

**ORIGINAL**

17 North Second Street  
12th Floor  
Harrisburg, PA 17101-1601  
717-731-1970 Main  
717-731-1985 Fax  
www.postschell.com

Andrew S. Tubbs

atubbs@postschell.com  
717-612-6057 Direct  
File #: 2267-130298

March 7, 2007

**DOCUMENT  
FOLDER**

VIA HAND DELIVERY

James J. McNulty  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
PO Box 3265  
Harrisburg, PA 17105-3265

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2007 MAR - 7 PM 2:47  
PA PUC  
SECRETARY'S BUREAU

**RE: Application of Duquesne Light Company for a Certificate of Public Convenience Under Section 1102(a)(3) of the Public Utility Code Approving the Acquisition of Duquesne Light Holding, Inc. by Merger - Docket No. A-110150F0035**

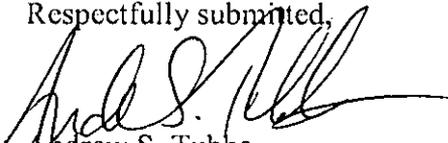
**Application of DQE Communications Network Services LLC for a Certificate of Public Convenience Under Section 1102(a)(3) of the Public Utility Code Approving the Acquisition of Duquesne Light Holding, Inc. by Merger - Docket No. A-311233F0002**

Dear Secretary McNulty:

Enclosed, for filing, are an original and three (3) copies of the Joint Statement of Support for the Settlement in the above-referenced proceeding.

As indicated on the certificate of service, copies have been served on the parties in the manner indicated.

Respectfully submitted,

  
Andrew S. Tubbs

AST/jl

Enclosures

cc: Honorable Robert P. Meehan  
Certificate of Service

**ORIGINAL**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Duquesne Light Company for :  
a Certificate of Public Convenience Under :  
Section 1102(a)(3) of the Public Utility :  
Code Approving the Acquisition of :  
Duquesne Light Holdings, Inc. by Merger :  
:  
Application of DQE Communications :  
Network Services LLC for a Certificate of :  
Public Convenience Under Section :  
1102(a)(3) of the Public Utility Code :  
Approving the Acquisition of Duquesne :  
Light Holdings, Inc. by Merger :

Docket No. A-110150F0035

Docket No. A-311233F0002

SECRETARY'S BUREAU

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**JOINT STATEMENT OF SUPPORT FOR THE SETTLEMENT**

**TO ADMINISTRATIVE LAW JUDGE ROBERT P. MEEHAN:**

This Joint Statement of Support for the Settlement ("Joint Statement") is submitted by the following parties in the above-captioned proceeding: Duquesne Light Company ("Duquesne"), DQE Communications Network Services LLC ("Network"),<sup>1</sup> the Office of Trial Staff ("OTS"), the Office of Consumer Advocate ("OCA"), the International Brotherhood of Electrical Workers, Local 29 ("IBEW 29"), Community Action Association of Pennsylvania ("CAAP"), Dominion Retail, Inc. ("Dominion"), Duquesne Industrial Intervenors ("DII"), Retail Energy Supply Association ("RESA"),<sup>2</sup> Strategic Energy, LLC ("Strategic") and Pennsylvania Large Energy

<sup>1</sup> DQE Communications Network Services LLC ("Network") holds a Certificate of Public Convenience to provide service as a Competitive Access Provider throughout the Commonwealth of Pennsylvania. Network and its parents are wholly owned by DLH. *Application of DQE Communications Network Services LLC for approval to offer, render, furnish or supply telecommunication services as a Competitive Access Provider to the Public in the Commonwealth of Pennsylvania*, Docket No. A-311233 (Order entered on November 23, 2004).

<sup>2</sup> RESA is joining in this Joint Statement on its own behalf, and on behalf of two of its members, Direct Energy Services, LLC and Hess Corporation.

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Users Coalition ("PALEUC") (hereinafter collectively referred to as "Joint Petitioners").<sup>3</sup> The Joint Petitioners file this Joint Statement pursuant to Administrative Law Judge Robert P. Meehan's February 27, 2007 Interim Order #2, wherein ALJ Meehan reopened the record at the above-referenced dockets to provide the Joint Petitioners with the opportunity to submit supplemental statements in support to address the February 20, 2007 Commonwealth Court of Pennsylvania decision in *Irwin A. Popowsky, Consumer Advocate v. Pennsylvania Public Utility Commission*, No. 255 C.D., 2007 Pa. Commw. LEXIS 63 ("*Verizon*"), where the Court reversed the Commission's approval of the Verizon Communications, Inc., and MCI Inc., merger ("*Verizon/MCI Merger*") and remanded the proceeding to the Commission.

The Joint Petitioners, as signatories to the February 9, 2007 Joint Petition for Settlement ("*Settlement*") in this proceeding, continue to support the Settlement as filed as it resolves all issues associated with the Application and is in the best interest of Duquesne and its customers, and therefore, is in the public interest.<sup>4</sup> In addition, the Merger, as amended by the Settlement, meets the affirmative benefits test as set forth in *City of York v. Pa. P.U.C.*, 449 Pa. 136, 295 A.2d 825 (1972) and *Verizon* and also satisfies the ten specific public interest findings that the Commission considered in its Order in *Application of Penn Estates Utilities, Inc., Docket No. A-210072F0003, et al.*, Order entered October 2, 2006. Further, the Joint Petitioners assert that the Merger and Settlement in this proceeding present different circumstances from the Verizon/MCI Merger Order. Therefore, in support of the Settlement the Joint Petitioners submit this Joint Statement in Support to describe these different circumstances and to explain the numerous reasons that support that conclusion.

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<sup>3</sup> Citizen Power Inc. ("Citizen Power") has authorized Joint Petitioners to state that Citizen Power does not oppose this Settlement and has submitted a letter of non-opposition to the Commission.

<sup>4</sup> The Office of Small Business Advocate ("OSBA") is a signatory to the February 9, 2007, Joint Petition and will be submitting a separate Statement in Support of the Settlement.

## I. THE SETTLEMENT IS IN THE PUBLIC INTEREST

The Settlement in this proceeding presents the Commission with a markedly different set of circumstances from the Verizon/MCI Merger reviewed by the Court in *Verizon* and therefore does not raise the same set of concerns cited by the Court. A significant difference, as noted above, is the pending Application was amicably resolved via Settlement among all parties which comprehensively resolves the divergent interests of the parties in this proceeding and all issues pertaining to the Application raised by the parties. Another difference is that Duquesne's distribution and transmission rates remain under traditional cost of service regulation while Verizon is no longer subject to such regulation of its rates, which are now governed by Chapter 30 of the Public Utility Code. 66 Pa.C.S. §§ 3011 et seq. The Settlement reached by the Joint Petitioners directly addresses a number of the perceived infirmities noted by the Court in *Verizon* relative to the Verizon/MCI Merger.<sup>5</sup> Nevertheless, the Merger and Settlement present in this proceeding provides the following terms and conditions which are substantially different than the matters addressed by the Commonwealth Court in *Verizon*:

- **Rates:** Duquesne will not file a proposed general increase in distribution rates under Section 1308(d) of the Public Utility Code that would become effective after full suspension prior to January 1, 2010, and Duquesne agrees that there shall be no general increase in distribution rates prior to January 1, 2010, unless there are substantial changes in regulation or federal tax rates or policy. There was no provision to cap non competitive small customer rates in *Verizon*. 2007 Pa. Commw. LEXIS 63, at \*22-23.

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<sup>5</sup> It is not the intention of this Joint Statement to take a position on the *Verizon* Commonwealth Court order.

(Slip Opinion, pp 16-17). Under Chapter 30, Verizon would be permitted to raise non-competitive rates each year by the rate of inflation minus 0.5%, notwithstanding any impact of merger savings on the Company's cost of providing service;

- **Quality of Service Plan:** Duquesne agreed to a Quality of Service Plan ("Service Plan") during the period from January 1, 2007 through December 31, 2009. The Service Plan establishes the metrics and reporting requirements to allow for the monitoring of the quality of reliability and customer call center service provided by Duquesne and to identify any significant changes to Duquesne's reliability and service levels. There was no provision for a Quality Service Plan in *Verizon*. 2007 Pa. Commw. LEXIS 63, at \*22-23. (Slip Opinion, pp. 16-17);
- **Corporate Presence:** As a mid-sized electric utility Duquesne is a potential target for acquisition by larger out-of-state regional electric utilities. The Settlement provides that Duquesne's headquarters and corporate functions will remain in Pittsburgh including an unprecedented condition that Duquesne will not move its headquarters outside its service territory without Commission approval. In addition, Duquesne's commitment to the Pittsburgh region includes retaining the services of its current CEO and ensuring that the CEO serves on the Board of Directors. The Commonwealth Court concluded that there was no likelihood of Verizon's Pennsylvania corporate presence (including the headquarters of its Pennsylvania operating subsidiary) changing absent the merger. 2007 Pa. Commw. LEXIS 63, at \*38. (Slip Opinion, pp. 27-28);
- **Merger Savings.** All efficiencies and benefits garnered in the Merger and Settlement will flow through to Duquesne's customers due to its continued operations under the

traditional cost-based rate base/rate of return paradigm for its distribution and transmission rates. Such benefits will be reflected to reduce distribution and transmission revenue requirements in future rates. Further, the agreement that there will be no general increase in distribution rates for three years also provides assurance that customers will receive such benefits. The Commonwealth Court expressed concerns as to how customers benefit from merger savings when rates are not set on a cost of service basis. 2007 Pa. Commw. LEXIS 63, at \*35-36. (Slip Opinion, p. 24);

- **Competitive Markets:** While this proceeding does not involve the merger of two competitors, Duquesne has committed to address a number of measures to enhance the competitive retail electric market in its service territory. Duquesne has agreed to an independent third party analysis to identify and quantify any costs for services and functions provided to its non-regulated affiliates. The Court in *Verizon* questioned the lack of Pennsylvania specific analysis addressing the impact of the Verizon/MCI Merger on Pennsylvania's competitive markets and consumers. 2007 Pa. Commw. LEXIS 63 at \*35-36. (Slip Opinion at 25).

The Joint Petitioners' ability to avoid protracted litigation by amicably resolving all issues in this proceeding has resulted in a number of additional affirmative benefits that were not addressed in the Verizon/MCI Merger Order:

- **Economic Development:** The Application and Settlement establish a competitively neutral economic development program to retain and attract large industrial customers;
- **Community Commitment:** Duquesne has agreed to maintain at least current levels of corporate community commitments for five (5) years;

- **Universal Service Programs:** Duquesne has agreed to increase the number of LIURP customers to be served and make other improvements and operational changes to its LIURP program and planning process for universal service programs, including an agreement to form a collaborative regarding its universal service programs.
- **Affiliate Agreements:** Duquesne has committed to seek Commission approval of all new or amended agreements;
- **Access to Capital:** The Merger will provide Duquesne with a stable equity base and is designed to improve Duquesne's access to capital and provide capital at lower costs over time.
- **Access to Records:** Duquesne Light Holdings will provide the Commission, OTS, OCA, and OSBA parties with reasonable access to the books and records, officials and staff of Duquesne Light Holdings and its affiliates. Duquesne will provide the Commission, OTS, OCA and OSBA with annual reports filed with the Securities and Exchange Commission.
- **Infrastructure Program:** Duquesne committed to complete its Infrastructure Improvement Program.
- **Financial Conditions:** Duquesne and Macquarie agreed to several important financial conditions such as a 60% limit on long-term debt and prior notification to the Commission of any special dividends.
- **Workforce Retention:** Duquesne has acknowledged that the transaction with Macquarie is not an "extraordinary circumstance" under the terms of its collective bargaining

agreement with IBEW Local 29. As such, the employment guarantee provisions in the collective bargaining agreement will continue to apply, ensuring the stability of Duquesne's workforce.

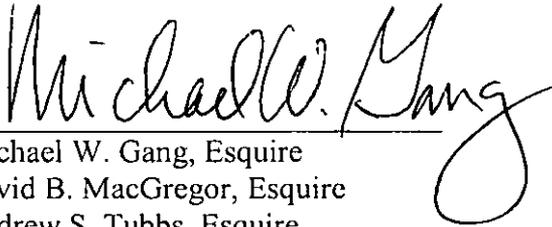
## **II. CONCLUSION**

The Joint Petitioners submit that the Settlement and transaction between Duquesne Light Holdings and the Macquarie Consortium is in the public interest and should be approved by the Commission. Such approval will: (1) ensure Duquesne's customers receive nearly a three year period of distribution rate stability; (2) maintain Duquesne, its management and its dedicated employees in Pittsburgh; (3) maintain Duquesne's present high level of community involvement; (4) provide Duquesne's service area with an economic development program aimed at meeting a critical regional need to attract new business and encourage the expansion of existing businesses; (5) establish a Service Quality Plan to allow for the monitoring of quality of service provided by Duquesne and to identify if there are changes to Duquesne's reliability and service levels; (6) ensure that the transaction does not adversely impact and potentially improves the existing successful competitive retail energy market in Duquesne's service territory via conditions relative to cost allocations and a review of cost of service and business functions by and among Duquesne and its affiliates; and (7) provide many other improvements and commitments noted above or in the Settlement.

The Settlement was achieved after considerable investigation of Duquesne's existing and future operations and the terms of the proposed transaction, through both informal and formal discovery, and submission of direct, rebuttal and surrebuttal testimony by a number of the Joint Petitioners in this proceeding. In addition, the Joint Petitioners undertook numerous discussions and negotiations as to service quality, corporate governance and other matters that would be in

the public interest. For the reasons set forth in the Settlement, the Statements of Support filed by each of the Joint Petitioners and the additional factors set forth in this Joint Statement, the Joint Petitioners continue to support the Settlement as filed as it is in the public interest and continues to meet the substantial affirmative benefit test established in *City of York* as applied by the Commonwealth Court in *Verizon*. The Joint Petitioners respectfully request that the Administrative Law Judge and the Commission expeditiously review and approve the Settlement in its entirety without modification.

Respectfully submitted,

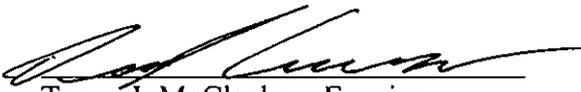


Michael W. Gang, Esquire  
David B. MacGregor, Esquire  
Andrew S. Tubbs, Esquire  
Gary Jack, Esquire

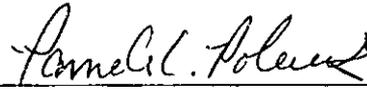
For: *Duquesne Light Company*



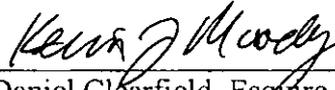
Charles Daniel Shields, Esquire  
Robert V. Eckenrod, Esquire  
For: *Office of Trial Staff*



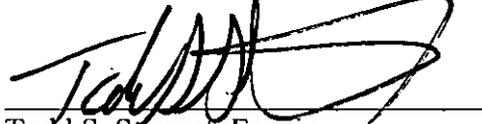
Tanya J. McCloskey, Esquire  
Darryl Lawrence, Esquire  
Jennedy E. Santolla, Esquire  
For: *Office of Consumer Advocate*



Pamela C. Polacek, Esquire  
Adam L. Benshoff, Esquire  
For: *Duquesne Industrial Intervenors*



Daniel Clearfield, Esquire  
Kevin J. Moody, Esquire  
For: *Retail Energy Supply Association*



Todd S. Stewart, Esquire  
For: *Dominion Retail, Inc.*

Date: 3/6/07

  
\_\_\_\_\_  
Scott J. Rubin, Esquire

For: *International Brotherhood of Electrical Workers Local 29*

\_\_\_\_\_  
Joseph L. Vullo, Esquire

For: *Community Action Association of Pennsylvania*

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Erin Creahan, Esquire

Julie Colletti, Esquire

For: *Strategic Energy, LLC*

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Theodore H. Jobes, Esquire

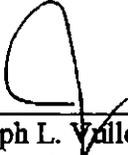
Steven S. Goldenberg, Esquire

Paul F. Forshay, Esquire

For: *Pennsylvania Large Energy Users Coalition*

Date: *Mar. 6, 2007*

\_\_\_\_\_  
Scott J. Rubin, Esquire  
For: *International Brotherhood of Electrical Workers Local 29*



\_\_\_\_\_  
Joseph L. Villo, Esquire  
For: *Community Action Association of Pennsylvania*

\_\_\_\_\_  
Erin Creahan, Esquire  
Julie Colletti, Esquire  
For: *Strategic Energy, LLC*

\_\_\_\_\_  
Theodore H. Jobes, Esquire  
Steven S. Goldenberg, Esquire  
Paul F. Forshay, Esquire  
For: *Pennsylvania Large Energy Users Coalition*

Date: \_\_\_\_\_

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Scott J. Rubin, Esquire

For: *International Brotherhood of Electrical Workers Local 29*

---

Joseph L. Vullo, Esquire

For: *Community Action Association of Pennsylvania*



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Erin Creahan, Esquire

Julie Colletti, Esquire

For: *Strategic Energy, LLC*

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Theodore H. Jobes, Esquire

Steven S. Goldenberg, Esquire

Paul F. Forshay, Esquire

For: *Pennsylvania Large Energy Users Coalition*

Date: March 6, 2007

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Scott J. Rubin, Esquire

For: *International Brotherhood of Electrical Workers Local 29*

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Joseph L. Vullo, Esquire

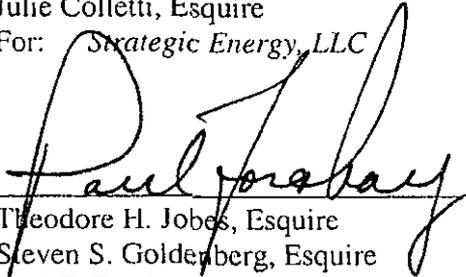
For: *Community Action Association of Pennsylvania*

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Erin Creahan, Esquire

Julie Colletti, Esquire

For: *Strategic Energy, LLC*



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Theodore H. Jobs, Esquire

Steven S. Goldenberg, Esquire

Paul F. Forshay, Esquire

For: *Pennsylvania Large Energy Users Coalition*

Date: 3/6/07

## CERTIFICATE OF SERVICE

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

### VIA E-MAIL AND FIRST CLASS MAIL

Charles D. Shields  
Robert V. Eckenrod  
Office of Trial Staff  
PO Box 3265  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17105-3265  
[chshields@state.pa.us](mailto:chshields@state.pa.us)  
[roeckenrod@state.pa.us](mailto:roeckenrod@state.pa.us)

Daniel G. Asmus  
Office of Small Business Advocate  
Commerce Building  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101  
[dasmus@state.pa.us](mailto:dasmus@state.pa.us)

Tanya McCloskey  
Darryl Lawrence  
Jessica Horner  
Jennedy E. Santolla  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923  
[tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)  
[dlawrence@paoca.org](mailto:dlawrence@paoca.org)  
[JHorner@paoca.org](mailto:JHorner@paoca.org)  
[jsantolla@paoca.org](mailto:jsantolla@paoca.org)

Brian Kalcic  
Excel Consulting  
225 S. Meramec Avenue, Suite 720-T  
St. Louis, MO 63108  
[bkalcic@mindspring.com](mailto:bkalcic@mindspring.com)  
*(Consultant for Office of Small Business Advocate)*

Thomas S. Catlin  
Matthew I. Kahal  
Exeter Associates, Inc.  
5565 Sterrett Place, Suite 310  
Columbia, MD 21044  
[tcatlin@exeterassociates.com](mailto:tcatlin@exeterassociates.com)  
[mkahal@exeterassociates.com](mailto:mkahal@exeterassociates.com)  
*(Consultants for Office of Consumer Advocate)*

Todd S. Stewart  
Hawke McKeon Sniscak & Kennard LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
[tsstewart@hmsk-law.com](mailto:tsstewart@hmsk-law.com)  
*(Dominion Retail, Inc.)*

Theodore H. Jobses  
Fox Rothschild LLP  
2000 Market Street, 10th Floor  
Philadelphia, PA 19103-3291  
[tjobses@foxrothschild.com](mailto:tjobses@foxrothschild.com)  
*(Pennsylvania Large Energy Users Coalition)*

Daniel Clearfield  
Kevin J. Moody  
Wolf, Block, Schorr and Solis-Cohen LLP  
213 Market Street, 9<sup>th</sup> Floor  
P.O. Box 865  
Harrisburg, PA 17108-0865  
[dclearfield@wolfblock.com](mailto:dclearfield@wolfblock.com)  
[kmoody@wolfblock.com](mailto:kmoody@wolfblock.com)  
*(Strategic Energy, LLC)*  
*(Retail Energy Supply Association)*

SECRETARY'S BUREAU  
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RECEIVED

Paul F. Forshay  
Sutherland Asbill & Brennan LLP  
1275 Pennsylvania Avenue, NW  
Washington, DC 20004-2415  
[pforshay@sablaw.com](mailto:pforshay@sablaw.com)  
*(Pennsylvania Large Energy Users Coalition)*

Steven S. Goldenberg  
Fox Rothschild LLP  
Princeton Pike Corporation Center  
997 Lenox Drive, Building 3  
Lawrenceville, NJ 08648-4586  
[sgoldenberg@foxrothschild.com](mailto:sgoldenberg@foxrothschild.com)  
*(Pennsylvania Large Energy Users Coalition)*

Scott J. Rubin  
3 Lost Creek Drive  
Selinsgrove, PA 17870  
[Scott@publicutilityhome.com](mailto:Scott@publicutilityhome.com)  
*(International Brotherhood of Electrical Workers Local 29)*

Harvey L. Reiter  
John E. McCaffrey  
Jaime S. Dibble  
Stinson Morrison Hecker LLP  
1150 18<sup>th</sup> Street N.W., Suite 800  
Washington, DC 20036-3816  
[hreiter@stinsonmoheck.com](mailto:hreiter@stinsonmoheck.com)  
[jmccaffrey@stinsonmoheck.com](mailto:jmccaffrey@stinsonmoheck.com)  
[jdibble@stinsonmoheck.com](mailto:jdibble@stinsonmoheck.com)  
*(Citizen Power, Inc.)*

Erin Creahan  
Richard Hudson  
Two Gateway Center  
Pittsburgh, PA 15222-1458  
[jcoletti@sel.com](mailto:jcoletti@sel.com)  
[ecreahan@sel.com](mailto:ecreahan@sel.com)  
*(Strategic Energy, LLC)*

David Hughes  
Citizen Power, Inc.  
2121 Murray Avenue  
Pittsburgh, PA 15217  
[Hughes@citizenpower.com](mailto:Hughes@citizenpower.com)  
*(Citizen Power, Inc.)*

Jay L. Kooper  
One Hess Plaza  
Woodbridge, NJ 07095  
[jkooper@hess.com](mailto:jkooper@hess.com)  
*(Hess Corporation)*

Michael Gruber  
Kevan Deardorff  
Charles T. Weakley  
Timothy Wallick  
Office of Trial Staff  
PO Box 3265  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
Harrisburg, PA 17105-3265  
[mgruber@state.pa.us](mailto:mgruber@state.pa.us)  
[kdeardorff@state.pa.us](mailto:kdeardorff@state.pa.us)  
[cweakley@state.pa.us](mailto:cweakley@state.pa.us)  
[twallick@state.pa.us](mailto:twallick@state.pa.us)  
*(Consultants for Office of Trial Staff)*

Pamela C. Polacek  
Adam L. Benschhoff  
McNees Wallace & Nurick LLC  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166  
[ppolacek@mwn.com](mailto:ppolacek@mwn.com)  
[abenschhoff@mwn.com](mailto:abenschhoff@mwn.com)  
*(Duquesne Industrial Intervenors)*

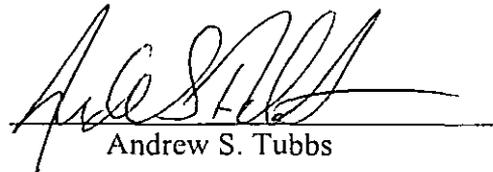
Eugene M. Brady  
Community Action Association of  
Pennsylvania  
165 Amber Lane  
PO Box 1127  
Wilkes-Barre, PA 18703-1127  
[hebegebe@sunlink.net](mailto:hebegebe@sunlink.net)  
*(Community Action Association of Pennsylvania)*

Joseph L. Vullo  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
[jlvullo@aol.com](mailto:jlvullo@aol.com)  
*(Community Action Association of Pennsylvania)*

Frank Lacey  
Director, Government and Regulatory Affairs  
Direct Energy  
263 Tresser Blvd  
8th Floor  
Stamford, CT 06901  
[frank.lacey@directenergy.com](mailto:frank.lacey@directenergy.com)  
(Retail Energy Supply Association)

Barbara Alexander  
15 Wedgewood Drive  
Winthrop, ME 04364  
[barbalex@ctel.net](mailto:barbalex@ctel.net)  
(Consultant for Office of Consumer  
Advocate)

Date: March 7, 2007



Andrew S. Tubbs



OFFICE OF SMALL BUSINESS ADVOCATE  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, Pennsylvania 17101

William R. Lloyd, Jr.  
Small Business Advocate

(717) 783-2525  
(717) 783-2831 (FAX)

March 8, 2007

**HAND DELIVERED**

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
P. O. Box 3265  
Harrisburg, PA 17105-3265

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**Re: Application of Duquesne Light Company for a Certificate of Public Convenience under Section 1102(a)(3) of the Public Utility Code Approving the Acquisition of Duquesne Light Holdings, Inc. By Merger  
Docket No. A-110150F0035**

**Application of DQE Communications Network Services LLC for a Certificate of Public Convenience under Section 1102(a)(3) of the Public Utility Code Approving the Acquisition of Duquesne Light Holdings, Inc. By Merger  
Docket No. A-311233F0002**

Dear Secretary McNulty:

I am delivering for filing today the original plus three copies of the Supplemental Statement in Support of the Joint Petition for Settlement, on behalf of the Small Business Advocate in the above-captioned matter.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Daniel G. Asmus  
Assistant Small Business Advocate  
Attorney ID No. 83789

Enclosures

cc: Parties of Record  
Brian Kalcic

SECRETARY'S BUREAU

2007 MAR -8 PM 4:03

43

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Duquesne Light Company for a :  
Certificate of Public Convenience under :  
Section 1102(a)(3) of the Public Utility Code :  
Approving the Acquisition of Duquesne Light : Docket No. A-110150F0035  
Holdings, Inc. by Merger :

Application of DQE Communications Network :  
Services LLC for a Certificate of Public :  
Convenience under Section 1102(a)(3) of the :  
Public Utility Code Approving the Acquisition of : Docket No. A-311233F0002  
Duquesne Light Holdings, Inc. by Merger :

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**SUPPLEMENTAL STATEMENT OF  
THE OFFICE OF SMALL BUSINESS ADVOCATE  
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention and Protest at Docket No. A-311233F0002, against the September 6, 2006, Application of Duquesne Light Company (“DLC”) and DQE Communications Network Services LLC (“DQE Communications”) (collectively, the “Joint Applicants”), seeking approval under Chapters 11 and 28 of the Public Utility Code, 66 Pa. C.S. Ch. 11 and 28, of the acquisition of their parent company—Duquesne Light Holdings, Inc. (“DLH”)—by the Macquarie Consortium

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("Macquarie"). The OSBA filed testimony; actively participated in the negotiations that led to the Joint Petition for Settlement of the issues in this case ("Settlement"); and is a signatory to the Settlement which was filed on February 9, 2007.

On February 27, 2007, ALJ Robert P. Meehan issued Interim Order #2 in this matter, noting the fact that on February 20, 2007, the Commonwealth Court of Pennsylvania issued a decision in *Irwin A. Popowsky, Consumer Advocate v. Pennsylvania Public Utility Commission*, No. 255 C.D. 2006, 2007 Pa. Commw. LEXIS 63 ("Verizon/MCI Decision"), which reversed the Commission's approval of a merger between Verizon Communications, Inc. ("Verizon") and MCI, Inc. ("MCI"), and remanded the proceeding to the Commission. In ALJ Meehan's opinion, the Joint Petitioners should be given the opportunity to provide either a Joint Statement in Support or Supplemental Statements in Support of the Settlement in light of the Verizon/MCI Decision prior to his issuance of an Initial Decision and the entry of an Order in the instant case. Consequently, ALJ Meehan has reopened the record at this docket number to permit the filing of an additional Joint Statement in Support or Supplemental Statements in Support, to be filed with the Commission and served upon the ALJ, the parties, and Citizen Power on or before Friday, March 9, 2007.

Pursuant to the Interim Order #2 issued on February 27, 2007, the OSBA is filing this Supplemental Statement in Support, addressing the Joint Petition for Settlement in light of the Verizon/MCI Decision.

### The Verizon/MCI Decision

In the Verizon/MCI Decision, the Commission adopted the decision of the ALJ approving the merger between Verizon and MCI, finding that the two companies had established that the merger was in the public interest. While acknowledging that there must be an affirmative showing that the merger was in the public interest under the standard established in *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 295 A.2d 825 (Pa. 1972) (proponents of the merger must “demonstrate that the merger will affirmatively promote the ‘service, accommodation, convenience, or safety of the public’ in some substantial way.” *Id.* at 828), the Commission gave its own interpretation of that standard. The Commission stated that “[t]he public interest standard is a broad standard that encompasses examining whether, for example, the ‘merger will have an anti-competitive effect or will impair the technical, managerial or financial fitness’ of the jurisdictional utilities affected to continue to provide adequate . . . services to Pennsylvania customers at just and reasonable rates.” Verizon/MCI Decision at 15. (citations omitted).

The Commission went on to find that the Verizon/MCI merger was in the public interest because there had been approvals of the merger at the federal level, stating that “a comprehensive and Pennsylvania-specific analysis of the competitive effects of the merger was not appropriate in light of the [Department of Justice] Consent Decree . . . “

where “the United States Department of Justice Antitrust Division (DOJ) and the Federal Communications [sic] (FCC) have also thoroughly investigated the merger and have imposed conditions to ameliorate the anticompetitive effects of the merger.”

Verizon/MCI Decision at 16.

The Commonwealth Court disagreed with the Commission, stating that “even if the conditions imposed by those federal agencies ameliorated all of the anti-competitive effects in Pennsylvania, it would only establish that the merger was not detrimental to the public, not that needed substantial benefits were present to justify the merger.”

Verizon/MCI Decision at 25. The Court reviewed the Commission’s determination that there were three positive benefits that would accrue to the public from the merger, finding that (1) the claimed access by Verizon to MCI’s Internet system resulting from the merger, which would purportedly support a broad array of services and applications, in effect promised nothing new; (2) continuing Verizon’s presence in Pennsylvania was going to occur regardless of the merger; and (3) the ostensibly enhanced deployment of broadband services was not quantified in such a way as to demonstrate that the merger provided a benefit to the public. Verizon/MCI Decision at 27-28.

In the Verizon/MCI Decision, the Commonwealth Court has upheld the standard set forth in *City of York*, with the additional proviso that any purported affirmative benefits which would justify approval of a merger must be demonstrably quantified, not just stated in an illusory fashion. (*See* Verizon/MCI Decision at 28, FN 28). Given this precedent, the OSBA, in the analysis below, will attempt to show which of the purported

benefits of the DLC/Macquarie merger meet the standard set forth in *City of York* as interpreted in the Verizon/MCI Decision, thereby justifying approval of the merger by the Commission.

### Settlement

The Settlement sets forth a list of issues that were resolved through the negotiation process, including the resolution of issues which were of particular significance to the OSBA when it concluded that the Settlement was in the best interests of DLC's small business customers. Those issues are addressed in the OSBA's initial Statement in Support of the Joint Petition for Settlement and will be incorporated herein by reference.

As implied by the Verizon/MCI Decision, conditions in a merger settlement do not qualify as affirmative benefits if they simply attempt to avoid or mitigate problems, or potential problems, that would be unlikely to arise in the absence of the merger. Therefore, conditions may be essential to concluding that a merger settlement is in the public interest but may not constitute affirmative benefits. Conditions qualify as affirmative benefits only if they provide something to the public that is positive, that is not illusory, and that would not have been provided without the merger. The following specific issues and the resolution thereof demonstrate affirmative benefits that the OSBA believes will accrue to the public as a result of the DLC/Macquarie merger, if approved:

- a. DLC has agreed that there will be no general increase in distribution rates prior to January 1, 2010. In effect, this stayout will be financed, at least in part, by the predicted reduction in the cost of capital. That predicted

reduction in the cost of capital would also benefit ratepayers when distribution rates are set in subsequent cases;

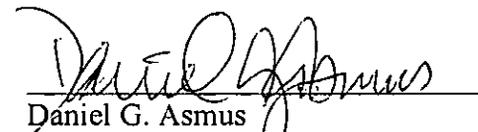
- b. With respect to universal service, DLC has agreed to convene a collaborative (“Universal Service Collaborative”) of local representatives of low income groups, community based organizations (“CBOs”) and the Office of Consumer Advocate (“OCA”) to consider universal service programs so as to enhance DLC’s programs within current funding levels. The collaborative will meet no less than once a year and will include representatives from CAAP and Pennsylvania weatherization network providers.
- c. DLC has committed to increase the number of customers served under its Smart Comfort program from 2, 250 to 3,000 customers per year from 2007 through 2009, except for 2008, where DLC will commit to serving 4,000 customers.
- d. DLC will establish a competitively neutral Economic Development Program to attract and support expanding Pennsylvania industrial employers by offering a flat 50MW block of energy consumed at a new or expanded facility at a discount of up to \$3 per MWh below market for three years for commercial/ industrial customers who meet specific criteria for creating new or expanding load and create two new full time employment positions per MW of new load. DLC will also consider applications from customers that do not meet the specific criteria, if the applicant can demonstrate that the new or expanded load has significant benefits, such as increasing off-peak power that could be utilized to a greater extent than on-peak power, or providing attractive or improved load factor or power factor, or offers significant new employment. The program will be funded solely from shareholder funds, and will not be conditioned upon receiving generation supply from DLC or its affiliates.
- e. DLH will pay for the cost of an independent consultant to identify and quantify the cost of services and business functions provided to Duquesne Light Energy (“DLE”) and to provide for the remittance of compensation for the cost of these services and business functions rendered to DLE or any other affiliated electric generation supplier (“EGS”) by any affiliated Duquesne companies (including DLC) except for power procurement services. DLE will remit the appropriate compensation for such services

and business functions to the companies providing these services and business functions.

**Conclusion**

For the reasons set forth in the Settlement, as well as the additional factors that are enumerated in this statement, the OSBA believes that the Settlement is in the public interest and that the proposed merger provides affirmative benefits which satisfy the standard under *City of York* as interpreted by the Commonwealth Court in the Verizon/MCI Decision. Therefore, the OSBA reiterates its support for the proposed Joint Petition for Settlement and respectfully requests that the ALJ and the Commission approve the Settlement in its entirety.

Respectfully submitted,

  
Daniel G. Asmus  
Assistant Small Business Advocate  
Attorney ID No. 83789

For:

William R. Lloyd, Jr.  
Small Business Advocate  
Attorney ID No 16452

Office of Small Business Advocate  
Suite 1102, Commerce Building  
300 North Second Street  
Harrisburg, PA 17101  
(717) 783-2525

Date: March 8, 2007

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Application of Duquesne Light Company for :  
a Certificate of Public Convenience Under : Docket No. A-110150F0035  
Section 1102(a)(3) of the Public Utility Code :  
Approving the Acquisition of Duquesne Light :  
Holdings, Inc. By Merger :

Application of DQE Communications Network :  
Services LLC for a Certificate of Public :  
Convenience Under Section 1102(a)(3) of the : Docket No. A-311233F0002  
Public Utility Code Approving the Acquisition :  
of Duquesne Light Holdings, Inc. By Merger :

**Certificate of Service**

I certify that I am serving two copies of the Supplemental Statement in Support of the Joint Petition for Settlement, on behalf of the Office of Small Business Advocate by e-mail and first-class mail (unless otherwise noted) upon the persons addressed below:

Hon. Robert Meehan  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
1103 Pittsburgh State Office Building  
300 Liberty Avenue  
Pittsburgh, PA 15222  
(412) 565-3550  
(412) 565-5692 (fax)  
[rmeehan@state.pa.us](mailto:rmeehan@state.pa.us)

Johnnie E. Simms, Esquire  
Charles Daniel Shields, Esquire  
Robert V. Eckenrod, Esquire  
Office of Trial Staff  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, PA 17105-3265  
(717) 787-4886  
(717) 772-2677 (fax)  
[Josimms@state.pa.us](mailto:Josimms@state.pa.us)  
[chshields@state.pa.us](mailto:chshields@state.pa.us)  
[roeckenrod@state.pa.us](mailto:roeckenrod@state.pa.us)  
**(E-mail and Hand Delivery)**

Theodore H. Jobes, Esquire  
Fox Rothschild LOLP  
2000 Market Street - 10<sup>th</sup> Floor  
Philadelphia, PA 19103  
(215) 299-2000  
(215) 299-2150 (fax)  
[tjobes@foxrothschild.com](mailto:tjobes@foxrothschild.com)

Paul F. Forshay, Esquire  
Sutherland Asbill & Brennan LLP  
1275 Pennsylvania Avenue, N.W.  
Washington, DC 20004  
(202) 383-0100  
(202) 637-3593 (fax)  
[paul.forshay@sablaw.com](mailto:paul.forshay@sablaw.com)

Tanya McCloskey, Esquire  
Darryl Lawrence, Esquire  
Office of Consumer Advocate  
555 Walnut Street 5<sup>th</sup> FL Forum Place  
Harrisburg, PA 17101-1923  
(717) 783-5048  
(717) 783-7152  
[tmccloskey@paoca.org](mailto:tmccloskey@paoca.org)  
[dlawrence@paoca.org](mailto:dlawrence@paoca.org)  
**(E-mail and Hand Delivery)**

Michael W. Gang, Esquire  
Andrew S. Tubbs, Esquire  
Post & Schell PC  
17 North Second Street - 12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601  
(717) 731-1970  
(717) 731-1985 (fax)  
[mgang@postschell.com](mailto:mgang@postschell.com)  
[atubbs@postschell.com](mailto:atubbs@postschell.com)

Scott J. Rubin, Esquire  
3 Lost Creek Drive  
Selinsgrove, PA 17870  
(570) 743-2233  
(570) 743-8145 (fax)  
[scott@publicutilityhome.com](mailto:scott@publicutilityhome.com)

Todd S. Stewart, Esquire  
Hawke McKeon Sniscak & Kennard LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
(717) 236-1300  
(717) 236-4841 (fax)  
[tsstewart@hmsk-law.com](mailto:tsstewart@hmsk-law.com)

Jennedy E. Santolla, Esquire  
[jsantolla@paoca.org](mailto:jsantolla@paoca.org)  
(E-mail only)

Matt Kahal  
[mkahal@exeterassociates.com](mailto:mkahal@exeterassociates.com)  
(E-mail only)

Joseph L. Vullo, Esquire  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
(570) 288-0700  
(570) 288-4598 (fax)  
[jlvullo@aol.com](mailto:jlvullo@aol.com)

[jmccaffrey@stinsonmoheck.com](mailto:jmccaffrey@stinsonmoheck.com)  
(E-mail only)

[jcoletti@sel.com](mailto:jcoletti@sel.com)  
(E-mail only)

Jessica Horner  
[jhorner@paoca.org](mailto:jhorner@paoca.org)  
(E-mail only)

Daniel Clearfield, Esquire  
Kevin J. Moody, Esquire  
Wolf Block Schorr and Solis-Cohen LLP  
213 Market St., 9<sup>th</sup> Floor  
P. O. Box 865  
Harrisburg, PA 17108-0865  
(717) 237-7160  
(717) 237-7161  
[dclearfield@wolfblock.com](mailto:dclearfield@wolfblock.com)  
[kmoody@wolfblock.com](mailto:kmoody@wolfblock.com)

Pamela C. Polacek, Esquire  
Adam L. Benschhoff, Esquire  
McNees Wallace & Nurick LLC  
P. O. Box 1166  
Harrisburg, PA 17108-1166  
(717) 232-8000  
(717) 237-5300 (fax)  
[ppolacek@mwn.com](mailto:ppolacek@mwn.com)  
[abenschhoff@mwn.com](mailto:abenschhoff@mwn.com)

David Hughes  
Citizen Power  
[hughes@citizenpower.com](mailto:hughes@citizenpower.com)  
(E-mail only)

Eugene M. Brady  
Community Action Association of PA  
P. O. Box 1127  
Wilkes-Barre, PA 18703-1127  
(570) 826-0510  
(570) 829-1665 (fax)  
[hebegebe@sunlink.net](mailto:hebegebe@sunlink.net)

[feichenmiller@duqlight.com](mailto:feichenmiller@duqlight.com)  
(E-mail only)

[gjack@duqlight.com](mailto:gjack@duqlight.com)  
(E-mail only)

[hreiter@stinsonmoheck.com](mailto:hreiter@stinsonmoheck.com)  
(E-mail only)

jdibble@stinsonmoheck.com  
(E-mail only)

Erin H. Creahan, Esquire  
Strategic Energy, LLC  
Two Gateway Center - 9<sup>th</sup> Floor  
Pittsburgh, PA 15222  
(412) 258-2036  
(412) 394-6681 (fax)  
ecreahan@strategicenergy.com

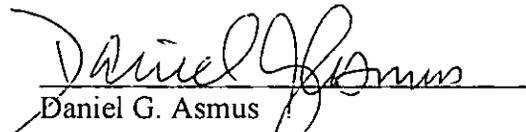
kdeardorff@state.pa.us  
(E-mail only)

David MacGregor, Esquire  
Post & Schell  
Four Penn Center  
1600 John F. Kennedy Blvd.  
Philadelphia, PA 19103  
(215) 587-1197  
dmacgregor@postschell.com

mgruber@state.pa.us  
(E-mail only)

Rob.Kupchak@macquarie.com  
(E-mail only)

sgoldenberg@foxrothschild.com  
(E-mail only)

  
Daniel G. Asmus  
Assistant Small Business Advocate  
Attorney ID No. 83789

Dated: March 8, 2007