

DUQUESNE LIGHT STATEMENT NO. 5-SR

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition Of Duquesne Light Company
For Approval Of Default Service Plan
For The Period June 1, 2015 Through
May 31, 2017**

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⋮**

Docket No. P-2014-2418242

**SURREBUTTAL TESTIMONY OF
MICHELE R. SANDOE**

Dated: August 15, 2014

1 **Q. Please state your full name and business address.**

2 A. Michele R. Sandoe, 411 Seventh Avenue MD 15-1, Pittsburgh PA 15219.

3

4 **Q. What is your position at Duquesne Light Company (“Duquesne Light” or**
5 **“Company”)?**

6 A. I am the Vice President of Customer Care.

7

8 **Q. Did you previously submit testimony in this proceeding on behalf of Duquesne**
9 **Light?**

10 A. Yes, I submitted direct testimony (Duquesne Light Statement No. 5) on April 24,
11 2014, with the Company’s initial filing in this proceeding, and I submitted rebuttal
12 testimony (Duquesne Light Statement No. 5-R) on August 1, 2014.

13

14 **Q. What is the purpose of your surrebuttal testimony?**

15 A. The purpose of this surrebuttal testimony is to respond to the Rebuttal Testimony of
16 Richard Hudson on behalf of the Retail Energy Supply Association (RESA) and
17 Barbara Alexander on behalf of The Office of Consumer Advocate (OCA). The
18 surrebuttal testimony is divided into two sections. First, the Standard Offer Program
19 (SOP) will be discussed. Specifically, I will address in detail below the inclusion of
20 additional customer disclosures, programmatic changes to SOP including the use of
21 a third party vendor, conducting a customer survey or focus group and finally an
22 interested party collaborative with respect to the Company’s SOP. The second
23 section will discuss the Time of Use (TOU) Program, and specifically how the

1 Company will educate eligible customers, how customers will enroll in TOU and
2 whether the Company will provide EGS specific advertising if multiple EGSs are
3 permitted to participate.

4
5 **1. Standard Offer Program (“SOP”)**

6 **Q. In rebuttal testimony, Mr. Hudson states that RESA will support certain**
7 **additional SOP customer disclosures recommended by the OCA provided that it**
8 **can be done in a way that does not increase costs for the program. RESA St. No.**
9 **1-R, pp. 10-11. Please respond.**

10 **A.** Witness Hudson outlines four disclosures in his Rebuttal Testimony that he can
11 support. These include:

- 12 • The initial discount of 7% is based on the current price to compare (PTC).
- 13 • The PTC will change every six months and provide the customer with the next
14 PTC change.
- 15 • The percentage savings a customer will experience will vary as the PTC
16 changes.
- 17 • The SOP rate may be higher or lower than the next PTC.

18
19 **Q. What is the Company’s position regarding the customer disclosures outlined in**
20 **Witness Hudson’s Rebuttal Testimony?**

21 **A.** The Company will include the four disclosures outlined above when its POLR VII
22 plan commences in June of 2015. The Company would also propose to require the
23 third party vendor that was described in my direct testimony for SOP to provide all

1 such disclosures and this requirement will be included in the Request for Proposal
2 (RFP) that will be issued later in August 2014.

3
4 **Q. What is the Company's position regarding the other disclosures referenced by**
5 **Mr. Hudson that he does not support?**

6 A. The Company is willing to consider revised disclosures to the ones stated above to
7 address any concerns of the parties, but believes that any additional disclosures
8 should be incorporated into the four points referenced above.

9
10 **Q. Does the Company expect any incremental costs to be incurred with the**
11 **inclusion of the above disclosures?**

12 A. The Company cannot determine if there will be any incremental costs at this time.
13 The Company proposes to utilize a third party vendor to enroll eligible customers in
14 the SOP. The Company will include all required disclosures in the RFP described
15 above, but does not know if there will be any incremental costs associated with the
16 third party vendor providing the disclosures, as the RFP has not been issued.

17
18 If the Customer Service Representative (CSR) script is changed to provide the four
19 disclosures when the customer calls into the call center, additional time will be
20 required to provide and explain the disclosures. While the Company expects such
21 costs to be relatively small, any incremental costs incurred for changes to the existing
22 SOP will be included in the SOP cost recovery mechanism.

1 **Q. On page 15 of his rebuttal testimony, Mr. Hudson states that RESA supports**
2 **exploring a third party vendor and other programmatic changes to improve the**
3 **SOP program. However, Mr. Hudson further notes that if selection of a third**
4 **party agent is the primary driver of cost increases, then RESA would support**
5 **alternative approaches to enhancing the SOP. Please respond to these**
6 **statements.**

7 **A.** Duquesne Light would be willing to consider conducting a collaborative with
8 interested parties to discuss changes to the Company's existing SOP. If a
9 collaborative is agreed to or required, the Company proposes to continue its current
10 SOP until it is replaced by a revised SOP approved by the Commission. The
11 Company also should be provided a sufficient amount of time following an order
12 approving a new SOP to make preparations to implement changes to the SOP. Since
13 the current SOP will remain in effect until then, the time period should be six months
14 and the new SOP should be implemented around the time of a PTC change.

15

16 **Q. Mr. Hudson also states that he does not oppose OCA's recommendation that**
17 **Duquesne Light conduct a survey or focus group of customers participating in**
18 **the SOP, provided that the cost of conducting the survey or focus group not be**
19 **recovered through the EGS participation fee. Please respond.**

20 **A.** Witness Alexander in her Direct Testimony recommended that Duquesne Light
21 conduct a relatively simple survey and/or focus group of customers participating in
22 the SOP program. In addition, Witness Alexander recommends that Duquesne light

1 conduct a similar survey or focus group of customers who declined participation in
2 the program.

3
4 **Q. What is the Company's position regarding conducting surveys and/or focus**
5 **groups for customers either participating in the SOP or those that have declined**
6 **to participate in SOP?**

7 A. The Company does not oppose conducting a survey of existing SOP customers to
8 determine their experience with the program. The Company also is not opposed to
9 conducting a survey of customers that have declined participation in the SOP.
10 However, the Company proposes that both surveys be conducted on a prospective
11 basis and not on a retrospective basis.

12
13 **Q. Does the Company expect any costs to be associated with conducting surveys as**
14 **outlined above?**

15 A. Yes, the Company expects that there will be incremental costs associated with
16 conducting the surveys outlined above. The Company proposes to utilize a third
17 party vendor experienced in designing and conducting surveys to engage customers
18 and to provide analytics of the survey results. The use of a third party vendor will
19 reduce any potential bias and will provide credible results. As such, the Company is
20 concerned about how these costs will be recovered. Witness Hudson states in his
21 Rebuttal Testimony that he is not opposed to the OCA's recommendation that
22 Duquesne Light conduct a survey or focus group of customers participating in the
23 SOP, provided that the cost of conducting the survey or focus group not be recovered

1 through the EGS participation fee. Any incremental costs incurred for changes to the
2 existing SOP will be included in the SOP cost recovery mechanism.

3
4 **2. Time-of Use (“TOU”) Program**

5 **Q. Please provide your comments in response to RESA’s recommendation that**
6 **multiple EGSs should be permitted to provide TOU service.**

7 A. Mr. Habberfield has explained why participation by multiple EGSs in the TOU
8 Program during DSP VII is problematic. My testimony explains how the education
9 plan and enrollment plan would change if multiple EGSs are permitted to participate,
10 using a common on-peak and off-peak offering.

11
12 **Q. How will Duquesne Light educate eligible customers about the TOU program?**

13 A In my Direct Testimony, I stated that the Company proposes to notify eligible
14 customers concerning the availability of TOU services in a variety of communication
15 methodologies including, dedicated website/customer portal, Watt Choices cross
16 promotion, letter and/or emails to eligible customers, TOU FAQ’s and a door hanger
17 at the installation of their advanced meter. In more detail, the Company has proposed
18 to offer TOU eligible customers access to a website that will list all TOU offerings
19 that are available. Customers will have access to information to assist in making an
20 informed decision. In the event that the TOU program permits multiple EGSs to
21 participate, the website will also provide a TOU calculator to allow customers to
22 compare offerings side by side. The utilization of a website puts the customer in

1 control in making a decision by comparing other TOU offerings to each other and
2 selecting the offer that offers the best rate and/or savings.

3
4 **Q. How will customers enroll in TOU rates if multiple EGSs are permitted?**

5 A. TOU enrollment will be handled in the same manner as all other EGS offerings.
6 Eligible customers will be enrolled in TOU rates by contacting the participating EGS
7 directly as with all EGS service. If customers contact the call center, the CSR will
8 refer the customer to the website that will have all TOU offerings, participating EGSs
9 and pertinent information the customer may need to make an informed decision. All
10 communication and marketing material will direct all eligible TOU customers to the
11 website where they can use the TOU calculator to choose the best rate/offering to
12 meet their needs. The customer will need to contact the EGS that is offering the
13 rate/offering that best fit their needs.

14
15 **Q. Will Duquesne Light offer specific EGS advertising to promote TOU programs?**

16 A. No, the Company will not provide advertising promoting a specific EGS. The
17 Company believe that it is the responsibility of each EGS to advertise their specific
18 offerings. The Company will provide communication material as outline above to
19 promote the TOU program to eligible customers.

20
21 **Q. Does this conclude your surrebuttal testimony at this time?**

22 A. Yes.