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November 14, 2014

VIA ELECTRONIC FILING

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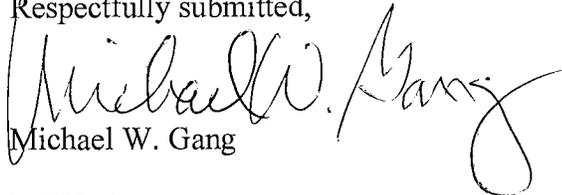
Re: Petition of Duquesne Light Company for Approval of Default Service Plan for the Period June 1, 2015 through May 31, 2017 - Docket No. P-2014-2418242

Dear Secretary Chiavetta:

Enclosed for filing please find the Exceptions of Duquesne Light Company in the above-referenced proceeding.

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

Respectfully submitted,


Michael W. Gang

MWG/jl
Enclosures

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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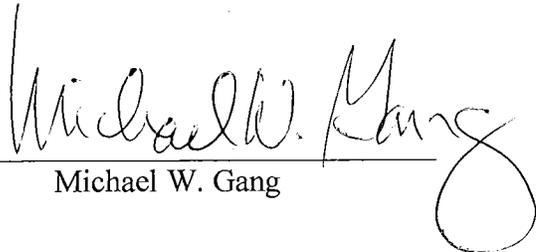
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Date: November 14, 2014



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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 :

**EXCEPTIONS OF
DUQUESNE LIGHT COMPANY**

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:

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Attorneys for Duquesne Light Company

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I. INTRODUCTION

Duquesne Light Company (“Duquesne Light” or the “Company”) files this Exception in the nature of a request for clarification to the Recommended Decision of Administrative Law Judge Katrina L. Dunderdale (the “ALJ”) issued October 28, 2014. The clarification is requested to make certain that the Company and the Parties correctly understand the ALJ’s recommendation concerning the Medium C&I default service procurement plan.

In all other respects, the Company fully supports the well-reasoned decision of the ALJ.

II. SPECIFIC EXCEPTIONS

A. EXCEPTION: THE COMMISSION SHOULD CONFIRM THE ALJ’S RECOMMENDED CONCLUSION CONCERNING THE MEDIUM C&I DEFAULT SERVICE PROCUREMENT

ALJ Dunderdale correctly notes that Duquesne Light proposed in its DSP VII filing to increase the market responsiveness of Medium C&I default service rates by moving from six-month non-laddered procurements in DSP VI to three-month laddered procurements in DSP VII. RD, p. 24.

The ALJ also correctly notes that OSBA proposed to retain the use of six-month non-laddered procurements for DSP VII and that the Company stated in its rebuttal that use of six-month contracts was not unreasonable, would reduce the number of procurements, and its proposed change was a matter of judgment for the Commission in balancing rate stability and market responsiveness of default service rates. RD, p. 25.

The ALJ appears to have concluded that such balancing supports moving to non-laddered three-month procurements for Medium C&I default service customers, stating as follows:

However, there is a proper balance in this instance, where a large portion of Medium C&I customers have already switched to a competitive supplier. RD, p. 25.

A further demonstration that the ALJ intended to recommend the use of non-laddered three-month procurements is found in the ALJ's statement in support of rejecting RESA's proposal that the Medium C&I customers with demands of 100 kW to 300 kW be provided with hourly priced default service. The ALJ stated that:

It is important to note, also, the Company's proposed plan already increases the market responsiveness of default service rates by moving from six-month to three-month procurements. RD, p. 26.

Finally, the ALJ has recommended approval of Duquesne Light's procurement plans in her proposed Ordering Paragraph No. 3, which provides as follows:

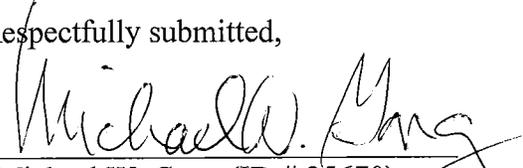
"That the approvals for Duquesne Light Company to procure power as set forth in this proceeding are granted . . .". RD, p. 44.

Accordingly, the Company believes that it is clear that the ALJ intended to recommend approval of non-laddered three-month procurements for Medium C&I default service customers. Duquesne Light takes no exception to such determination and seeks only confirmation that it is to use such procurements in DSP VII for Medium C&I customers.

III. CONCLUSION

Duquesne Light Company requests that the Commission clarify that the Company's proposed Medium C&I default service procurement plan, which moves from six-month non-laddered procurements under DSP VI to three-month non-laddered procurements for DSP VII, is approved.

Respectfully submitted,



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