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File #: 150740

April 22, 2013

***VIA ELECTRONIC FILING***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Petition of Duquesne Light Company for Approval of Default Service Plan for the  
Period June 1, 2013 Through May 31, 2015  
Docket No. P-2012-2301664**

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Dear Secretary Chiavetta:

Enclosed for filing are the Reply Comments of Duquesne Light Company in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Michael W. Gang

MWG/skr  
Enclosure

cc: Certificate of Service

## CERTIFICATE OF SERVICE

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

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Date: April 22, 2013



Anthony D. Kanagy

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :  
For Approval of Default Service Plan :  
For The Period June 1, 2013 : Docket No. P-2012-2301664  
Through May 31, 2015 :

**REPLY COMMENTS OF  
DUQUESNE LIGHT COMPANY**

**I. INTRODUCTION**

On January 25, 2013, the Pennsylvania Public Utility Commission (“Commission”) entered its Opinion and Order (“*January 25 Order*”) regarding the Petition of Duquesne Light Company (“Duquesne Light” or the “Company”) for Approval of a Default Service Program and Procurement Plan for the period June 1, 2013 through May 31, 2015 (“DSP VI”) at the above-captioned docket. Therein, the Commission approved Duquesne Light’s default supply procurement plans, with certain modifications. The Commission directed the Company to collaborate with parties to attempt to resolve issues regarding the Company’s proposed Retail Market Enhancement (“RME”) programs and also directed the Company to file a Revised RME Program Design and Cost Recovery Proposal. The Commission further directed the Company to file a revised default service plan, including associated tariff supplements, on or before March 26, 2013.

Pursuant to the Commission’s *January 25 Order*, the Company held two collaborative meetings with interested parties to discuss its RME Programs. During the collaborative process, Duquesne Light was able to reach a consensus with many of the Parties on many issues, as evidenced by the limited Comments filed by Parties in this proceeding. Duquesne Light was not

able to reach a consensus on all issues, but attempted to propose solutions that balanced the interests of Parties, while at the same time recognizing the Company's operational constraints.

On March 11, 2013, the Company filed its Revised RME Program Design and Cost-Recovery Proposal. Also, on March 22, 2013, the Company filed its Revised Default Service Plan Compliance Filing.

On March 28, 2013, the Commission issued a Secretarial Letter providing an opportunity for Parties to file Comments in response to the Company's RME and Revised Default Service Plan filing by April 10, 2013 and for Parties to file Reply Comments by April 22, 2013.

On April 4, 2013, the Commission issued its Final Order on Reconsideration directing electric distribution companies to postpone implementation of their Retail Opt-In ("Opt-In") Programs. Pursuant to the Commission's direction, Duquesne Light will postpone implementation of its Opt-In Program and will suspend all expenditures associated with this Program.

On April 10, 2013, the Office of Consumer Advocate ("OCA"), Retail Energy Supply Association ("RESA"), FirstEnergy Solutions ("FES") and Citizen Power filed Comments. Of note, no party disagreed with any aspect of the Company's Revised Default Service filing except for issues related to the Standard Offer ("SO") Program. As explained in more detail below, Duquesne Light has proposed a low cost SO Program that fully complies with the mandate set forth in the *January 25 Order*. Importantly, the Order directed Duquesne Light to switch customers under the SO Program just as it has done for many years outside of the SO Program. In compliance with the *January 25 Order*, the Company proposes to transfer customers expressing interest in the SO Program to participating EGSs for explanation of the SO Program and enrollment. By doing so, Duquesne Light's proposed SO Program will engage customers

with EGSs directly in the shopping process, thereby allowing EGSs the opportunity to create relationships with customers that are interested in the SO Program and making customers more accustomed to shopping in the competitive retail marketplace. The Company's revised SO Program also achieves the Commission's goal of reducing program costs and thereby balances the interests of all Parties and customers. For the reasons explained herein, Duquesne Light's revised SO Program, which is fully supported by the OCA and not opposed by several EGSs in this proceeding, should be adopted without modification.

## **II. REPLY COMMENTS**

### **1. The Company's Revised SO Program Is Fully Consistent With The SO Program Concept Adopted By The Commission.**

In its Comments, RESA argues that Duquesne Light's revised SO Program is dramatically and fundamentally different from the SO Program that Duquesne Light initially proposed and litigated.<sup>1</sup> According to RESA, the fundamental difference is that Duquesne Light originally proposed to explain the SO Product and enroll customers in the SO Program and the Company now proposes to require EGSs to explain the SO Product to prospective customers and enroll them in the Program.<sup>2</sup>

There is no merit to RESA's contention. Duquesne Light's current proposal is designed to be directly responsive to recent directives in the Commission's *January 25 Order*. In this proceeding, Duquesne Light clearly explained that it would need to adopt significant IT changes to implement its SO Program as proposed and that it needed until 2014 to implement these

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<sup>1</sup> RESA Comments, p. 3.

<sup>2</sup> RESA Comments, p. 3.

changes because it was in the midst of installing a new customer information system.<sup>3</sup> For this reason, Duquesne Light proposed a June 1, 2014 start date for the SO Program.

The Administrative Law Judge adopted Duquesne Light's proposed start date for the SO Program, stating as follows:

I recommend approving Duquesne Light's proposal to set the start-up date on the SO Program for June 1, 2014. Duquesne Light cannot feasibly implement the SO Program on June 1, 2013, due to significant IT constraints which are well documented in the hearing record. The proposed start-up date reflects the Company's implementation of its new CIS and the new functionalities that will be available at that time. These upgrades are prerequisites to the practical implementation of the Referral Program and will not be ready at the start of the next default service period.

RD at 128.

In their Exceptions, RESA and FES advocated for an earlier SO Program implementation date. RESA stated as follows:

In this case, RESA and FES presented evidence that a June 1, 2013 start date is neither impossible nor insurmountable. The evidence showed, among other things, that Duquesne should be able to accommodate a switch that occurs through the standard offer program just as it has accommodated switches for the past several years.

RESA Exceptions at 29 (footnote omitted).

The Commission accepted RESA's and FES' argument that the Company should be able to accommodate a switch that occurs through the SO Program just as it has accommodated

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<sup>3</sup> Duquesne Light provided a detailed list of IT revisions necessary to implement the SO Program as originally proposed. These revisions included: (1) Enabling Customer Service Representatives in the primary call center to systematically transfer calls to choice referral team and pre-populate a new Customer Care & Billing ("CC&B") Standard Offer Program enrollment screen with appropriate customer information, (2) Enabling the choice referral team to update CC&B system to indicate customer's interest in participating in Standard Offer Program, (3) Enabling the choice referral team to update CC&B system with a selected EGS if specified by the customer, (4) Enabling the sequential, systematic assignment of a customer to an EGS participating in the program, and (5) Enabling the daily emails to each EGS of the customers that were assigned to them the preceding day. Duquesne Light St. No. 6-RJ, pp. 2-3.

switches outside of RME Programs for many years. In its *January 25 Order*, the Commission stated as follows:

With regard to Duquesne's assertions regarding its IT capabilities, we are persuaded by the arguments of RESA and FES that Duquesne should be able to accommodate a switch that occurs through the SO Program just as it has accommodated switches outside of RME programs for many years. We agree with RESA's assertion that Duquesne's focus should be on starting the SO Program as soon as possible....<sup>4</sup>

The Company's revised SO Program is fully consistent with the Commission's determination that Duquesne Light should adopt an SO Program that accommodates switches just as the Company has accommodated switching for the past several years. Under its current, normal switching process, Duquesne Light does not explain the terms and conditions of an EGS's offer to customers. EGSs receive and process calls from customers and explain their offer to customers. The proposed SO Program will transfer the customer expressing interest in the Standard Offer to the EGS to perform these activities. In addition, Duquesne Light does not enroll customers for EGSs, rather EGSs enroll customers.

Therefore, the circumstance that gave rise to an SO Program that is different than the SO Program proposed by Duquesne Light to start on June 1, 2014 is the Commission's direction that the SO Program commence in August 2013. Recognizing that Duquesne Light could not implement the type of program where it enrolled customers prior to June 1, 2014, Duquesne Light developed a program that refers customers to participating EGSs and allows EGSs to enroll the customers. This revised SO Program is in compliance with the Commission's directive that Duquesne Light "accommodate a switch that occurs through the SO Program just as it has accommodated switches outside of RME programs for many years."<sup>5</sup> Moreover, Duquesne

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<sup>4</sup> *January 25 Order* at 151.

<sup>5</sup> *Id.*

Light's currently proposed program provides added benefits such as its dramatically reduced SO Program costs, and the engagement of customers with EGSs directly in the shopping process, thereby allowing EGSs the opportunity to create relationships with customers that are interested in the SO Program and making customers more accustomed to shopping in the competitive retail marketplace.

RESA also claims that Duquesne Light's proposal is not consistent with the Commission's directives for SO programs generally. To support this contention, RESA claims that the Commission has "very clearly stated that, with respect to enrollment, the EDCs should communicate with interested customers and forward the enrollment information to the EGS for EDI processing."<sup>6</sup> RESA's statement references the Commission's *Intermediate Work Plan Order*<sup>7</sup> in the Retail Market Investigation.

As explained above, RESA's arguments are misguided. The Commission directed the Company to revise its SO Program to allow implementation by August 1, 2013, provide for customer switches in a manner that is consistent with the Company's existing practice, and minimize costs. Duquesne Light has proposed a revised SO Program that is fully compliant with the Commission's directives in the *January 25 Order*.

RESA also contends that "the Commission's various orders relating to default service plans indicate a clear preference that the terms and conditions of these referral programs be consistent across the various EDC service territories," and that Duquesne's program is not consistent with other EDCs' programs.<sup>8</sup> Consistent with other EDCs' programs, Duquesne Light has developed a 12-month Standard Offer product with a 7% discount off of the Price-to

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<sup>6</sup> RESA Comments, p. 6.

<sup>7</sup> "Investigation of Pennsylvania's Retail Electricity Market: Intermediate Work Plan," I-2011-2237952, Order entered March 2, 2012.

<sup>8</sup> RESA Comments, p. 6.

Compare at the time of the offer. Further, Duquesne Light will refer customers to this standardized Standard Offer product under similar conditions as those being implemented at other Pennsylvania EDCs. Duquesne Light's SO Program is not consistent with regard to enrollment with other EDC's SO Programs because Duquesne Light is currently undertaking a significant IT project. This project involves the complete replacement of its Customer Care and Billing system, along with other significant IT systems, and prevents the Company from directly enrolling customers into the SO Program in a cost-effective manner using its existing and soon to be replaced systems.

Moreover, Duquesne Light's SO Program proposal provides added benefits. It is consistent with the Commission's urging to "reach an agreement on how to minimize costs and allocate these costs to participating EGSs in order to carry out these Programs in a cost-effective manner and bring more retail customers to the competitive electric generation market." *January 25 Order* at 178. Duquesne Light's proposal is also fully consistent with the Commission's directive that Duquesne Light "accommodate a switch that occurs through the SO Program just as it has accommodated switches outside of RME programs for many years."<sup>9</sup>

Finally, it should be noted that Duquesne Light does not oppose RESA's alternative recommendation which would adopt Duquesne's proposed SO Program but explicitly recognize that adoption of Duquesne's proposed SO Program should not be considered precedent with respect to the SO programs offered by other Pennsylvania EDCs, and periodic meetings of stakeholders to review the progress of the SO Program.<sup>10</sup> Duquesne Light recognizes that the circumstances of its replacement of its customer information system do not apply to other EDCs.

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<sup>9</sup> *January 25 Order* at 151.

<sup>10</sup> RESA Comments, p. 7.

## **2. Duquesne Light's SO Program Will Create A Positive Experience For Customers.**

RESA also contends that Duquesne Light's proposal likely will result in a negative experience for customers. Specifically, RESA is concerned that the experience of being introduced to the program by Duquesne Light's customer service representative ("CSR") and then having the participating EGS explain the program to the customer and ask for customer information if the customer decides to enroll, will be likely to "turn off" customers, because some of these customers may be leaving default service supply for the first time.<sup>11</sup> RESA believes that the EGS should not be involved at all in interacting with the customer when the customer is deciding whether or not to become a customer of that EGS under the SO Program.

Duquesne Light disagrees with RESA's assertions. Duquesne Light's proposal involves an introduction to the SO Program by the Duquesne Light CSR before the customer is transferred to the participating EGS. The script used by Duquesne Light's CSRs will be designed to prepare the customer for the customer's interaction with the EGS and make the customer comfortable with the idea of speaking directly with the EGS. Encouraging direct interactions between customers and EGSs is important in helping customers become comfortable with making shopping decisions, and in helping customers become accustomed to the competitive retail marketplace so that they are not hesitant to interact with EGSs in the future. The introduction to the SO Program by Duquesne Light's CSR should be enough to break down barriers to shopping and allow the EGS to enroll customers.

In addition, the customer referral process under the proposed SO Program is substantially the same process that the Company employs under its New and Moving Customer Referral Program. Currently, CSRs ask new or moving customers if they are aware that they can shop for

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<sup>11</sup> RESA Comments, pp. 4-5.

an alternative supplier. If the customer answers yes and provides a supplier name, the customer is transferred to the supplier at the conclusion of the customer's transaction with the Company. The supplier informs the customer about potential offers and enrolls the customer if the customer elects to shop. Otherwise, if the customer is interested in switching but does not provide the name of a supplier or wants additional information, the CSR refers them to the PAPowerSwitch website to compare various supplier offers and make an informed decision for choice of generation supplier. This process has not been a negative experience for customers. The Company's proposed SO Program referral process is consistent with its established process for new and moving customers, except that the Company will go one step further under its proposed SO Program and randomly select an EGS for a customer that does not request a specific supplier.

For these reasons, the revised SO Program is superior to the prior proposal and RESA's concerns have no merit.

**3. Requiring EGSs To Explain The SO Program Should Not Create Barriers To Program Participation.**

The OCA fully supports Duquesne Light's proposal to allow EGSs to explain the SO Program to customers. The OCA notes that:

The revised SO Program converts a customer contact with Duquesne to a customer referral to an EGS without requiring EGSs to do any more work in enrolling customers than they do in their normal course of business.<sup>12</sup>

However, FES argues that it would be inappropriate for participating EGSs to bear responsibility for explaining the SO Program to prospective customers and for initiating the enrollment process with Duquesne Light. There is no merit to FES' contention. Explaining supply offerings and enrolling customers is exactly what EGSs do in their normal course of

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<sup>12</sup> OCA Comments, p. 4.

business as retail service providers to customers. Moreover, this aspect of Duquesne Light's proposal will facilitate the interaction between customers and EGSs when the customer makes its service decisions, allowing non-shopping customers to experience the process of enrolling directly with an EGS, which Duquesne Light believes is important for making customers accustomed to the competitive retail marketplace. At the same time, Duquesne Light's proposed SO Program provides the intended benefit of converting a customer contact with the Company to a customer referral to an EGS and, as explained in the Company's Revised RME Program Design and Cost-Recovery Proposal, it does so with dramatically reduced SO Program costs as also requested by the Commission. *January 25 Order*, pp. 162, 178.

**4. Duquesne Light's SO Program Cost Recovery Proposal Is Reasonable And Should Be Approved.**

The OCA fully supports the Company's SO Program cost recovery proposal. The OCA recognizes that the Company's SO proposal will result in dramatically lower costs as compared to the Company's original proposal because it avoids the need to employ a Choice Referral Team and also avoids the need for major IT system changes. In addition, the OCA notes that under the Company's revised SO proposal, the costs of the Program should be covered by supplier fees (assuming enrollments of 6000 – 10,000 customers per year).<sup>13</sup>

RESA opposes Duquesne Light's proposal because RESA contends that the \$25 supplier fee per enrolled customer in the first year of the SO Program is unreasonable.<sup>14</sup> In response, Duquesne Light notes that in PECO's recent default service proceeding, RESA stated, "In RESA's judgment, if the cost of the standard offer customer referral program are [sic] significantly higher than \$30 per customer, there is little chance that EGSs will choose to

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<sup>13</sup> OCA Comments, pp. 4, 6-7; Duquesne Light March 11 RME Filing, p. 17.

<sup>14</sup> RESA Comments, p. 5.

participate.”<sup>15</sup> In light of this comment, Duquesne Light notes that its proposed \$25 fee is lower than the fee proposed by RESA in the PECO proceeding. Moreover, there is no basis to contend that having the EGS explain the SO Program to customers and enroll customers will discourage EGSs from participating in the SO Program. EGSs are already in the business of explaining service offerings and enrolling customers.

Duquesne Light also notes that the \$25 supplier fee could be reduced in the second year of the program. If sufficient numbers of EGSs and customers participate in the SO Program in the first year to recover more than the first-year costs, the Company has agreed to reduce the second-year fee, subject to reconciliation of actual costs and expenses.

In a footnote to its Comments, FES suggested that since Duquesne Light’s proposed SO Program involves a substantially reduced cost as compared to the SO Program that Duquesne Light previously proposed, the customer acquisition fee that participating EGSs must pay on a per-customer-acquired basis should be reduced from \$30 to \$7.50 instead of Duquesne Light’s proposal to reduce it from \$30 to \$25. Duquesne Light opposes this suggestion. In its comments filed in PECO’s recent default service proceeding, FES stated, “While FES throughout this proceeding has expressed its preference that all customers, in any class eligible to participate, bear the costs of the RME programs, FES recognizes that the October 12 Order clearly expressed the Commission’s preference to place primary responsibility for program costs with EGSs.”<sup>16</sup> The Commission also made this preference clear in its *Intermediate Work Plan Order*.<sup>17</sup> There is no evidence to suggest that a \$7.50 customer acquisition fee will meet the Commission’s

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<sup>15</sup> “Retail Energy Supply Association Comments to Revised Default Service Plan Compliance Filing Dated December 11, 2012,” P-2012-2283641, December 27, 2012, p. 6.

<sup>16</sup> “Comments of FirstEnergy Solutions Corp. on PECO Energy Company’s Revised Default Service Plan Compliance Filing & Exhibits,” P-2012-2283641, December 27, 2012, p. 6.

<sup>17</sup> *Intermediate Work Plan Order*, p. 32.

objective. Moreover, as explained above, the proposed first-year customer acquisition fee of \$25 may be reduced in the second year if the \$25 fee is over-recovering costs.

Citizen Power generally supports the Company's proposed SO Program with the exception of the Company's cost-recovery proposal. In particular, Citizen Power disagrees with the Company's proposal to cap the EGS customer acquisition fee at \$30 in the second year of the program. Citizen Power proposes that EGSs pay the first \$30 of actual costs per customer as well as any costs greater than \$75 per customer. This would limit SO Program costs recovered through the non-bypassable charge to those costs above \$30 and up to \$75 per customer.

Duquesne Light understands Citizen Power's desire to have EGSs bear a greater share of SO Program costs. However, Duquesne Light's proposal is consistent with the Commission's SO Program cost recovery proposal adopted in the PECO default service proceeding and will provide greater cost recovery certainty to EGSs than Citizen Power's proposal. *Petition of PECO Energy Company for Approval of Its Default Service Program II*, Docket No. P-2012-2283641, Order entered February 14, 2013. For these reasons, Duquesne Light's SO Program cost-recovery proposal should be adopted without modification.

**5. Duquesne Light's Acquisition Fee Rules Are Reasonable And Should Be Accepted.**

FES objects to Duquesne Light's proposal to recover the participating EGS's allocation of the costs of the SO Program through an acquisition fee that is applied if a referred customer enrolls with the EGS under the SO Program offer at any time or if the customer enrolls in any other offer within 5 days of being referred.<sup>18</sup> Specifically, FES opposes having a participating EGS pay the fee for any customer who selects a different offer from that EGS than the SO

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<sup>18</sup> FES Comments, pp. 3-4.

Program offer even though the customer was referred to that EGS by Duquesne Light under the SO Program during the previous five business days.

FES' objection should be rejected. The SO Program is designed to enhance retail competition. The EGS is being provided a benefit if Duquesne Light refers a customer to the EGS: it is being provided an opportunity to interact one-on-one with the customer before the customer makes its service decision, which may lead to an immediate or delayed enrollment in any of the EGS's service offerings, and this interaction is being provided without requiring the EGS to incur any external marketing expense. If the customer decides within five business days to enroll with that EGS under the terms of any of its service offerings, then the EGS must at least have left the customer with a sufficiently positive impression of the EGS during the one-on-one interaction provided by Duquesne Light's referral, and it is likely that the EGS left the customer with options to consider which led to the customer's decision. Consequently, Duquesne Light's proposed cost recovery approach is appropriate for its proposed SO Program, which provides EGSs with the opportunity for one-on-one interactions with customers before they make their service decisions. In contrast, adopting FES' recommendation would provide benefits to EGSs while at the same time requiring other EGSs or customers to pay the SO Program costs.

FES also argues that Duquesne Light should use predetermined rate codes to calculate supplier cost obligations for the SO Program.<sup>19</sup> Duquesne Light disagrees with this contention. Duquesne Light will use predetermined rate codes for the SO Program. However, Duquesne Light cannot use a predetermined rate code to determine cost obligations for the SO Program because the rate code would not identify customers that were referred to an EGS under the SO Program and signed up for a different product within 5 business days. Duquesne Light will know which customers are referred to suppliers under the SO Program, including which

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<sup>19</sup> FES Comments, p. 4.

individual customers (by account number) are referred to a specific supplier. The Company will track whether the customers that are referred to a supplier under the SO Program switch to the SO Program or another program offered by the supplier within 5 business days and will determine cost obligations in this manner. As explained above, given the one-on-one interaction with customers that the EGS is provided through referrals under Duquesne Light's SO Program, it is appropriate for EGSs to pay the acquisition fee if a referred customer is enrolled in any EGS product within a 5-day period.

**6. RESA's Argument That Duquesne Light Has Not Considered Alternative Proposals Should Be Dismissed.**

RESA also contends that Duquesne Light has not presented evidence that SO Program costs could be decreased by means other than using Duquesne Light's proposed EGS referral process.<sup>20</sup> RESA alleges that Duquesne Light has not investigated alternatives that other Pennsylvania EDCs have investigated.<sup>21</sup> The Commission did not direct the Company to do such an investigation but directed the Company to develop a plan to enroll customers as it does with normal switches and further directed the Company to minimize costs. In the *January 25 Order*, the Commission stated:

We urge the EGSs, Duquesne and other Parties to reach an agreement on how to minimize costs and allocate these costs to participating EGSs in order to carry out these Programs in a cost-effective manner and bring more retail customers to the competitive electric generation market.<sup>22</sup>

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<sup>20</sup> RESA Comments, p. 5.

<sup>21</sup> Duquesne Light has investigated whether it could use a third-party vendor to facilitate customer enrollments and send the customer's referral information to EGSs. The Company has concluded that this is not practical because the Company does not currently have the IT capability to do a seamless transfer of customer information to a third-party vendor. In its Comments, FES argues that there is no apparent reason that Duquesne Light could not employ a third-party vendor to handle customer referrals. FES Comments, p. 4. Duquesne Light disagrees with FES' Comments regarding use of a third-party vendor for the reasons explained herein.

<sup>22</sup> *January 25 Order*, p. 178.

This is precisely what the Company has done. It has developed a plan to use normal switching procedures and minimize costs of the SO Program.

**7. Duquesne Light's Proposed Reporting Requirements Are Reasonable And Should Be Approved.**

FES also opposes Duquesne's proposed SO Program because it claims that the reporting requirements to be satisfied by participating EGSs are burdensome and unreasonable. This allegation has no merit. The proposed reporting requirements do not obligate participating EGSs to provide information that is unrelated to its participation in the Standard Offer program, nor do the requirements obligate participating EGSs to perform any complex analysis that may be burdensome. Furthermore, each of the requirements serves a useful purpose in assisting the Commission in evaluating the SO Program. For example, information pertaining to the number of calls transferred to the Standard Offer Supplier from Duquesne Light under the Program, the number of EDI transactions for the Standard Offer, and the number of EDI transactions for non-Standard Offer service corresponding to customers which Duquesne Light referred to the Standard Offer Supplier at any time during the five-business-day period prior to the EDI transaction being submitted for the customer, is important to assess the success of the SO Program in encouraging customers to switch to EGS service. Information regarding the total number of customers being served under the Standard Offer, and the number of customers who switched off of the Standard Offer before the customer's Standard Offer Period had expired, is useful in assessing whether SO Program customers continue to engage in the competitive retail market, searching for least-cost high-value-added alternatives, during the initial fixed-price twelve billing cycle SO Program period. Finally, information pertaining to the number of customers whose Standard Offer Period expired, and the number of such customers who did not make an affirmative service election for the period starting after the expiration of their Standard

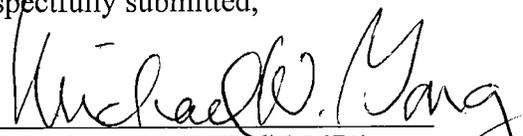
Offer Period, is important to assess whether the SO Program is successful on a longer-term basis in keeping customers engaged in the competitive retail market to ensure that they receive the most attractive product offering, or whether the SO Program simply serves to move customers from service from the EDC to service from a given EGS. For these reasons, Duquesne Light's proposed EGS reporting requirements are reasonable.

Moreover, FES has not provided any specific explanation as to how the proposed reporting requirements will be "unduly burdensome and unreasonable." Therefore, FES' objections should be denied so that the Commission and other parties can obtain the information necessary for a proper evaluation of the SO Program's success.

### III. CONCLUSION

Duquesne Light Company has proposed a low-cost SO Program that can be implemented by August 1, 2013 in compliance with the *January 25 Order*. Under the proposed SO Program, Duquesne Light will accommodate customer switches just as it has accommodated customer switches for the past several years. This is in full compliance with the arguments made by RESA and FES in this proceeding and adopted by the Commission in the *January 25 Order*. Duquesne Light respectfully requests that the Pennsylvania Public Utility Commission adopt the Company's proposed SO Program and cost-recovery proposal without modification.

Respectfully submitted,



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