

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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June 12, 2014

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

RE: Petition of Duquesne Light Company for
Approval of a Default Service Program and
Procurement Plan for the Period June 1,
2013 through May 31, 2015
Docket No. P-2012-2301664

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 cursive script that reads "David T. Evrard".

David T. Evrard
Assistant Consumer Advocate
PA Attorney I.D. # 33870

Enclosures

cc: Hon. Katrina L. Dunderdale
Edward Berzonsky, Technical Utility Services
Certificate of Service

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On June 5, 2014, Duquesne Light Company (Duquesne or Company) filed a Petition with the Pennsylvania Public Utility Commission (Commission) requesting expedited approval to revise its current Default Service Plan (DSP VI Plan) procurement schedule. The Company's Petition states that the proposed modifications are consistent with the Commission's Order approving its DSP VI Plan¹, will protect against rate volatility, are consistent with its existing procurement methodology, and will reduce costs through the elimination of an additional procurement date. Petition at ¶¶14, 17, 18, 19. In addition, Duquesne requests that the proposed modifications be approved by the Commission no later than the scheduled September 11, 2014 Public Meeting. Petition at ¶25. The OCA submits that the Company's

¹ See, Petition of Duquesne Light Company for Approval of a Default Service Program and Procurement Plan, Docket No. P-2012-2301664 (Order of January 24, 2013) (DSP VI Order).

Petition is consistent with the Commission's prior Orders, will help reduce the possibility of residential rate volatility, and should be approved on an expedited basis.

II. ANSWER

Under the Company's DSP VI Plan, which is effective for the period of June 1, 2013 through May 31, 2015, all of Duquesne's supply contracts for residential and small C&I customers were scheduled to end on May 31, 2015, to accommodate a then-pending decision regarding the default service provider (DSP) role after May 31, 2015. In the Commission's Order approving Duquesne's DSP VI Plan, the Commission held that Duquesne may petition the Commission for authorization to proceed with procurements that extend past May 31, 2015. DSP VI Order at 80. Duquesne will be continuing in the DSP role after May 31, 2015, and its next Default Service Procurement Plan for the June 1, 2015 to May 31, 2017 period has been filed at Docket No. P-2014-2418242. In the instant Petition, Duquesne seeks expedited approval to exercise this option and extend the term of its fixed price, load-following contracts procured during the October 2014 procurement to allow for continued layering and laddering of its contracts.

Specifically, the Company has proposed to procure a portion of the default service requirements of its Residential and Small C&I customers for the June 1, 2015 through November 30, 2015 period in order to ladder its default service purchases and to avoid exposure to potential market price shocks. Petition at p. 2. The Company would accomplish this goal by procuring 50% of its residential supply in the Fall of 2014, thus eliminating its proposed February 2015 procurement date. Petition at p. 3, ¶18. For Small C&I, the Company would extend the contract duration of its small C&I contracts by six months. Petition at p. 3. Lastly, the Company

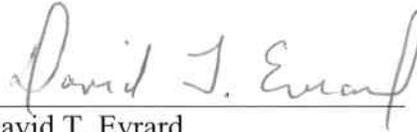
proposes that these procurements be combined with the Medium C&I to maximize bidder interest and reduce administrative cost. Petition at ¶ 21.

The OCA has reviewed the Company's Petition and supports the Company's request to modify its existing procurement schedule for residential customers. A continuation of the layering and laddering of the contracts will benefit residential customers. As such, the OCA fully supports Duquesne's instant Petition for approval to procure supply for the June 1, 2015 through November 30, 2015 period in October of 2014. The OCA submits that the proposed modifications will diversify the Company's procurement schedule and provide a smoother transition between the DSP VI Plan and DSP VII Plan.

The OCA also supports the Company's request that the Commission act upon this Petition in an expedited manner. The Company notes that the formal procurement requirements take approximately 5 weeks, with additional lead time needed to prepare for the process. Petition at ¶ 24. As such, the Company will need Commission approval no later than September 11, 2014.

WHEREFORE, the Office of Consumer Advocate respectfully submits that Duquesne's Petition to modify its default service procurement schedule is reasonable and in the public interest, and thus should be approved.

Respectfully Submitted,



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Dated: June 12, 2014

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CERTIFICATE OF SERVICE

Petition of Duquesne Light Company :
for Approval of a Default Service Program : Docket No. P-2012-2301664
and Procurement Plan for the Period :
June 1, 2013 through May 31, 2015 :

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 12th day of June 2014.

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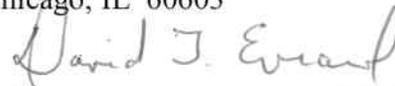
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