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File #: 2267/158273

September 15, 2014

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
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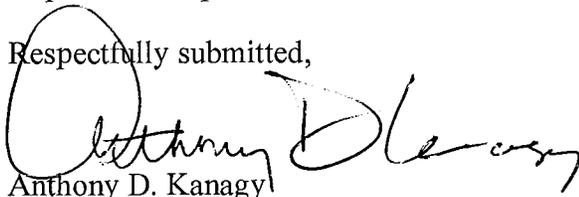
Re: Petition of Duquesne Light Company for Approval of Default Service Plan for the Period June 1, 2015 through May 31, 2017 - Docket No. P-2014-2418242

Dear Secretary Chiavetta:

Enclosed for filing is a Settlement Stipulation in the above-referenced proceeding. The Settlement Stipulation has been agreed to or not opposed by all Parties in this proceeding. The Settlement Stipulation resolves issues regarding the Residential procurement plan, the Standard Offer Program, the Time of Use Program, the Supply Master Agreement and unbundling of default service costs. The Settlement Stipulation also reserves for litigation issues regarding the Small Commercial & Industrial procurement plan, the Medium Commercial & Industrial procurement plan, the Large Commercial & Industrial procurement plan, procurement of alternative energy credits and the methodology for recovering certain transmission costs. As directed by Administrative Law Judge Katrina L. Dunderdale, Parties will file Statements in Support or Letters of Non-Opposition with respect to the Settlement Stipulation by September 30, 2014.

Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy

ADK/jl
Enclosures

Rosemary Chiavetta, Secretary
September 15, 2014
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cc: Honorable Katrina L. Dunderdale
Certificate of Service

CERTIFICATE OF SERVICE

Docket No. P-2014-2418242

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 52 Pa. Code § 1.54 (relating to service by a participant).

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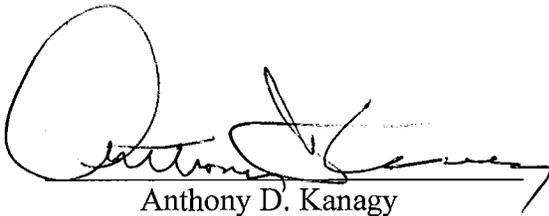
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Office of Small Business Advocate

Date: September 15, 2014



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, 2015 : Docket No. P-2014-2418242
Through May 31, 2017 :

STIPULATION

Duquesne Light Company (“Duquesne Light” or the “Company”), the Bureau of Investigation & Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Exelon Generation Company (“ExGen”), NextEra Energy Power Marketing, LLC (“NextEra”) and the Retail Energy Supply Association (“RESA”) hereby enter into this Stipulation to resolve the issues set forth below and to reserve certain issues for litigation. This Stipulation has been agreed to or not opposed by all Parties in this proceeding.¹

The Company’s default service plan (“DSP VII”) filing is approved except as modified by this Stipulation:

Default Service Procurement and AEC Contracts

1. Duquesne Light’s proposed default service procurement plan for Residential customers will be approved, provided that, should the Commission determine, any time prior to the last solicitation under the DSP VII program in 2016, that Duquesne Light will not continue in its role as Default Service provider beyond May 31, 2017, Duquesne Light agrees to file an appropriate petition with the Commission requesting to amend the DSP VII program to ensure

¹ The Stipulation is not opposed by the Office of Small Business Advocate (“OSBA”), Citizens for Pennsylvania’s Future (“PennFuture”), Duquesne Industrial Intervenors (“DII”), FirstEnergy Solutions Corp. (“FES”) and Noble Americas Energy Solutions, LLC (“Noble”).

that no fixed-priced contracts extend beyond May 31, 2017, or the date set by the Commission for the termination of Duquesne Light's role as Default Service provider.

2. Issues regarding the procurement plans for Small Commercial & Industrial ("Small C&I"), Medium Commercial & Industrial ("Medium C&I") and Large Commercial & Industrial ("Large C&I") customers will be reserved for litigation.

3. Issues regarding the procurement of long-term alternative energy credit contracts will be reserved for litigation.

Standard Offer Program ("SOP")

4. Within 90 days of approval of this Settlement, Duquesne Light agrees to revise its current introductory script for eligible residential customers for the purpose of clarifying that the 7% discount is subject to change during the 12 month program. Duquesne Light will revise its SOP script to include the following language:

"I see that you are eligible for a voluntary program that offers a price for generation service for 12 months that is 7% off of the current price to compare. The price to compare may change during the 12 months but your rate will remain fixed at _____. If you are interested, I will transfer you to a supplier who is participating in this program for more information."

5. Duquesne Light and the Parties agree to conduct a collaborative with interested Parties to consider changes to the Company's existing SOP, including, among other things, the following:

- a) Enhanced customer disclosure of the SOP offer and future PTC changes to include disclosures that: (i) the initial discount is based on the current PTC; (ii) the PTC will change semi-annually with the next change in [month]; (iii) the percentage savings a customer will experience will vary as the PTC changes; and (iv) the SOP rate may be higher or lower than the next PTC;
- b) Other program improvements including use of a third party to enroll customers or other means to improve customer enrollment; and

c) Cost recovery, provided however, that the collaborative shall not address or consider any proposals to recover SOP costs from EGSs that do not participate in Duquesne Light's POR Program or from Medium or Large Commercial and Industrial customers (i.e., customers with cumulative demands equal to or greater than 25 kW) that are not eligible for the SOP program or to recover SOP costs through an increase to the Medium C&I Purchase of Receivables discount rate.

6. The collaborative will commence within 45 days of entry of the Commission's Final Order in this proceeding.

7. Duquesne Light will be required to implement any revised SOP resulting from this collaborative and resulting Commission Order approving a revised SOP within six months after entry of the Commission Order approving a revised SOP, provided that any Information Technology changes required to implement the revised SOP can be completed in that time frame.

8. Duquesne Light will continue its current SOP (with a \$10.28 customer enrollment fee for participating EGSs becoming effective September 1, 2014) until it is replaced by a revised SOP approved by the Commission. The Customer Acquisition Fee established in September 2014 will remain in effect until the program is revised and approved by the Commission.

Time of Use ("TOU") Program

9. Duquesne Light's TOU Program for the first year of DSP VII will be approved for Residential (other than those customers enrolled in Duquesne Light's Customer Assistance Program ("CAP")), Small C&I and Medium C&I customers with interval meters, as long as the customer also has the necessary data collection and communications systems in place, and the systems have been successfully tested. CAP customers will not be eligible for the TOU Program in the first year of DSP VII because issues regarding CAP portability have not been finally determined at this time, and there will be a limited window for TOU enrollment in the first year of DSP VII.

10. Duquesne Light will conduct a collaborative to develop a TOU Program and cost recovery mechanism for the year commencing June 1, 2016 and ending May 31, 2017, to identify ways to permit multiple EGSs to participate in a TOU offering(s) and will explore how to effectively integrate the TOU Program with CAP provided that general issues regarding CAP portability have otherwise been decided by the Commission. In order to permit the Company time to identify new options available for TOU service and assess necessary TOU Program changes to potentially integrate CAP customers if CAP portability issues have been decided, the collaborative will commence no later than June 30, 2015. The collaborative will continue for 60 days. Following the collaborative, the Company will file with the Commission by September 30, 2015, a TOU Program proposal reflecting any consensus that has been achieved and the Company's proposal on unresolved issues. The Commission will provide an opportunity for comments by interested parties, and issue a final order by January 31, 2016, so that any actions necessary to commence the approved TOU program commencing June 1, 2016 can be completed.

Supply Master Agreement (“SMA”)

11. The Company's proposed SMA is adopted, including the revisions agreed to by the Company in its rebuttal testimony, and the following revisions:

- a) Duquesne Light agrees to revise the definition of “Termination Payment” to read as follows: “A payment resulting from an Early Termination that is calculated in accordance with Article 5.4.”
- b) Duquesne Light will revise the following Section of Article 5.4:

“The DS Supplier may, in its sole discretion, select the notional quantity in the following subsection 5.4(a)(i) by indicating yes or no on Appendix E. If the DS Supplier does not select subsection 5.4(a)(i) it will be deemed to be excluded from this Agreement. [CHECK BOX]”

to read as follows:

“ The DS Supplier may, in its sole discretion, add the following subsection 5.4(a)(1) by checking this box. If DS Supplier does not check this box, subsection 5.4(a)(1) will be deemed to be excluded from this Agreement.”

c) The Company will revise Article 6.7 of its SMA as follows:

6.7 Security Instruments At each DS Supplier’s choice, the following are deemed to be acceptable methods for posting security, if required:

(a) Cash; or

(b) A standby irrevocable letter of credit acceptable to the Company, in its sole discretion, issued by a bank or other financial institution with a minimum [~~“A”~~] “A-” senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P and [~~“A2”~~] “A3” from Moody’s (see standard format in Appendix __).

d) The first sentence of Paragraph 2 in Appendix E shall be replaced with the following: “AECs shall be provided on a six (6) month basis or at the end of any Delivery Period, if the Delivery Period is less than six (6) months, and shall be transferred to the Company within 30 days from the final day of any such six month period or Delivery Period; provided; however, that if the term of any Delivery Period includes two different AEPS reporting years, then DS Supplier shall provide the AECs required for the first AEPS reporting year by June 30th of each year.”

Transmission Charges

12. The issue of cost responsibility and the methodology for recovering Network Integration Transmission Service (“NITS”), Regional Transmission Expansion Plan (“RTEP”), Generation Deactivation and Unaccounted for Energy (“UFE”), and other non-market based charges is reserved for litigation.

Unbundling of Default Service Costs

13. In the earlier of its next general rate increase filing or its Default Service Plan filing for the period commencing June 1, 2017, Duquesne Light will propose to unbundle from

base rates costs associated with the provision of default service, including default service proceeding and procurement costs, and cash working capital with regard to default service procurements. Duquesne Light will simultaneously propose a mechanism for recovery of such costs from default service customers. All parties reserve the right to comment on and oppose such proposal.

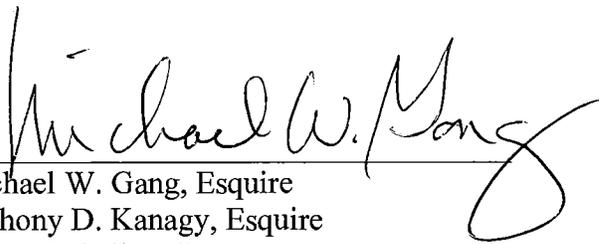
Miscellaneous Provisions

14. The Stipulation is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Stipulation, then any Party may elect to withdraw from this Stipulation and may proceed with litigation and, in such event, this entire Stipulation shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all parties within five (5) business days after the entry of an Order modifying the Stipulation.

15. This Stipulation is proposed by the Parties to settle the stipulated issues among them in the instant proceeding. If the Commission does not approve the Stipulation, the Parties reserve their respective rights to conduct further briefing regarding contested issues. The Stipulation is made without any admission against, or prejudice to, any position which any Party may adopt in the event of any subsequent litigation of this proceeding or in any other proceeding.

16. The Parties acknowledge that this Stipulation reflects a compromise and does not necessarily reflect any Party's position with respect to any issues raised in this proceeding. The Parties agree that this Stipulation shall not constitute or be cited as precedent in any other proceeding, except to the extent required to implement this Stipulation.

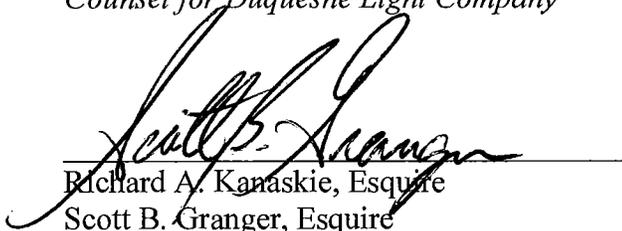
17. The Parties will support or not oppose this Stipulation at all stages of this proceeding going forward from the date hereof.



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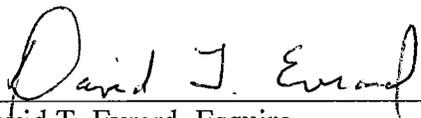
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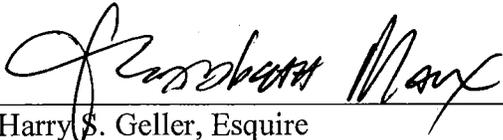
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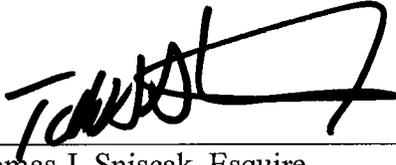


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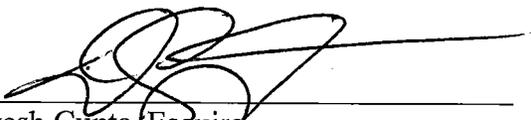
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