



COMMONWEALTH OF PENNSYLVANIA

September 15, 2014

E-FILED

Rosemary Chiavetta, Secretary
Pa. Public Utility Commission
Commonwealth Keystone Building
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, 2015 through May 31, 2017
Docket No. P-2014-2418242**

Dear Secretary Chiavetta:

Enclosed for filing is the Main Brief, on behalf of the Office of Small Business Advocate, in the above-docketed proceeding. As evidenced by the enclosed certificate of service, two copies have been served on all active parties in this case.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon E. Webb".

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID #73995

Enclosures

cc: Parties of Record
Brian Kalcic

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of Default Service Plan for the : **Docket No. P-2014-2418242**
Period June 1, 2015 Through May 31, 2017 :

CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Main Brief, on behalf of the Office of Small Business Advocate, by e-filing, e-mail, and/or first-class mail (unless otherwise noted) upon the persons addressed below:

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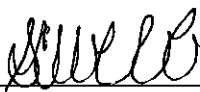
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Duquesne Light Company for :
Approval of Default Service Plan for the : Docket No. P-2014-2418242
Period June 1, 2015 through May 31, :
2017**

**MAIN BRIEF
ON BEHALF OF THE
OFFICE OF SMALL BUSINESS ADVOCATE**

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Dated: September 15, 2014

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I. PROCEDURAL HISTORY

On April 24, 2014, the Duquesne Light Company (“Duquesne” or “Company”) initiated the above-captioned proceeding by filing with the Pennsylvania Public Utility Commission (“Commission”) a Petition for Approval of a Default Service Plan for the period of June 1, 2015, through May 31, 2017 (“Petition” or “POLR VII”) pursuant to Section 2807(e) of the Public Utility Code, 66 Pa. C.S. §2807(e), and 52 Pa. Code §5.41, and the Commissions Retail Market Orders at Docket No. I-2011-2237952, including the Default Service End-State Order.¹

On May 15, 2014, the OSBA filed a Notice of Intervention, a Public Statement, an Answer to the Petition, and a Notice of Appearance.

An Answer and Notice of Intervention were also filed by the Office of Consumer Advocate (“OCA”) on May 12, 2014. A Notice of Appearance was filed by the Commission’s Bureau of Investigation and Enforcement (“I&E”) on May 20, 2014.

Interventions were filed by: Noble Americas Energy Solutions, LLC (“Noble”); Citizens for Pennsylvania’s Future (“Penn Future”); FirstEnergy Solutions (“FES”); Retail Energy Supply Association (“RESA”); Exelon Generation Corp., LLC (“ExGen”); Duquesne Industrial Intervenors (“DII”); Coalition for Affordable Utility Services and Energy Efficiency of Pennsylvania (“CAUSE-PA”); and NextEra Energy Power Marketing (“NextEra”).

A Prehearing Conference took place on June 2, 2014, before Administrative Law Judge (“ALJ”) Katrina L. Dunderdale, where the parties agreed to a procedural schedule and certain discovery modifications.

The OSBA submitted the Direct Testimony, Rebuttal Testimony and Surrebuttal Testimony of its witness, Brian Kalcic.

¹ *Investigation of Pennsylvania’s Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952, Order entered February 15, 2013 (“*Default Service End-State Order*”).

Evidentiary hearings were held in Harrisburg, with the ALJ appearing telephonically from the Pittsburgh, on August 25, 2014. No cross examination was conducted after the parties reviewed the Rejoinder Testimony filed by the Company. The testimony and exhibits of the parties were entered into the record at the evidentiary hearing.

On September 15, 2014, Duquesne submitted a Stipulation resolving certain issues, and reserving other issues for litigation. The OSBA is not a signatory to the Stipulation, but does not oppose it.

The OSBA submits this Main Brief pursuant to the procedural schedule set forth in the Prehearing Order issued by ALJ Dunderdale and entered on June 12, 2014.

II. SUMMARY OF ARGUMENT

The OSBA will only address the default service procurement plans for the Small Commercial and Industrial (“Small C&I”) and Medium Commercial and Industrial (“Medium C&I”) procurement groups. The OSBA agrees with Duquesne’s proposal to use load-following, full requirements contracts to acquire default service supply for Small C&I customers. However, Duquesne has proposed a fixed-price default service option for Medium C&I customers wherein default service rates would be reset quarterly and reconciled on a semi-annual basis. The OSBA opposes Duquesne’s Medium C&I proposal and requests that the Company continue to employ its currently approved procurement strategy, *i.e.*, six-month full requirements, load following contracts with no laddering, for Medium C&I customers.

III. ARGUMENT

A. LEGAL STANDARDS

1. Burden Of Proof

Section 332(a) of the Public Utility Code, 66 Pa. C.S. § 332(a), provides that the party seeking a rule or order from the Commission has the burden of proof in that proceeding. It is axiomatic that “[a] litigant’s burden of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of evidence which is substantial and legally credible.” *Samuel J. Lansberry, Inc. v. Pennsylvania Public Utility Commission*, 578 A.2d 600, 602 (Pa. Cmwlth. 1990).

2. Legal Standards Applicable To Default Service

The enactment of 66 Pa. C.S. Chapter 28, known as the Electricity Generation Customer Choice and Competition Act (the “Competition Act”), fundamentally changed the way rates are to be set for the generation portion of electric service in Pennsylvania.

Prior to the Competition Act, the Commission set electricity rates on a bundled basis (Generation *plus* Transmission *plus* Distribution) in base rate cases pursuant to 66 Pa. C.S. § 1308. The Commission also approved the recovery of certain fuel and purchased power costs through a surcharge pursuant to 66 Pa. C.S. § 1307.

The Competition Act required that generation rates be determined through market forces rather than through traditional rate base/rate of return/Section 1307 regulation. At the end of the transition period, each Electric Distribution Company (“EDC”) (or Commission-approved alternative default service provider) was to acquire electric energy at “prevailing market prices” to serve those customers who do not choose an Electric Generation Supplier (“EGS”) or whose EGS fails to deliver.

The Pennsylvania General Assembly further modified certain provisions of the Public Utility Code through the passage of Act 129 of 2008. In the Preamble to Act 129, the General Assembly noted that price stability was a concern that needed to be addressed. Specifically, the General Assembly provided the following in the Preamble:

The General Assembly recognizes the following public policy findings and declares that the following objective of the Commonwealth are served by this act:

(1) The health safety and prosperity of all citizens of this Commonwealth are inherently dependent upon the availability of adequate, reliable, affordable, efficient and environmentally sustainable electric service at the least cost, taking into account any benefits of price stability over time and the impact on the environment.

(2) It is in the public interest to adopt energy efficiency and conservation measures and to implement energy procurement requirements designed to ensure that electricity obtained reduces the possibility of electric price instability, promotes economic growth and ensures affordable and available electric service to all residents.

(3) It is in the public interest to expand the use of alternative energy and to explore the feasibility of new sources of alternative energy to provide electric generation in this Commonwealth.²

The General Assembly directed that electricity service must be provided to Pennsylvania's consumers at the least cost without losing sight of price stability. In addition to the obligation to provide least cost electric service at stable prices, Act 129 requires that default service be adequate, reliable, affordable, efficient, and available.³ In reviewing Duquesne's filing, the Commission must assess it to ensure these legal obligations are met so as to provide default service customers rates that are reflective of the least cost over time.

² See Preamble to Act 129, 2008 Pa. Laws 129.

³ See Preamble to Act 129, 2008 Pa. Laws 129.

Act 129 modified the legal standard for default service. The legal standard against which the Petition must be evaluated is set forth in Section 2807(e) of the Public Utility Code, 66 Pa. C.S. § 2807(e) “Obligation to serve”. Act 129, as codified in paragraph (3.1) of Section 2807(e), requires that electric generation be obtained through competitive procurement processes that can include auctions, requests for proposals, and bilateral agreements.⁴

The electric power procured pursuant to paragraph (3.1) shall include a prudent mix of the following:

- (i) Spot market purchases
- (ii) Short term contracts
- (iii) Long-term purchase contracts, entered into as a result of an auction, request for proposal or bilateral contract that is free of undue influence, duress or favoritism, or more that four and not more than 20 years.⁵

The provisions of Act 129, as codified in paragraph (3.4) of Section 2807(e) require that a prudent mix of contracts entered into pursuant to paragraphs (3.2) and (3.3) shall be designed to ensure:

- (i) Adequate and reliable service
- (ii) The least cost to customers over time
- (iii) Compliance with the requirements of paragraph (3.1).⁶

⁴ 66 Pa. C.S. §2807(e)(3.1)

⁵ 66 Pa. C.S. §2807(e)(3.2)

⁶ 66 Pa. C.S. §2807(e)(3.4)

B. DEFAULT SUPPLY PROCUREMENT ISSUES

1. Residential Procurement Issues

The OSBA did not take a position with respect to Residential Class Issues.

2. Small C&I Procurement Issues

The OSBA agrees with the Company's proposed procurement strategy for the Small C&I procurement group because it continues to provide reasonable price stability for Small C&I default service customers. The Small C&I procurement group would continue to include all customers with peak demands of less than 25 kW taking service on Duquesne's Rate GS/GM – General Service Small and Medium or Rate GMH – General Service Heating rate schedules.⁷

a. Product(s) and Product Terms

Duquesne proposes to offer Small C&I customers a fixed-price default service option for the 2015-2017 default service period which is the same as its currently approved plan. Default service rates would be reset twice per year and reconciled on a semi-annual basis. All Small C&I default service supply would be provided via six-month and one-year fixed price full requirements, load following contracts that would be awarded as the result of an RFP-based procurement.⁸

Under the Company's current default service program (POLR VI), Duquesne is authorized to use a mix of full requirements load-following contracts ranging from 6 months to 12 months in length to serve Small C&I customers. Procurements generally take place no more

⁷ OSBA Statement No. 1 at 3

⁸ OSBA Statement No. 1 at 2.

than three months prior to the delivery of energy, and the contracts are laddered. Default service rates are currently reset twice per year.⁹

Laddering the Small C&I procurement contracts will limit the turnover in default service supply to 50% (of the total supply) at each procurement. The OSBA continues to believe that price stability should remain an important consideration in the design of a default service procurement plan, and the OSBA believes that Duquesne's proposed approach should result in reasonable price stability for Small C&I default service customers over the 2015-2017 default service period.

In contrast, RESA would have the supply for Small C&I customers acquired through a combination of three-month, six-month and one-year fixed price full requirements, load following contracts. Per RESA's alternative, supply would be acquired via six separate solicitations beginning in Winter 2015 and ending in Winter 2017. While initially, the total Small C&I default supply would consist of six-month (50%) and one-year (50%) contracts, by the end of POLR VII, the total default service supply would be comprised of three-month (50%) and one-year (50%) contracts.¹⁰ RESA alleges that Duquesne's proposed procurement plan should be modified to include a more "market responsive" default service supply and one that is also more reflective of current market prices, consistent with the Commission's End State Order.¹¹ However, RESA is wrong.

Initially, RESA fails to acknowledge that the Commission has explicitly rejected RESA's argument that the "least cost" standard of Act 129 mandates that default service prices be

⁹ OSBA Statement No. 1 at 3.

¹⁰ OSBA Statement No. 2 at 2, *citing* RESA's response to DLC-RESA I-3 (a & b).

¹¹ *See* RESA Statement No. 1 at 16-17.

“market-reflective” and “market-responsive” and has explicitly recognized that price stability should remain an important consideration when designing a default service procurement plan:

We disagree with RESA’s overall recommendations as to the proper interpretation of the “least cost” standard as mandating that default service rates approximate, on a prospective basis, the market price of energy. Such an interpretation would signal retention of the “prevailing market price” standard that has been expressly replaced under Act 129. Moreover, this interpretation conflicts with the Act 129 objective of achieving price stability which dictates consideration of a range of energy products, not just those that necessarily reflect the market price of electricity at a given point in time. Price stability benefits are very important to some customer groups in that exposing them to significant price volatility through general reliance on short term pricing would be inconsistent with Act 129 objectives.¹²

...

Finally, we disagree with RESA’s assertion that the “least cost” standard mandates that a default service plan be reasonably likely to result in a “market-reflective and market-responsive” service rate that recovers all costs related to providing default service. We interpret this standard, not contained in either the Competition Act or Act 129, to mean a preference for short term and spot price supplies which ignore both the Act 129 concerns of price stability and a “prudent mix” of products. We do not believe that adoption of RESA’s suggested standard is consistent with the “least cost” standard contained in Act 129 and would not adequately protect retail customers from volatility and risks inherent in the energy market. Price stability benefits are very important to some customer groups, so an interpretation of “least cost” that mandates subjecting all default service customers to significant price volatility through general reliance on short term pricing is inconsistent with Act 129’s objectives. This is especially true given that the statute specifically enumerates short-term (up to 4 years) and long-term (over 4 to 20 years) contracts as part of the “prudent mix” of contracts that should be included in a default service plan. 66 Pa. C.S. § 2807(e)(3.2).¹³

¹² *Default Service and Retail Electric Markets*, Docket No. L-2009-2095604, Order entered October 4, 2011 (“Final Default Service Rulemaking Order”) at 39-40.

¹³ Final Default Service Rulemaking Order at 41.

RESA's proposal to introduce three-month products to the Small C&I default service supply portfolio will subject customers to unreasonable price instability in pursuit of a more market-reflective and market-responsive default service rate, which is in direct contravention of Act 129's objectives. On that basis alone, the Commission should reject it.

Moreover, consistency with the Commission's End State Order does not mean that RESA's proposal for Small C&I class procurement should be adopted in this proceeding. The End State Order may be viewed as a kind of "wish list" regarding what the Commission envisions for the future of default service. However, it is not at this time a mandate to be implemented in the current round of default service proceedings, despite RESA's best efforts to argue the contrary. Even the Commission is not comfortable with treating the End State Order as a mandate, opting instead to seek legislative changes to avoid legal uncertainty. The Commission's End State Order explains as follows:

While the Commission is steadfast in its view that our decisions to permit [100%] spot market approaches in specific situations are appropriate, we are concerned that a general pronouncement directing a 90-day product for residential and small business customers and an hourly LMP product for "medium" C&I customers may raise legal questions about compliance with the above-referenced provisions of the Competition Act. *To avoid any legal uncertainty, the Commission would prefer to pursue legislative amendments that clearly provide the authority to approve default service plans containing products that more closely resemble current market conditions at the time of delivery.*¹⁴

No such legislative changes have been effectuated. RESA characterizes its proposals as only a transition towards the End State Order and therefore no legislative changes are needed.¹⁵

¹⁴ End State Order at 45 (emphasis added).

¹⁵ RESA Statement No. 1 at 13-14.

However, in the case of Small C&I procurements, RESA's proposal would result in 90-day contracts to acquire 50% of default service supply by the end of POLR VII. RESA's proposals are not merely a transition to the End State Order, but rather a forced march towards its implementation.

RESA also argues that legislative changes are not needed to implement the End State Order because the Commission has previously approved procurement plans consisting of only one type of product as consistent with the "prudent mix standard," *e.g.*, hourly pricing for large commercial and industrial customers and a 100% spot market procurement plan for Pike County.¹⁶ However, these examples are clearly distinguishable and wholly unrelated to the Commission's statutory compliance concerns in the End State Order. The Commission is "steadfast in its view" that 100% spot market approaches are appropriate in "specific situations" like Pike County and in the case of large industrial customers.

However, it is precisely RESA's proposal to employ three-month supply contracts for small business customers (and as discussed below an hourly pricing product for medium commercial customers) that gave the Commission pause and raised questions as to compliance with Act 129.¹⁷

b. Procurement Dates

Under Duquesne's proposal, default service supply would be acquired via five separate solicitations (each covering 50% of the Small C&I default service load) beginning in February

¹⁶ RESA Statement No. 1 at 14.

¹⁷ End State Order at 45.

2015 and ending in September 2016, with contracts overlapping on a six-month basis.¹⁸

Generally, all procurements would take place no more than three months prior to the delivery of the default supply. The Commission should approve Duquesne's proposal for Small C&I.

3. Medium C&I Procurement Issues

Duquesne proposes to offer Medium C&I customers a fixed-price default service option for the 2015-2017 default service period. Default service rates would be reset quarterly and reconciled on a semi-annual basis. All Medium C&I default service supply would be provided via three-month fixed price full requirements, load following contracts that would be awarded on the basis on an RFP. Supply would be acquired via eight separate solicitations beginning in March 2015 and ending in December 2016. All procurements would take place no more than three months prior to the delivery of energy. The Medium C&I group would continue to include all customers with peak demands greater than or equal to 25 kW but less than 300 kW that take service on Rates GS/GM or GMH.¹⁹

Duquesne currently approved procurement mix for Medium C&I consists of six-month full-requirements, load-following contracts. The contracts are not laddered and default service rates are reset twice per year.²⁰

The OSBA generally disagrees with the Company's proposed procurement for the Medium C&I procurement group, as discussed below. RESA generally agrees with the Company's proposal for Medium C&I procurement subject to the condition that all Medium C&I

¹⁸ As OSBA witness Mr. Kalcic testified, the February 2016 procurement would include only six-month full requirement contracts to facilitate laddering. *See* OSBA Statement 1 at 3, *fn.* 2.

¹⁹ OSBA Statement No. 1 at 3-4.

²⁰ OSBA Statement No. 1 at 4.

customers with interval meters would be included in the Company's Large C&I ($\geq 300\text{kW}$) procurement group, which is offered hourly priced default service.²¹

a. Product(s) and Product Terms

Duquesne proposes to offer Medium C&I customers a fixed-price default service option for the 2015-2017 default service period. Default service rates would be reset quarterly and reconciled on a semi-annual basis. All Medium C&I default service supply would be provided via three-month fixed price full requirements, load following contracts that would be awarded on the basis on an RFP. Supply would be acquired via eight separate solicitations beginning in March 2015 and ending in December 2016. All procurements would take place no more than three months prior to the delivery of energy.²²

Duquesne argues that because Medium C&I customer exhibit high levels of shopping, they therefore have a reduced need for default service rate stability. To that end, Duquesne's Medium C&I proposals are intended to deemphasize price stability in favor of making Medium C&I default service rates more reflective of market prices and more responsive to market changes.²³

As Mr. Kalcic testified, not all customers choose to shop. Additionally, certain customers who shop may elect to remain with default service because they do not receive an attractive offer. Whatever the customer's reason for not switching to an alternative supplier, those customers should not be stuck with an unnecessarily volatile rate. Price stability should

²¹ OSBA Statement No. 2 at 2, *citing* RESA Statement No. 1 at 16-17.

²² OSBA Statement No. 1 at 3-4.

²³ OSBA Statement No. 1 at 4.

remain an important consideration when designing a default service procurement plan for Medium C&I customers.²⁴

As Mr. Kalcic further testified, Table 1 below shows the average shopping levels across Medium C&I customer subgroups for the twelve months ended April 2014. As one might expect, shopping levels are lower among the smaller users in the group.

Table 1
Medium C&I Shopping Statistics
(Twelve Months Ended April 2014)

Demand Level	Customers Supplied by EGSs	kWhs Supplied by EGSs
25 kW to <100 kW	59.9%	65.3%
100 kW to <300 kW	77.4%	78.3%
All Customers	63.0%	72.4%

Source: Duquesne response to OSBA-I-2.²⁵

As Mr. Kalcic testified, Duquesne’s proposal for Medium C&I customers is not appropriate for two reasons. First, Table 1 indicates that over one-third (37%) of all Medium C&I customers are choosing not to shop. Such customers should not be subject to the price volatility inherent in a supply portfolio that consists solely of three-month supply contracts.

Second, Duquesne proposed procurement plan would effectively implement the Commission’s End State Order for those Medium C&I customers with peak demands less than

²⁴ OSBA Statement No. 1 at 4-5.

²⁵ OSBA Statement No. 1 at 5.

100 kW.²⁶ It would not be appropriate to implement the procurement directives contained in the Commission's End State Order immediately.

RESA's reliance on the End State Order as support for its Medium C&I procurement proposal is misguided. RESA's proposal would implement the Commission's End State Order without the necessary enabling legislation. Since all Medium C&I customers currently have interval meters, all such customers with demand levels between 100 kW and 300 kW would immediately receive hourly priced default service.²⁷ However, the Commission specifically expressed concern in the End State Order about the legality of requiring hourly pricing for Medium C&I customers and stated that it "would prefer to pursue legislative amendments that clearly provide the authority to approve default service plans containing products that more closely resemble current market conditions at the time of delivery."²⁸

In summary, RESA's proposal is unnecessary to promote competitive retail market growth, would result in unreasonable price volatility for the remaining Medium C&I default service customers, and is not in compliance with the applicable statutory standards for default service.

As an alternative, the OSBA recommends Duquesne continue to use its existing procurement strategy, *i.e.*, six-month full requirements load-following contracts, with no laddering to serve Medium C&I customers.²⁹ The Commission should reject Duquesne and RESA's proposals.

²⁶ See the *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952, Final Order entered February 15, 2013.

²⁷ OSBA Statement No. 2 at 3-4.

²⁸ End State Order at 45 (footnote omitted).

²⁹ OSBA Statement No. 1 at 7.

4. Large C&I Procurement Issues

The OSBA did not take a position with respect to Large Commercial and Industrial Class Issues.

5. Miscellaneous Procurement Issues

The OSBA did not testify on any miscellaneous procurement issues.

C. ALTERNATIVE ENERGY CREDIT PROCURMENT ISSUES

The OSBA did not testify on this issue.

D. STANDARD OFFER PROGRAM

Per the Stipulation, issues pertaining to the Standard Offer Program will be vetted in a collaborative.

E. RATE DESIGN

The OSBA took no position on this issue.

F. TIME-OF-USE PROGRAM

The OSBA took no position on this issue.

G. SUPPLIER MASTER AGREEMENT ISSUES

The OSBA took no position on this issue.

H. REQUEST FOR PROPOSAL AND INDEPENDENT EVALUATOR ISSUES

The OSBA took no position on this issue.

I. GENERAL MISCELLANEOUS ISSUES

The OSBA did not testify about any miscellaneous issues.

IV. CONCLUSION

The OSBA respectfully requests that the Commission adjudicate this proceeding in accordance with the arguments presented herein. The OSBA also respectfully requests that the Commission require Duquesne to file its compliance tariff(s) with redlines, noting the changes from the present tariff(s).

Respectfully submitted,

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Dated: September 15, 2014

IV. CONCLUSION

The OSBA respectfully requests that the Commission adjudicate this proceeding in accordance with the arguments presented herein. The OSBA also respectfully requests that the Commission require Duquesne to file its compliance tariff(s) with redlines, noting the changes from the present tariff(s).

Respectfully submitted,



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Small Business Advocate

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Dated: September 15, 2014

Proposed Conclusions of Law

1) All rates charged by Duquesne must be just and reasonable. 66 Pa. C.S. § 1301.

2) Section 2807(e)(3.2) of the Public Utility Code requires that the electric power procured by Duquesne shall include a prudent mix of spot market purchases, short-term contracts, and long-term purchase contracts. 66 Pa. C.S. § 2807(e)(3.2).

3) Section 2807(e)(3.4) of the Public Utility Code requires that the prudent mix of contracts entered into by Duquesne must be designed to ensure adequate and reliable service, and the least cost to customers over time. 66 Pa. C.S. § 2807(e)(3.4).

4) The phrase “least cost to customers over time” is not a precisely defined concept. *Default Service and Retail Electric Markets*, Docket No. L-2009-2095604 (Order entered October 4, 2011), at 38.

5) The legislature has explicitly eliminated the “prevailing market prices” standard that was originally part of the legislation and replaced it with the current “prudent mix” standard. *Default Service and Retail Electric Markets*, Docket No. L-2009-2095604 (Order entered October 4, 2011), at 39-40.

6) The Commission has explicitly rejected the argument that the “least cost to customers over time” standard requires that default service prices be “market-reflective.” *Default Service and Retail Electric Markets*, Docket No. L-2009-2095604 (Order entered October 4, 2011), at 39-40.

7) The Commission’s Final Order at Docket No. I-2011-2237952 (Order entered February 15, 2013) (“*End State Order*”) sets forth what the Commission

envisions for the future of default service. It is not a legal mandate, and carries no legal authority to permit the changes procurement schedules as proposed by RESA for Small C&I or the changes for Medium C&I proposed by Duquesne and RESA.

Proposed Ordering Paragraphs

IT IS RECOMMENDED:

- 1) That Duquesne's procurement proposal for Small C&I be approved.
- 2) That the OSBA's alternative proposal for Medium C&I be approved.