

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

FAX (717) 783-7152
consumer@paoca.org

July 19, 2013

Rosemary Chiavetta
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

RE: Duquesne Light Company Petition for
Approval and Modification of its 2014-2016
Universal Service and Energy Conservation
Plan
Docket No. M-2013-2350946

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in black ink that reads "Christy M. Appleby".

Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824

Enclosures

cc: Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

172007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Duquesne Light Company Universal Service and Energy Conservation Plan for 2014-2016 : Docket No. M-2013-2350946

ANSWER
OF THE
OFFICE OF CONSUMER ADVOCATE

I. ANSWER

On June 28, 2013, Duquesne Light Company (Duquesne or the Company) filed its Petition for Approval and Modification of its 2014-2016 Universal Service and Energy Conservation Plan (2014-2016 USP or Plan).¹ On February 28, 2013, Duquesne filed its original 2014-2016 Plan which included a number of changes to its Customer Assistance Program (CAP). The Amended Plan filed with Duquesne's Petition is filed pursuant to the Commission's Order regarding Duquesne's Petition for Approval of a Default Service Program and Procurement Plan for the period June 1, 2013 through May 31, 2015 (DSP VI) at Docket No. P-2012-2301664. In the January 25 Order in Duquesne's DSP VI proceeding, the Commission directed the Company to work with the Commission's Office of Competitive Markets Oversight (OCMO) in order to develop a plan to allow CAP customers to purchase electric generation supply from Electric Generation Suppliers (EGSs), to ensure that the retail market enhancement programs will be available to CAP customers, and to ensure that LIHEAP benefits can be used by low-income customers who choose an EGS by January 1, 2014. Petition at ¶ 4; DSP VI at 186 (Order

¹ The Certificate of Service for the Petition states that the Petition was e-mailed to Jennedy Johnson and David Evrard of the Office of Consumer Advocate on June 28, 2013. The OCA could not locate these e-mails and received a hard copy of the filing on July 3, 2013. The OCA has informed Duquesne Light counsel of this missed communication and has requested an extension for the submission of the Answer until Friday, July 19, 2013. Duquesne counsel informed OCA that it did not oppose the extension.

entered January 25, 2013). Duquesne's Plan is designed to allow CAP customers to begin shopping effective January 1, 2014.

Duquesne proposes that effective on January 1, 2014, CAP customers would be permitted to purchase electric generation supply from any EGS. Petition at ¶ 7. The Company proposes to maintain all existing CAP benefits and CAP customer protections provided that the customer's EGS provides consolidated billing with Duquesne. The Company also plans to implement a "PTC Protection" for CAP customers which will prevent customers from enrolling with an EGS at a price that is higher than the PTC, effective January 1, 2015. Id.

Duquesne estimates that the cost of the program will be approximately \$930,000, which will include \$880,000 in incremental costs for Information Technology (IT) systems changes including design, analysis, programming, testing and acceptance. The Company proposes to recover these costs in its base rates. Petition at ¶ 8. The Company also estimates an additional \$50,000 in incremental costs for education and change management. Duquesne proposes to recover the \$50,000 through the Universal Service Plan Surcharge. Id. The Company states that it anticipates additional costs to implement the "PTC Protection" in the second phase of the Company's Plan and proposes to address cost recovery for the "PTC Protection" in its Direct Testimony in this proceeding. Id.

Duquesne states that it is guided by several key principles:

First, the Company aims to implement a plan that is straightforward and easy for CAP customers and EGS' to participate in and understand. In addition, Duquesne Light recognizes that CAP customers may opt to enroll with an EGS whose price is higher than the Company's Price-to-Compare ("PTC") potentially increasing the costs to the customer and other residential customers. Therefore, the Company seeks to minimize potential increased costs to residential customers resulting from CAP customer shopping, costly and time consuming IT systems changes and administrative burden. Finally, the Company aims to maintain existing consumer protections for CAP customers.

Petition at ¶ 9.

In addition to permitting CAP customers to shop, Duquesne's Plan also includes several changes to its Plan. Duquesne proposes to:

- Allow CAP customers to receive restoration payment agreements while remaining in CAP;
- Clarify the application of maximum credits on CAP accounts;
- Clarify that CAP customers may receive the benefits of CAP at one service location at a time;
- Shorten the arrearage forgiveness timeframe from 36 to 24 months;
- Clarify and add that a CAP customer may be defaulted from CAP for "engaging in fraud, material misrepresentations, meter tampering, theft of service, failure to recertify their income, failure to complete an energy conservation visit or failure to apply for grant assistance." The Company also proposes that in the instance of theft or material misrepresentations, to back-bill in accordance with the Commission regulations for previously unbilled consumption at the full tariffed rate.

Petition at ¶¶ 10-11; Plan at 3.

The OCA has preliminarily reviewed Duquesne's Petition and intends to participate fully in the proceeding. As an initial matter, the OCA would note that it is in agreement with the concept behind Duquesne's CAP Shopping Plan, including the proposed "PTC Protection." As to the CAP Shopping Design Principles, the OCA would add that the Plan should also be guided by the following principles:

1. The retail shopping platform should allow customers to remain on CAP, meet the payment obligations of CAP, and receive the benefits of CAP;
2. The retail shopping platform should not increase the program costs of CAP to non-participants, whether by increasing CAP credits or by increasing administrative costs; and
3. The retail shopping platform should not increase the program costs of CAP to non-participants by adversely affecting the ability-to-pay and thus increasing the costs of non-payment.

The OCA submits that the addition of these principles is necessary to ensure that the CAP Shopping Plan is fair and reasonable to all customers.

As noted, the OCA is in agreement with the concept behind Duquesne's CAP Shopping Design Plan, and the idea that CAP customers will be protected from price increases over the Company's Price to Compare. The OCA has preliminarily identified several issues which it will continue to explore. These issues include, but are not limited to:

- The proposal to implement the program beginning January 1, 2014, but not to begin the "PTC Protection" until January 1, 2015;
- CAP customers' continuing ability to meet the payment obligations of CAP;
- The terms and conditions for serving CAP customers, including whether CAP customers would be exempt from cancellation fees;
- Treatment of CAP customers at the end of any EGS contract term;
- Calculation and application of CAP discounts;
- Impact on non-CAP residential ratepayers;
- Non-discriminatory treatment of CAP customers;
- Education initiatives for CAP customers;
- Appropriate consumer protections; and
- Review of the Company's proposal for cost recovery of the PTC Protection Plan when it is presented in Testimony by the Company and for all other aspects of the CAP Shopping Plan.

In addition, the OCA will review the Duquesne's proposed changes to its CAP Program including, but not limited to:

- The arrearage forgiveness program;
- The proposal to allow CAP customers to receive restoration payment agreements while remaining in CAP;
- The proposal to clarify the application of maximum credits on CAP accounts; and
- The proposal to clarify the Company's policy regarding CAP customers who have been engaged in fraud, material misrepresentations, meter tampering, theft of service, failure to recertify income, failure to complete an energy conservation visit or failure to apply to for grant assistance and the proposal to back-bill customers at the full-tariff rate.

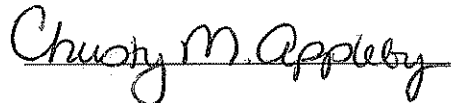
The OCA anticipates that these issues and others will need to be thoroughly explored.

Finally, the OCA notes that the Company has included a proposed procedural schedule in its Petition. Petition at ¶ 16. The OCA will work with all parties to develop a mutually agreeable procedural schedule.

II. CONCLUSION

WHEREFORE, the Office of Consumer Advocate respectfully requests that this matter be set for hearings. Hearings are necessary in this matter to ensure that the interests of CAP customers and non-CAP residential ratepayers are protected.

Respectfully Submitted,



Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAAppleby@paoca.org

Amy Hirakis
Assistant Consumer Advocate
PA Attorney I.D. # 310094
E-Mail: AHirakis@paoca.org

Counsel for:
Tanya J. McCloskey
Acting Consumer Advocate

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152

DATE: July 19, 2013
171999.doc

CERTIFICATE OF SERVICE

Duquesne Light company Petition for :
Approval and Modification of its 2014- : Docket No. M-2013-2350946
2016 Universal Service and Energy :
Conservation Plan :

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

Dated this 19th day of July 2013.

SERVICE BY E-MAIL and INTEROFFICE MAIL

Charles Daniel Shields, Senior Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SERVICE BY E-MAIL and FIRST CLASS MAIL

Tishekia Williams, Esq.
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219

Sharon E. Webb, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Charles E. Thomas III, Esq.
Thomas T. Niesen, Esq.
Thomas, Long, Niesen & Kennard
212 Locust St., Suite 500
P.O. Box 9500
Harrisburg, PA 17108-9500

Victor P. Stabile, Esq.
Dilworth Paxson LLP
112 Market Street, 8th Fl.
Harrisburg, PA 17101

Brian R. Greene, Esq.
GreeneHurlocker, PLC
707 East Main St., Suite 1025
Richmond, VA 23219

Patrick M. Cicero, Esq.
Harry S. Geller, Esq.
118 Locust Street
Harrisburg, PA 17101

Theodore S. Robinson, Esq.
Citizen Power
2121 Murray Avenue
Pittsburgh, PA 15217

Amy M. Klodowski, Esq.
FirstEnergy Solutions Corp.
800 Cabin Hill Dr.
Greensburg, PA 15601

Brian J. Knipe, Esq.
FirstEnergy solutions Corp.
76 S. Main Street
Akron, OH 44308

Gary A. Jeffries, Esq.
Dominion Retail, Inc.
501 Martindale Street, Suite 400
Pittsburg, PA 15212-5817

Amy Hamilton
Director, Market Initiatives
Exelon Corporation
300 Exelon Way
Kennett Square, PA 19348

Todd S. Stewart, Esq.
William E. Lehman, Esq.
Hawke, McKeon & Sniscak LLP
100 N. 10th Street
P.O. Box 1778
Harrisburg, PA 17101

Vincent A. Parisi, Esq.
IGS Energy
6100 Emerald Parkway
Dublin, OH 43016

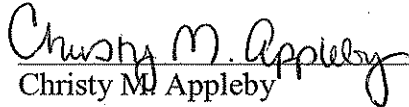
Pamela C. Polacek, Esq.
Teresa K. Schmittberger, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166

Divesh Gupta, Esq.
Constellation Energy Group, Inc.
100 Constellation Way, Suite 500C
Baltimore, MD 21202

Stephen L. Huntoon, Esq.
NextEra Energy Resources, LLC
801 Pennsylvania Avenue, N.W., Suite 220
Washington, D.C. 20001

Brian Kalcic
Excel Consulting
Suite 720-T
225 S. Meramec Ave.
St. Louis, MO 63105

David I. Fein
VP State Government Affairs, East
Exelon Corporation
10 S. Dearborn St., 47th Floor
Chicago, IL 60603



Christy M. Appleby
Assistant Consumer Advocate
PA Attorney I.D. # 85824
E-Mail: CAAppleby@paoca.org
Amy E. Hirakis
Assistant Consumer Advocate
PA Attorney I.D. # 310094
E-Mail: AHirakis@paoca.org

Counsel for
Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: (717) 783-5048
Fax: (717) 783-7152
172006