexible. Technological advances in power generation and transmission, and new laws, have allowed many new producers to enter the marketplace. Even so, such flexibility does not extend to the delivery of electricity, where running multiple sets of wires to every home and business remains a highly uneconomical proposition.

Consequently, the distribution of electricity at the local level will continue to be a practical monopoly.

With the passage of the recent legislation phasing in full competition in power generation by 2001, Pennsylvania has begun to rewrite the future of electric

power in our state. The new law enables consumers to choose which company generates the power that comes into their homes. But when rules change for consumers, they change for utilities too, in a commensurate way. Without the guaranteed customer base afforded by an exclusive franchise, the "obligation to serve" customers becomes an "obligation to deliver"—to deliver the

power consumers buy from the producer of their choosing. During the transition, of course, we will continue to serve you as we now do. However, when the new system is in place, local utilities will be expected to guarantee only the delivery, not the supply, of electricity. The marketplace will balance supply with demand, as it does in other industries.

In short, our legislators have rewritten the "contract" between utilities and their customers. Customers will now be able to decide which company generates their electricity. Utilities, for their part, will be freed from the obligation to guarantee unlimited availability of power. Together, both producers and consumers of electricity will give up some of the security of government control in exchange for the freedom and efficiency that an open market in power generation will bring.

No, it's not the future anyone would have expected for electric power even a few years ago. But it is a future—for the first time—Pennsylvanians have the power to shape for themselves.

**Local utilities
will be expected to
guarantee only the
delivery, not the supply,
of electricity.
The marketplace
will balance supply
with demand.**



Duquesne Light



A NEW **CONTRACT** WITH **TOMORROW**

History teaches that ideas have consequences—consequences that often outlive the ideas that gave birth to them.

For nearly a century, America's electric utility industry was shaped by a simple and durable idea: that regulated electricity monopolies were the most efficient way to produce and deliver a reliable supply of power to consumers. Each local utility was required to provide service to anyone in its service area who wanted it. And state public utility commissions were set up to ensure that utilities made the most effective use of resources under this "obligation-to-serve" system.

The regulatory system required utilities to anticipate the future energy needs of their region and to build enough power generation capacity to meet those needs. Given the long lead times involved in building generation facilities, this frequently meant forecasting power requirements and construction costs a decade or more in advance. Would existing industries continue to thrive? Would new businesses come into the region? Would new technologies be commercially available? In such an uncertain environment, utilities, unlike other industries, had to plan and build—under the watchful eyes of regulators and the public—to fully meet the anticipated changing needs of their customers. The utilities did not have the option of refusing to serve any customer, regardless of the business prospects.

This, in turn, allowed all customers to have the electricity to meet the needs of their homes and businesses. The decisions to build plants and supply electricity were approved by the Public Utility Commission with consumer input, based on the best economic, legal and technical information available. And the term of these investments was typically 40 to 50 years.

But no more. The coming of competition to Pennsylvania's utility industry will soon overturn this system. The number of power generation customers a utility serves will be determined by

choice, not by law. And investments that were once approved to be recouped over decades will now have to be recouped in a much shorter period of time.

The Pennsylvania legislature has recognized that allowing utilities to recover the just and reasonable costs of the transition ("stranded costs") to a competitive generation marketplace is sound public policy. In this regard, utilities are required to restructure their operations to mitigate their stranded costs and to prepare for the new demands of a competitive marketplace. The PUC will then review the aggressiveness and effectiveness of the utilities' mitigation plans. This will form the basis

**It's an obligation
that must be met—not
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agreements made
under a past system—
but to gain the benefits
of a competitive
marketplace.**

for the allowed cost recovery.

Consistent with these criteria for cost recovery, Duquesne Light has embarked on a very aggressive mitigation plan that has included selling assets, accelerating depreciation, and significantly reducing costs. In addition, we have frozen our rates through the year 2001. This action, combined with earlier rate reductions, means that relative to the price of electricity, the average cost of other products and services will increase 50% by the end of the decade.

Consumers, for their part, will continue to pay for prudently incurred transition costs (as determined by the PUC) through charges in their electric bill during the transition period, regardless of their choice of supplier. These charges will not result in any increase since they are included in existing rates.

It's doubtful that anyone will be happy to pay, even partially, the cost of an old system that new ideas have replaced. This is, however, an obligation that must be met—not only to honor good-faith agreements made under a past system—but to gain the benefits of a competitive marketplace in the years ahead. The responsibilities incurred under the old system are not something from which electricity producers or consumers can simply walk away. As Winston Churchill noted, "We cannot say 'the past is past' without surrendering the future".





PILOTING COMPETITION

When Benjamin Franklin witnessed the first balloon ascent in Paris in 1782, he overheard someone remark, "What good is it?" to which he is said to have responded, "What good is a newborn baby?"

Pennsylvania will be the launching place for a different, but equally promising, sort of "trial balloon" - a group of pilot programs for competition in electric power generation. Each of the eight electric utilities in the state has developed its own approach to introducing customer choice. These programs, which are expected to begin this Fall, are designed to test the concepts of customer choice. This will ensure that the phase-in of competition - scheduled to begin on January 1, 1999 - will be smoother and better understood by everyone. Collectively, these pilot programs, covering a broad cross-section of customers, will enable utilities, regulators and the public to preview the effects of full-scale competition in power generation.

In February, Duquesne Light submitted its plans for a pilot program to the Public Utility Commission. The proposal, some 200 pages in length, details a creative, practical and comprehensive approach to retail competition. It also evidences Duquesne Light's commitment to demonstrating that competition in power generation markets can and will work. We've designed our pilot to reflect the same principles that will govern the transition to competition for all customers.

Above all, we've set forth a program that's fair and equitable. The pilot has been designed to involve the broadest possible cross section of customers, so that the more than 29,000 participants are fully representative of the service territory as a whole. As for suppliers, the pilot is open to any generation supplier certified by the PUC. This will provide our customers with a real opportunity to choose. Duquesne Light will participate at the wholesale level, encouraging competition by making its energy available to a multitude of new suppliers.

**Our pilot program
reflects the same
principles that will
govern the transition
to competition.**

The success of a robust, competitive market for electricity ultimately will be determined by consumers. Keys to that success are good communication among suppliers, local utilities and customers, sound business practices, and ensuring that quality of service is not compromised. To that end, Duquesne Light is committed to helping customers understand the changes in the marketplace and the choices available.

The customer choice pilot programs present an historic opportunity to shape the future of electric competition, not only in Pennsylvania but across the nation. Taken together, the pilots represent the largest experiment in electric utility competition in U.S. history. More important, this vast experiment gives us a chance to gain the best knowledge possible: the kind that is derived from actually doing. True, electric utility competition may be only in its infancy, but in the long run it's everybody's baby.





THE ROAD TO COMPETITION

With the arrival of warmer weather, you're probably noticing those construction signs along the roadside that read: "Temporary Inconvenience, Permanent Improvement." Such sentiments may be little consolation if you're stuck in a line of traffic, but the prospect of smoother, faster roads is one most motorists gladly welcome.

Temporary inconvenience, permanent improvement is a motto that could also apply to the Competitive Transition Charge (CTC) that utility customers will encounter as Pennsylvania begins its gradual phase-in of competition in power generation, starting with pilot programs later this year. As the costs of supplying electricity are "unbundled" under competition, the CTC will appear as a separate item in your electric bill. Its purpose: to help pay for investments in power generating capacity made under the former system of utility regulation.

Customers should bear in mind, however, that the CTC won't impose any additional costs beyond what they're already paying in their monthly electric bills. And every customer will pay a proportional share of the costs, regardless of their choice of electricity supplier.

The logic behind the CTC is straightforward. Under the "obligation to serve" principle (which governed the economics of the utility marketplace for more than a century), utilities were granted a monopoly in their territories in exchange for an ironclad commitment to provide adequate power to any customer who wanted it. These regulatory requirements resulted in utilities—unlike other industries—having to serve every customer, regardless of the business prospects. This principle forced utilities to plan a safe margin of power generation

capacity, often decades in advance of the actual need.

With the advent of customer choice, however, a portion of these investments will be rendered unrecoverable at market prices. In this regard, utilities are required to restructure their operations to mitigate

these transition costs and to prepare for the new demands of a competitive marketplace. Duquesne Light, in particular, has worked very hard to reduce the cost of these so-called "stranded investments." A portion, however, still remains. The Pennsylvania legislature has determined that it is sound public policy for the Public Utility Commission to allow utilities to recover the just and reasonable costs of that remaining portion.

The full extent of the transition costs to be recovered under the CTC will be determined in the coming months through a comprehensive, case-by-case review by the Public Utility Commission.

"Our privileges," John F. Kennedy once said, "can be no greater than our responsibilities." The privileges of the new era of choice require us first to honor the responsibilities of the former era of regulation. Duquesne Light has already begun mitigating the cost of the transition by selling assets, significantly reducing operating expenses and freezing rates through the year 2001. But utility customers—those whose needs the investments were made to serve—will continue to have a part to play.

Like those construction signs along the roads, the CTC's appearance won't gladden many hearts. But, in the long run, we'll all be better off for the permanent improvement it will bring to Pennsylvania's electricity marketplace.

**The Competitive
Transition Charge won't
impose any additional
costs beyond what
customers are already
paying in their monthly
electric bills.**



Duquesne Light



UNBUNDLING POWER

For decades, customers have been comfortable with the familiar idea that their local power company would generate their power, transmit it over varying distances, distribute it to their homes or businesses and, once a month, send a bill with these services “bundled” together in one lump sum.

Soon, however, you’ll have the opportunity to choose among companies competing to generate your power. “Unbundling” these charges—separating and itemizing them on your bill—will make sense and become necessary. Breaking out the services in this way will provide customers with more information about specific services received and what they cost. You’ll be able to see, for example, the price of power generation, whether it’s provided by your local utility or a different producer. You’ll also see itemized prices for sending the power over transmission lines to substations and distributing it to your home or business.

Unbundling will not change the services you are currently receiving. And it will not increase the charges you are paying for those services. It will, however, supply more

useful and tailored information to help customers make informed choices among power producers.

With unbundling, the “one size fits all” service of the regulated electricity era will give way to customized service and flexible pricing. New products will be designed to meet the needs of residential, commercial and industrial customers.

Yet, with all the changes competition and unbundling will bring, much will stay the same.

For example, Duquesne Light will continue to deliver power safely and reliably to your home or business. We’ll continue to read meters, repair and maintain equipment, send monthly bills and be there to respond to your needs and questions.

More than 200 years ago, Samuel Johnson, the noted English writer and critic, wrote that “new things are made familiar, and familiar things are made new.” Those words describe what’s happening in the electric power industry today. Competition will bring change—such as unbundling—but do it in ways that assure continuity. And that blend of the new and familiar will make it easier for us all to realize the benefits of those changes.

**Unbundling will supply
more useful and
tailored information to
help customers make
informed choices.**



Duquesne Light



A CHOICE OPPORTUNITY

More than a century ago, Pittsburgh was carving a leadership position in the fledgling electricity industry. One of the world's first permanent central power stations was built on a fifty-by-ninety-foot lot on what today is Oliver Avenue in the center of Downtown. In the age of horse-drawn streetcars, Pittsburgh became one of the first cities in the country to offer electric streetcar service. One historian has written that Pittsburgh during this time may have been better lit with electricity than any other city in the nation.

The success that Pittsburgh enjoyed in the formative years of the electricity industry spurred fierce competition. More than one hundred small "neighborhood" electric companies—many consisting only of a generator in the basement, according to one account—went head-to-head competing for street lighting contracts.

This period of competition gave way to a long era of regulation, brought on by a greatly increased demand for power and the potential for economies of scale. It was during this era that utilities were required to provide power to anyone in their service territories who requested it, in return for an exclusive franchise. Now, Pennsylvania is poised for competition again. Suppliers, including those from outside the state, will have the opportunity to market their particular "brand" of power to local customers by mail and phone and through the media. Customers will have to evaluate marketing information and make choices accordingly. While the exact number of interested and qualified electric suppliers is not yet known, consumers most likely will have an opportunity to select from a broad range of companies.

**Knowing that suppliers
must meet PUC
guidelines will help
consumers make
confident choices.**

However, unlike a century ago, when an entrepreneur with a basement generator would suffice to get a company into business, firms planning to compete in Pennsylvania will have to measure up to standards of technical competence and financial fitness set by the Public Utility Commission. For example, the PUC will establish requirements to ensure that customers receive accurate information about supplier services, in words that are easily understood. The PUC will require that suppliers offer their services to everyone on an equal basis and will be watchful of any

potentially deceptive practices. The intent is that the present quality of service and all relevant standards be maintained. Knowing that suppliers must meet PUC guidelines will help consumers make confident choices.

Duquesne Light's goal is to make our customer choice pilot program—scheduled to be available to more than 29,000 customers later this year—a meaningful prelude to the full competition in power supply that will be phased in beginning in 1999. For power suppliers, we will do that by providing full and equal access to our transmission and distribution systems. For consumers, we will be a source of information on how customer choice will work and will furnish on request a list of all suppliers who have been licensed by the PUC to compete.

Thomas Jefferson once said "The great joy of being an American is having freedom of choice." In the not too distant future, electricity consumers will have the opportunity to choose, and to enjoy the benefits of their choosing.





POWER TO ALL

Albert Schweitzer once said, "To work for the common good is the greatest creed." As the electric utility industry undergoes dynamic changes, Dr. Schweitzer's words have special meaning. Electricity is considered a fundamental service. One that is essential to the quality of life for everyone. In drafting the new legislation that moves Pennsylvania from the full regulation of power supply to competition, the lawmakers wisely provided that all citizens—regardless of economic circumstance—will have access to power at a reasonable price. These protections are the "universal service" components of the new law which preserve the safety net for the state's electricity consumers.

With the transition to competition, consumers will soon have the opportunity to choose their power supplier—either their local utility or an alternative licensed supplier. When a customer does not choose an alternative supplier, or if an alternative supplier declines or cancels service for any reason, the local utility will be obligated to provide power. In addition, under the law, low-income customers must have access to programs that make electric power available and affordable. This is in keeping with the spirit of several energy assistance programs currently in place.

In the early 1980s, for example, local religious and community leaders gathered to resolve a growing problem: families that could not afford the cost of some of life's essentials—light, heat, and water. From these meetings, the Dollar Energy Fund was born. This program—in

which utilities match the contributions of customers, with all proceeds helping the needy with their utility bills—annually provides more than \$3 million to area families who qualify. Other programs, like the federally funded Low-Income Home Energy Assistance Program, help

customers pay for their energy use. Utility sponsored programs, like Duquesne Light's Smart Comfort, help customers use energy more wisely.

These programs were created and administered when closely regulated electric utilities served exclusive franchise areas. Now, on the threshold of

a new era of customer choice, much will change. But one thing that will *not* change is the availability of help for those who truly need it. Indeed, the lawmakers made it clear that utilities are to continue the protections and services that assist low-income customers.

The new law and the competitive industry it creates will present new issues and challenges. The Public Utility Commission—working with the state's electric utilities—will address these issues as it carries out its mandate to demonstrate the compatibility of competition and the concept of universal service.

More than 200 years ago, James Madison spoke of the importance of serving "the permanent and aggregate interests of the community." One of the hallmarks of a caring society is helping all of its citizens afford life's essential services. The universal service provision of Pennsylvania's electricity deregulation law is designed to do just that: to ensure power to all who need it.

**Utilities will continue
the protections and
services that assist
low-income customers.**



Duquesne Light



ENERGIZING THE FUTURE

H.G. Wells once wrote that the "past is just the beginning of a beginning..." Famous for his ability to look beyond tomorrow, Wells felt that the future promised to be bigger and better than any of us could possibly imagine.

At Duquesne Light, we share that optimism. And we believe that we are today witnessing a true beginning, the start of a milestone transformation in the electric power industry. We are confident that deregulation will bring real added value to energy consumers — both in the short and long term. And it is not difficult to foresee new and better customized services emerging and to expect the accelerated technical innovation that competition has consistently created in other industries.

One only needs to compare, for example, the tremendous growth of capabilities in the telecommunications industry in the years since deregulation. From caller ID to internet access, the introduction of exciting new services and products has not abated. In turn, we expect the same infusion of positive changes from the deregulation of electrical generation. Changes that will allow us all to better use electrical power to enhance our lifestyles and our lives.

As a matter of fact, just beyond the horizon, those changes are already taking shape. On the way are new and better technologies for managing and controlling energy at home and at work. New systems are being developed for home security, surge protection and minimizing weather fluctuation costs. Advanced metering is practically here, offering the customer consolidated billing and a detailed, real-time analysis of energy usage.

In addition, structural changes in electric power markets may lead to the formation of independent system operators (ISOs) controlling the transmission of electricity over large geographic areas. The result will be a broad, efficient integration of resources into regional markets.

As we move toward full competition in the generation of electricity, pricing will be market driven. This will create the potential for prices tailored directly to customer values. A futures market for electricity is also developing, similar to the active futures market currently present in the gas industry.

Changes in the utility business may also allow for the delivery of electric, gas, and other utility services by a single marketing company. One-stop shopping for energy and related services will become a reality.

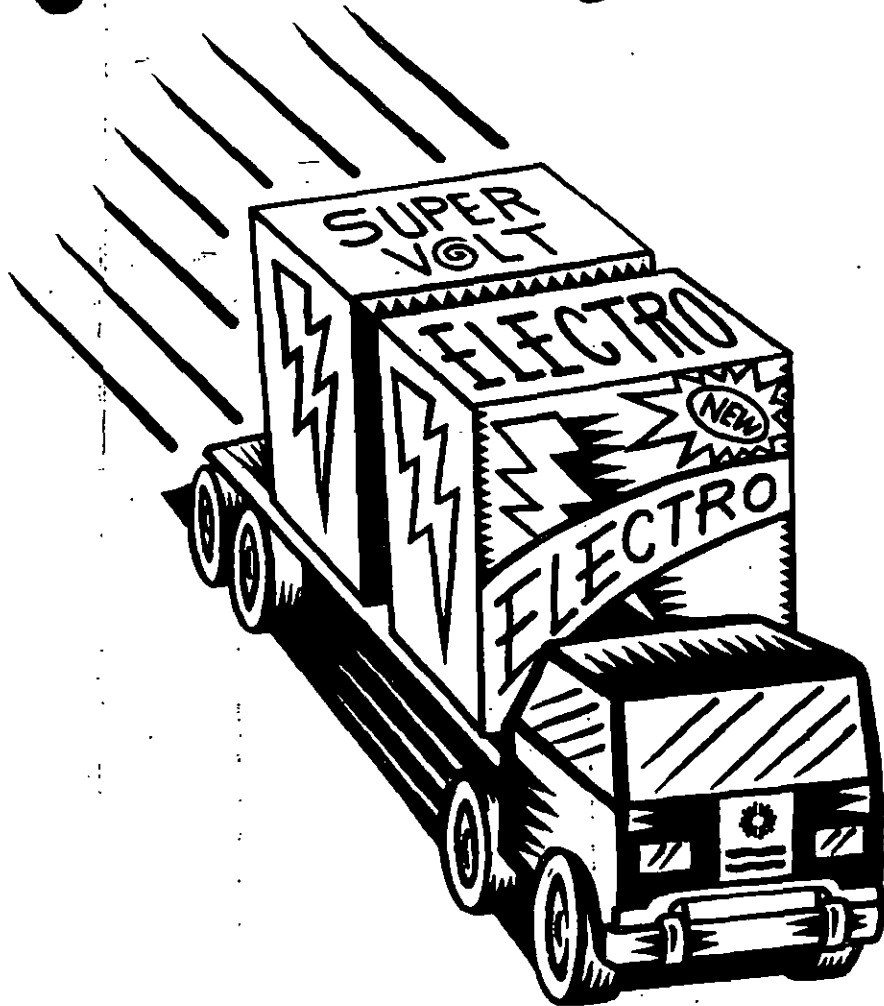
In fact, the emergence of multi-service energy marketing companies is already happening, both here and across the country. New companies are entering the power business and existing utilities are combining. The industry will no doubt be concentrated into fewer, bigger players and some niche players. This past April, Duquesne Light and Allegheny Power announced their intentions to merge into Allegheny Energy — a company dedicated to efficiently and competitively delivering energy services to its customers.

In the days and years ahead, we can expect to look back and see that deregulation brought many good and positive changes. And we will also see more clearly that we have started the turning of a much grander wheel of change. From it will emerge many new and unexpected advantages. Right now we are, indeed, just beginning a beginning. And what a future it will be!

Changes are coming that will allow us all to better use electrical power to enhance our lives.



Duquesne Light



DELIVERING THE GOODS.

Soon electricity will be promoted and sold like many other products. Recently passed legislation will allow some customers to choose a power provider as part of a pilot program later this year.

By January 1, 2001, everyone will shop for a power generation company much as you may now do for a long distance phone company.

But no matter who generates your electricity, delivery will still be the job of Duquesne Light. We will continue to maintain the poles and wires that carry power safely and reliably to your home or business. Just as we do now.

Power shopping will bring significant change. Learning about what's in store will help

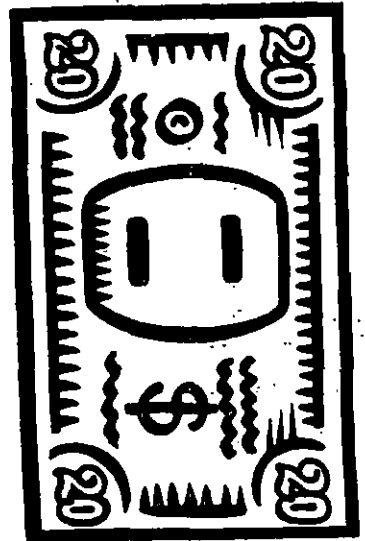
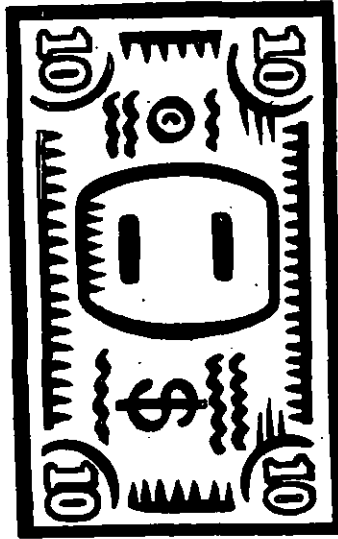
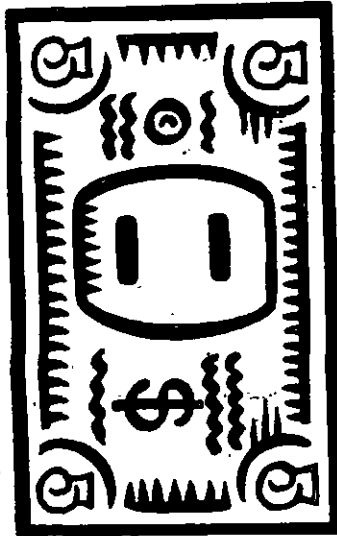
you understand the choices you will need to make.

Just call us at 1-888-245-7500 or visit our home page. We'll be happy to answer your questions and send you useful information. The new electric marketplace has a bright future. All of us at Duquesne Light are working hard to deliver it.



Duquesne Light

<http://www.dql.com>



AN ELECTRIC OPPORTUNITY.

Wouldn't you like the opportunity to have more control over your utility costs? To be among the first in the state to choose the company that generates electricity for your home or business?

Volunteer now to be eligible to become one of the 5% of Duquesne Light customers who will be randomly selected to participate in an exciting pilot program starting November 1.

Between now and October 10, residential, commercial and industrial customers

can volunteer to be eligible to participate in the program, which will preview the way everyone will buy their power in the future. If you're selected to participate, we'll send you a list of licensed companies that could serve as your new electric supplier. The average customer could see savings of up to 10% or more on their electric bill for the duration of the pilot program.

After you examine your choices, you can select a new supplier or stay with Duquesne Light. Either way, Duquesne

Light will continue to deliver your electricity, maintain your electric lines, and provide the dependable service you've come to trust.

To volunteer, or to request additional information, call our 24-hour customer service line (1-888-245-7500) anytime between now and October 10, 1997. Or fill out the coupon below and mail it to Duquesne Light so that we receive it by October 10. It's one chance you won't want to miss.

Volunteer now to be eligible to become one of the 5% of Duquesne Light customers who will be randomly selected to participate in the pilot program. All pilot program volunteers will be notified of their participation status by mail starting October 13, 1997.

Name _____

Address _____

City _____

Zip _____

Account Number _____

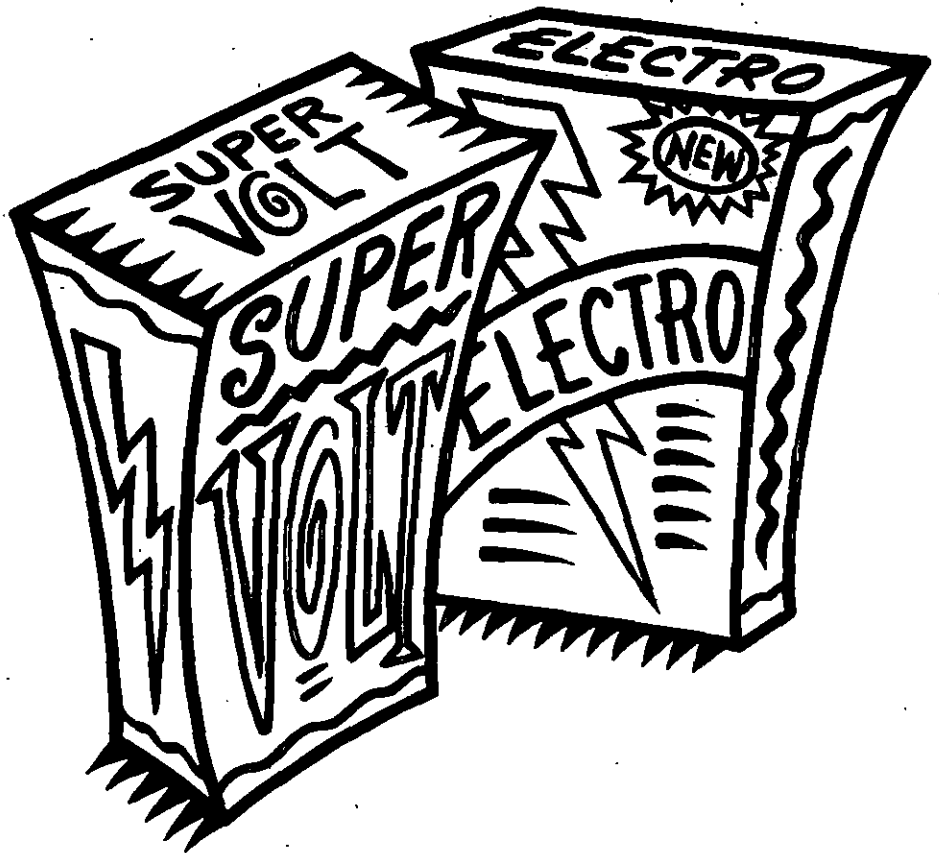
Phone Number _____

As part of the pilot program, Duquesne Light is required to send a list of all pilot customers to any licensed supplier that asks for it.

- Check here if you do not want your name released to other power suppliers. Remember, there are many ways that power suppliers can get your name and phone number. Checking this circle does not guarantee that these companies will not contact you. It only ensures that Duquesne Light will not give your personal information to anyone.

Return this completed coupon with your bill payment or mail separately to:
Duquesne Light Company, Customer Relations Department
301 Grant Street (16-1), Pittsburgh, PA 15279





POWER SHOPPING.

For as long as you can remember, you've purchased electricity without having to shop for it. You needed power, we supplied it. No choosing. No competition involved.

But soon electricity will be packaged and promoted like many other products. Recently passed legislation will allow some customers to choose their power provider as part of a pilot program later this year. This

means that while Duquesne Light will still deliver electricity, customers will have the opportunity to choose who generates it.

Within a few years, everyone will shop for power. That's a big change. For you and for us. And although Duquesne Light has been the only choice for more than 100 years, we welcome competition. We believe that our knowledge and

experience will benefit both you and us. And that competition will bring tailored service, greater innovation, and new pricing options.

Most likely it will also bring some questions about the new electric marketplace. Call us at 1-888-246-7500 or visit our home page. We'll be happy to send you information about what's in store. For all of us.



Duquesne Light

<http://www.dqe.com>

R-00974104, R00974104C0001-C0002

Pa. Public Utility Commission
v. Duquesne Light Company
Docket No. R-00974104

OCA Cross Exam. No. 7

Date Entered:

By *Pyll* 12/18/97 *Mew*

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Page 1 of 1

DUQUESNE LIGHT COMPANY

Office of Consumer Advocate Interrogatories Set II

11. Provide the Company's proposed annual budget for its consumer education program for the period 1997-2002. Provide sufficient detail in the budget to determine the types of activities that will occur and the timing of the various customer outreach programs that will take place.

Response:

The consumer education program budgets have not been prepared for 1998 - 2002. The 1997 budget is attached to show the types of activities that have and will occur. Timing of outreach programs depends upon timeliness of receipt of final orders and other guidelines from the Commission.

DUQUESNE LIGHT COMPANY

Unit Budget - Pilot Program

Original Budget (February 1997)

\$150,000	Development and Mailing of 46,500 notification packages to 8 Geographic Areas of Choice (GAC'S) ⁽¹⁾ .
<u>\$250,000</u>	Out of pocket costs for five (5) workshops ⁽²⁾ to cover announcements, presentation material, building/equipment rental, etc.
\$400,000	

Revised Budget⁽³⁾ (September 1997)

\$175,000	Open enrollment advertisements
\$ 25,000	Bill insert material, fact sheet
\$110,000	Notification packets/letters
\$ 50,000	Research
<u>\$ 40,000</u>	Cable TV education
\$400,000	
<u>\$220,000</u>	PEA TV advertisement
\$620,000	

⁽¹⁾ To support the strategy of inviting 8% of the customers to participate, expecting 60% of the invitees to actually select an alternative supplier.

⁽²⁾ Planned one workshop for every two Geographic Areas of Choice (GACs) plus one workshop for all C&I customers.

⁽³⁾ No additional mass mailing is included.

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Pa. Public Utility Commission
v. Duquesne Light Company
Docket No. R-00974104

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DUQUESNE LIGHT COMPANY
Finance Group
Controller's Unit

Bureau of Fixed Utility Services Data Requests
P-00971175

4. b. Supply an example by rate class of the new bill format that customers will receive after the unbundling is implemented.

Attached is a sample bill for each of the residential, commercial and industrial classes of customers.

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Pa. Public Utility Commission C0002
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DUQUESNE LIGHT COMPANY

Office of Consumer Advocate Interrogatories Set II

10. Is it the Company's position that it can terminate a customer for the failure to pay any portion of a supplier's charges? If so, under what circumstances should such a termination occur? Does the Company's answer differ depending on whether the customer is being billed for supplier charges by the Company?

Response:

It is not the position of the Company that it can terminate a customer for the failure to pay any portion of a supplier's charge. The Company's answer does not differ depending on whether the customer is being billed for supplier charges by the Company.