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October 2, 2007

VIA HAND DELIVERY

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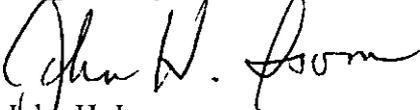
James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

RE: Pennsylvania Public Utility Commission, et al. v. Duquesne Light Company - Docket No. R-00050662

Dear Secretary McNulty:

Enclosed, for filing, are the original and three (3) copies of the executed Joint Petition for Settlement of All Issues in the above-referenced proceeding. As indicated on the certificate of service, copies are being provided to the parties in the manner indicated.

Respectfully submitted,


John H. Isom

JHI/jl

Enclosures

cc: Certificate of Service

DOCUMENT
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22

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Pennsylvania Public Utility Commission, *et al.* :
: :
: :
V. : Docket No. R-00050662
: :
Duquesne Light Company :

JOINT PETITION FOR SETTLEMENT OF ALL ISSUES

TO THE HONORABLE FRED R. NENE, ADMINISTRATIVE LAW JUDGE:

I. INTRODUCTION

The Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), Duquesne Industrial Intervenors (“DII”), Strategic Energy, LLC (“Strategic Energy”), Dominion Retail, Inc. (“Dominion Retail”) and Duquesne Light Company (“Duquesne Light”), active parties¹ to the above-captioned proceeding (hereinafter collectively referred to as “Joint Petitioners”), hereby join in this Joint Petition For Settlement Of All Issues (“Settlement”) and respectfully request that the Administrative Law Judge recommend and that the Pennsylvania Public Utility Commission (“Commission”) approve all terms and conditions of this Settlement as set forth below.

As fully set forth and explained below, the Joint Petitioners have agreed to a settlement of all issues in this proceeding. The Settlement provides for a complete resolution of all issues

¹ Active parties, as the term is used herein, are those which have appeared at and participated in prehearing conferences. The only active party who has declined to join in this Settlement is the Office of Trial Staff (“OTS”). Although the OTS has declined to join in this Settlement, OTS has authorized the Joint Petitioners to represent to the

pending presently before the Commission in this proceeding and establishes procedures for addressing future SECA charges in the event that Duquesne Light is required to pay additional amounts or receives refunds of previously-paid amounts under the Open Access Transmission Tariff of the PJM Interconnection, Inc. ("PJM"), which is subject to the jurisdiction of the Federal Energy Regulatory Commission.

BACKGROUND

In support of this Settlement, Joint Petitioners state the following:

1. Duquesne Light provides electric distribution and transmission service to approximately 580,000 customers in Allegheny and Beaver Counties, Pennsylvania. Duquesne Light is a "public utility" and an "electric distribution company" as defined under the Public Utility Code, *see* 66 Pa. C.S. §§ 102 & 2803, serving customers within its certificated service territory approved by this Commission and subject to the regulatory jurisdiction of this Commission. Duquesne Light also serves as Provider of Last Resort ("POLR" or "Default Service") to customers that are not being served by an electric generation supplier ("EGS").

2. On June 17, 2005, Duquesne Light filed with the Commission its Supplement No. 28 to Tariff Electric-Pa. P.U.C. No. 23, to become effective August 16, 2005, together with a Statement in Support of Supplement No. 28. Therein, Duquesne Light requested approval of the addition of proposed Rider No. 7 – SECA Charge to the Tariff. Under Rider No. 7, Duquesne Light recovers, subject to reconciliation, the Seams Elimination Charge Adjustment (SECA) Charges billed to Duquesne Light by the PJM under its FERC-approved Open Access Transmission Tariff.

3. The charge under Rider No. 7 for recovery of SECA Charges from PJM was calculated at \$0.001557 per kWh applied to all customers purchasing transmission services from

Administrative Law Judge and the Commission that OTS does not object to the approval of the Settlement.

Duquesne. The SECA Charge under Rider No. 7 was designed to provide for recovery of approximately \$11 million plus related gross receipts tax over approximately 16 months, which was the period of time for which SECA charges were assessed on Duquesne Light by PJM. Under Rider No. 7, Duquesne Light would impose SECA charges on its transmission customers until it recovered the amount of SECA charges imposed on it by FERC at which time charges to Duquesne Light's transmission customers would cease.

4. On December 11, 2006, Duquesne Light ceased to apply SECA charges under Rider No. 7 because it had recovered approximately the amount of SECA charges that had been imposed on it under PJM's Open Access Transmission Tariff. As explained further below, the final amount of SECA charges that Duquesne Light will be required to pay to PJM remains subject to change because there remains litigation pending before FERC that may affect Duquesne Light liability for such charges.

5. On July 12, 2005, OSBA filed a complaint against Supplement No. 28.
6. On July 28, 2005, Strategic Energy filed a complaint against Supplement No. 28.
7. On July 28, 2005, OCA filed a complaint against Supplement No. 28.
8. On July 28, 2005, Dominion Retail file a petition to intervene.
9. On August 12, 2005, DII filed a petition to intervene.
10. On September 16, 2005, the OTS filed a notice of appearance.
11. On September 30, 2005, David J. Romesburg filed a complaint against Supplement No. 28.
12. On October 5, 2005, Edward Schneider filed a complaint against Supplement No. 28.

13. On October 13, 2005, Joan C. Barlow filed a complaint against Supplement No. 28.
14. On October 14, 2005, Daniel R. Stepnick filed a Complaint against Supplement No. 28.
15. On October 19, 2005, Nancy and Dale Chambers filed a complaint against Supplement No. 28.
16. On October 21, 2005, James A. and Linda S. McFadden filed a complaint against Supplement No. 28.
17. On November 9, 2005, Aimee-Marie Dorsten filed a complaint against Supplement No. 28.
18. Duquesne Light timely answered all complaints and petitions to intervene.
19. David J. Romesburg, Edward Schneider, Joan C. Barlow, Daniel R. Stepnick, Nancy and Dale Chambers, James A. and Linda S. McFadden, and Aimee-Marie Dorsten have not participated in this proceeding following the filing of their complaints.
20. On August 5, 2005, Strategic Energy filed a motion for interim decision. On August 15, 2005, Dominion Retail filed an answer in support of Strategic Energy's motion for an interim decision.
21. On August 12, 2005, Duquesne Light filed an answer to the motion of Strategic Energy for an interim decision.
22. On August 25, 2005, the Commission entered an Order in which it denied the motion of Strategic Energy for an interim decision and allowed Supplement No. 28 to become effective without prejudice to the complaints against it and petitions to intervene.

23. A prehearing conference was held in this proceeding on April 24, 2007, with Administrative Law Judge Fred R. Nene presiding.

24. Pursuant to the instructions of the Administrative Law Judge at the prehearing conference, Duquesne Light filed a status report on May 24, 2007.

25. Pursuant to the Commission's regulations at 52 Pa. Code §§ 5.231-232 concerning settlement, throughout the course of the proceeding, the active parties have met in person and telephonically to explore the possibility of settlement. Numerous settlement proposals have been circulated among the active parties.

26. As a result of these efforts, the Joint Petitioners have been able to achieve the Settlement that is fully set forth below. The Joint Petitioners agree that the Settlement is in the interests of Duquesne Light and its customers² and request that the Administrative Law Judge recommend approval of the Settlement and that the Commission approve the Settlement as filed.

TERMS AND CONDITIONS OF SETTLEMENT

The Joint Petitioners agree as follows:

27. Upon the Commission's approval of this Settlement, Rider No. 7 — SECA Charge to Duquesne's Tariff Electric — Pa. P.U.C. No. 24 shall be terminated, and no further amounts shall be charged to or refunded to Duquesne's customers under Rider 7.

28. In recognition that proceedings before the Federal Energy Regulatory Commission ("FERC") which may affect Duquesne's liability for Seams Elimination Charge Adjustment charges ("SECA Charges") under the Open Access Transmission Tariff of PJM Interconnection, Inc. ("PJM") are not final and that Duquesne may be liable for additional SECA Charges or receive refunds of portions of SECA Charges previously paid by Duquesne, Joint

² Strategic Energy takes no position on whether the Settlement is in the best interests of Duquesne Light and its customers, but does not oppose Commission approval of the Settlement.

Petitioners, subject to the reservation of rights in Paragraph 29, agree that any such additional payments or refunds of SECA Charges will be recovered from or flowed through to Duquesne's provider of last resort customers pursuant to the annual reconciliation adjustment to Duquesne's Transmission Service Charge as set forth in Appendix A to Duquesne's Tariff Electric – Pa. P.U.C. No. 24 for twelve-month periods commencing on and after June 1, 2008. Any such additional payments or refunds shall be flowed through to Duquesne's POLR customers on appropriate and applicable rate schedule on an energy or per kWh basis.

29. Any complaint by the parties to this Settlement concerning such additional recoveries or refunds of SECA Charges will be filed in proceedings before the Commission for consideration of annual reconciliation of Duquesne's Transmission Service Charges. Parties may contend in these reconciliation proceedings that any such additional recoveries or refunds of SECA charges should be allocated in a different manner.

30. If the Commission approves this Settlement, the OSBA withdraws its Complaint that was filed with the Commission at Docket No. R-00050622C0001 on July 12, 2005.

31. If the Commission approves this Settlement, Strategic Energy withdraws its Complaint that was filed with the Commission at Docket No. R-00050622C0002 on July 28, 2005.

32. If the Commission approves this Settlement, the OCA withdraws its Complaint at Docket No. R-00050622C0003.

33. If the Commission approves this Settlement, Dominion Retail withdraws its "Petition to Intervene in Opposition" that was filed with the Commission on July 28, 2005.

34. If the Commission approves this Settlement, the DII withdraw their Petition to Intervene that was filed with the Commission on August 12, 2005.

35. As used herein, the term "SECA Charge" has the same meaning as in Rider No. 7 – SECA Charge in Duquesne's Tariff Electric – Pa. P.U.C. No. 24, which includes all charges incurred by Duquesne that are imposed by the PJM under its Open Access Transmission Tariff related to the elimination of Regional Through and Out Rates ("RTORS") for transmission service within PJM as it is presently constituted, including the Duquesne zone and for transmission service between PJM and the Midwest Independent Transmission System Operator. SECA Charges include all costs associated with the elimination of RTORS, including any related increases in transmission rates imposed by PJM on Duquesne.

36. This Settlement may be signed in counterparts.

THE PUBLIC INTEREST

37. This Settlement was achieved by the Joint Petitioners after extensive negotiations.

38. Acceptance of the Settlement will avoid the necessity of further administrative and potential appellate proceedings at what would have been a substantial cost to the Joint Petitioners and Duquesne Light's customers.

39. The Joint Petitioners will file their respective Statements in Support of the Settlement under separate cover.

SETTLEMENT CONDITIONS

40. This Settlement is conditioned upon Commission approval of all terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this Settlement 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 Joint Petitioners within five (5) business days after the entry of an order modifying the Settlement.

41. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement and the proceedings continue to further hearings, the Joint Petitioners reserve their respective rights to present testimony and to conduct full cross-examination, briefing and argument. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of this proceeding.

42. This Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

43. The Commission's approval of the Settlement shall not be construed to represent approval of any party's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement in this and future proceedings involving Duquesne Light.

44. It is understood and agreed among the parties that the Settlement is the result of compromise, and does not necessarily represent the position(s) that would be advanced by any party in this proceeding if it were fully litigated.

45. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the parties may have advanced and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of this Settlement. This Settlement does not preclude the parties from taking other positions in proceedings of other public utilities.

46. A copy of the Settlement will be served upon the customer complainants.

47. If the ALJ adopts the Settlement without modification, the Joint Petitioners waive their rights to file Exceptions.

PROCEDURES FOR REVIEW BY INACTIVE PARTIES

48. Duquesne Light will serve copies of this Settlement on the inactive parties, David J. Romesburg, Edward Schneider, Joan C. Barlow, Daniel R. Stepnick, Nancy and Dale Chambers, James A. and Linda S. McFadden, and Aimee-Marie Dorsten, by first class mail.

49. The Joint Petitioners request that the Administrative Law Judge enter a procedural order requiring the inactive parties to file with the Commission and serve upon each of the Joint Petitioners any comments concerning or objections to the Settlement within twenty (30) days of service of the Settlement on them.

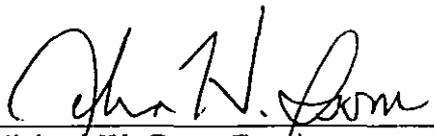
50. If the Administrative Law Judge adopts any objection of any inactive party, the Joint Petitioners may respond to such objection in Exceptions to the Administrative Law Judge's Recommended Decision.

CONCLUSION

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

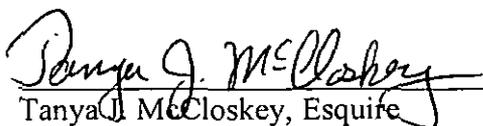
1. That Administrative Law Judge Larry Fred R. Nene recommend approval and the Commission approve this Settlement including all terms and conditions thereof;
2. That the Commission's Investigation at R-00050662 and the Complaints at R-00050662C0001 through R-00050662C0010 be marked closed;
3. That all other Complaints associated with this proceeding, including the Complaints at R-00050662C0001 through R-00050662C0010 be dismissed or sustained consistent with the terms and conditions of this Settlement.

Respectfully submitted,



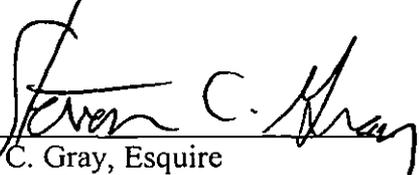
Michael W. Gang, Esquire
David B. MacGregor, Esquire
John H. Isom, Esquire
Gary Jack, Esquire
For: *Duquesne Light Company*

Date: Oct. 1, 2007



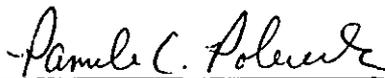
Tanya J. McCloskey, Esquire
David T. Evrard, Esquire
For: *Office of Consumer Advocate*

Date: Oct. 1, 2007



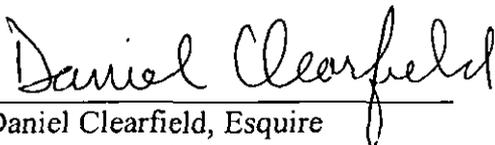
Steven C. Gray, Esquire
For: *Office of Small Business Advocate*

Date: October 1, 2007



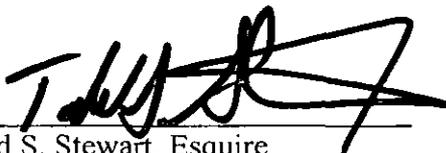
Pamela C. Polacek, Esquire
Adam L. Benschhoff, Esquire
For: *Duquesne Industrial Intervenors*

Date: October 1, 2007



Daniel Clearfield, Esquire
Kevin J. Moody, Esquire
For: *Strategic Energy, LLC*

Date: Oct 7, 2007



Todd S. Stewart, Esquire
For: *Dominion Retail Inc.*

Date: October 1, 2007

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Joint Petition for Settlement of All Issues has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Honorable Fred R. Nene
Administrative Law Judge
Pennsylvania Public Utility Commission
1103 State Office Building
300 Liberty Avenue
Pittsburgh, PA 15222

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Kevin J. Moody, Esquire
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Hawke, McKeon, Sniscak & Kennard
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Adam L. Benschhoff, Esquire
McNees Wallace & Nurick
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David T. Evrard, Esquire
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Harrisburg, PA 17101-1923

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Commerce Building
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Harrisburg, PA 17101

Charles Daniel Shields, Esquire
Pennsylvania Public Utility Commission
Office of Trial Staff
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Harrisburg, PA 17105-3265

Aimee-Marie Dorsten
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Pittsburgh, PA 15224

James A. & Linda S. McFadden
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Aliquippa, PA 15001

Edward Schneider
39237 Shamrock Court
Pittsburgh, PA 15239

Nancy and Dale Chambers
123 Bell Park Drive
Pittsburgh, PA 15229

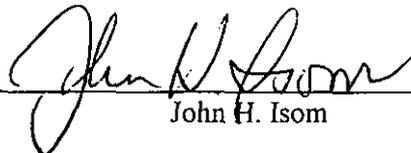
Daniel R. Stepnick
3302 Windstead Drive
Gibsonia, PA 15044

Joan C. Barlow
760 Gypsy Lane
Pittsburgh, PA 15228

Dave Romesburg
PO Box 27
Castle View Drive
McKees Rocks, PA 15136

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Date: October 2, 2007


John H. Isom



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OFFICE OF SMALL BUSINESS ADVOCATE
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

William R. Lloyd, Jr.
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

**DOCUMENT
FOLDER**

October 5, 2007

HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

ORIGINAL

**Re: Pennsylvania Public Utility Commission v.
Duquesne Light Company
Docket No. R-00050662**

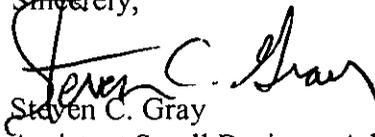
Dear Secretary McNulty:

I am delivering for filing today the original plus three copies of the Statement in Support of the Joint Petition for Settlement of All Issues, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

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Enclosures

cc: Parties of Record
Brian Kalcic

bc

BEFORE THE ORIGINAL
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :

v. :

DOCKET NO. R-00050662

DUQUESNE LIGHT COMPANY :

**STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE IN
SUPPORT OF THE JOINT PETITION FOR SETTLEMENT OF ALL ISSUES**

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate ("OSBA") filed a complaint against the rates, terms, and other provisions of Supplement No. 28 to Tariff Electric – Electric Pa. P.U.C. No. 23, which was filed on June 17, 2005, by Duquesne Light Company ("Duquesne" or the "Company"). Supplement No. 28 added Rider No. 7 – SECA Charge ("Rider 7") to Tariff No. 23. Rider 7 was designed to recover the Seams Elimination Charge Adjustment ("SECA Charge") billed to Duquesne by PJM Interconnection, Inc. On August 25, 2005, the Pennsylvania Public Utility Commission ("Commission") allowed Rider 7 to go into effect subject to reconciliation and further proceedings under 66 Pa. C.S. § 1307(e). A total of approximately \$11 million was recovered under Rider 7 over the 16-month period that it was in effect.

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The OSBA actively participated in the negotiations that led to the proposed settlement, and is a signatory to the Joint Petition for Settlement of All Issues (“Joint Petition”). The OSBA submits this statement in support of the Joint Petition.

The Joint Petition

The Joint Petition sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the Joint Petition was in the best interests of Duquesne’s small business customers:

1) The SECA Charge was collected over 16 months ending in late 2006. The collection of the SECA Charge while this litigation was pending eliminated any artificial reduction in Duquesne’s price-to-compare. Therefore, the electric generation suppliers (“EGSs”) that operated in Duquesne’s service territory during that 16-month period were not harmed, as they would have been if they had been forced to pay the SECA charge while the Company avoided that additional cost. *See OSBA Complaint, ¶¶ 8, 10, and 11.*

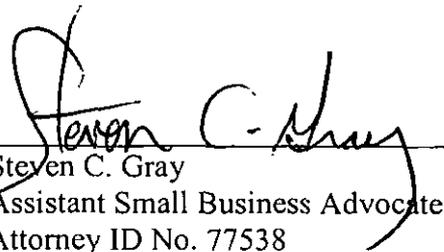
2) A principal reason for OSBA’s complaint was the uncertainty about whether Duquesne might be relieved from paying the SECA Charge, in whole or in part, and the uncertainty about how much Duquesne might ultimately pay. *See OSBA Complaint, ¶¶ 7 and 9.* The SECA Charge remains the subject of litigation before the Federal Energy Regulatory Commission (“FERC”). However, Duquesne ceased collecting the SECA Charge under Rider 7 on December 11, 2006. Therefore, there is a level of certainty regarding the total dollar amount that will be collected from the Company’s small business customers under Rider 7 that did not exist at the time that Duquesne filed Supplement No. 28.

3) It is possible that the ultimate outcome of the SECA Charge litigation before FERC could result in additional charges or refunds due to Duquesne's Provider of Last Resort ("POLR") customers. The Joint Petition anticipates this possibility by selecting to flow through any additional charges or refunds using Duquesne's Transmission Service Charge ("TSC"), a mechanism established to collect transmission charges from the Company's customers. The TSC was approved as part of Duquesne's transmission and distribution rate case which followed the entering of the Commission's Order that placed Rider 7 into effect. If the TSC had been in effect at the time the SECA Charge was imposed upon Duquesne, the SECA Charge would likely have been flowed through to customers via the TSC. Therefore, flowing through any future SECA-related charges or refunds via the TSC appears to be a just and reasonable solution to reconcile the final SECA Charge owed by Duquesne to PJM.

Conclusion

For the reasons set forth in the Joint Petition, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed Joint Petition and respectfully requests that the ALJ and the Commission approve the Joint Petition in its entirety.

Respectfully submitted,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

For:

William R. Lloyd, Jr.
Small Business Advocate
Attorney ID No. 16452

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Dated: October 5, 2007

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :

v. :

DUQUESNE LIGHT COMPANY :

DOCKET NO. R-00050662

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CERTIFICATE OF SERVICE

I certify that I am serving two copies of the Statement in Support of the Joint Petition for Settlement of All Issues, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

Hon. Fred R. Nene
Administrative Law Judge
Pennsylvania Public Utility Commission
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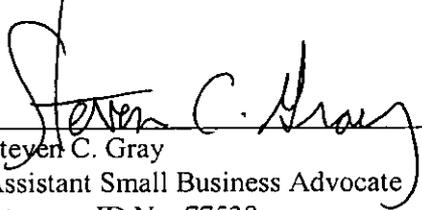
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Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Date: October 5, 2007

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

IRWINA. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
consumer@paoca.org

October 9, 2007

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James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

RE: Pennsylvania Public Utility Commission
v.
Duquesne Light Company
Docket No. R-00050662

Dear Secretary McNulty:

Enclosed for filing are an original and three (3) copies of the Statement of the Office of Consumer Advocate in Support of Joint Petition for Settlement of All Issues, in the above-referenced proceeding.

Copies have been served on the parties of record as indicated on the enclosed Certificate of Service.

Sincerely,

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

Enclosures

cc: Honorable Fred R. Nene
Parties of Record

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result from the ongoing FERC litigation. The OCA submits that the Settlement is in the public interest and in the interests of Duquesne's customers.

I. INTRODUCTION

On June 21, 2005, Duquesne filed Supplement No. 28 to Tariff Electric – Pa. P.U.C. No. 23, proposing the addition of Rider No. 7 to the Tariff. Rider No. 7 imposes a temporary charge on the bill of Duquesne's default service customers that is designed to recover, on a dollar-for-dollar basis, the SECA charges paid by Duquesne to PJM under PJM's OATT. Duquesne proposed the charge as a reconcilable charge under Section 1307(a) of the Public Utility Code, 66 Pa.C.S. § 1307(a). As proposed, the charge was to take effect on August 16, 2005. Duquesne subsequently voluntarily postponed the effective date to August 26, 2005.

The SECA charges arose as a result of regulatory action on the part of FERC to eliminate so-called Regional Through and Out Rates (RTORs). Such rates were formerly charged by transmission owners when electricity was moved between the territories of different Regional Transmission Organizations (RTO) or between different transmission zones within a single RTO. In order to facilitate the establishment of broader and more efficient markets for electricity, FERC sought to eliminate the barriers to wholesale commerce between or within RTOs and determined RTORs to constitute such a barrier. FERC, however, elected not to eliminate the RTORs without providing some form of mechanism to compensate transmission owners for the loss of RTOR revenue for a transitional period. It therefore authorized the imposition of SECA charges for a period of approximately sixteen months. PJM, in turn, incorporated the SECA charges in its OATT and began billing them to Load Serving Entities (LSEs) such as Duquesne.

Duquesne therefore sought to impose the charge proposed in Rider No. 7 as a means of recovering from customers, on a pass-through basis, the SECA charges it paid to PJM. Duquesne proposed a charge of \$0.001557 per kWh, designed to recover approximately \$11 million, plus related gross receipts tax, over the course of sixteen months, the length of time for which FERC authorized SECA charges. The \$11 million (plus gross receipts tax) represented Duquesne's estimate of its total SECA charge responsibility under PJM's OATT.

The Office of Consumer Advocate (OCA) filed a complaint against Supplement No. 28 on July 28, 2005. Complaints were also filed by the Office of Small Business Advocate (OSBA), Strategic Energy, and seven individual customers. Petitions to intervene were filed by Dominion Retail and Duquesne Industrial Intervenors (DII). The Commission's Office of Trial Staff filed a notice of appearance.

By Order dated August 25, 2005, the Commission approved Supplement No. 28, allowing Rider No. 7 to take effect the following day. The Commission's approval was granted without prejudice to the outstanding complaints, which it referred to the Office of Administrative Law Judge.

On December 11, 2006, Duquesne, having recovered approximately the amount it paid to PJM in SECA charges, terminated the application of Rider No. 7 to customer bills.

A telephonic prehearing conference was held before ALJ Nene on April 24, 2007. Both prior to and after the prehearing conference, the parties engaged in settlement discussions. Various drafts of settlement provisions were exchanged and the parties agreed upon the terms and conditions of the instant Joint Petition for Settlement of All Issues.

II. SUPPORT FOR THE SETTLEMENT

With Rider No. 7 having already been in effect and its operation now terminated, a critical issue at this juncture of the case involves the handling of any additional liability or refund of SECA charges that may result from the resolution of cases still ongoing at FERC.

The Settlement specifically provides that any additional payments or refunds will be recovered from or flowed through to Duquesne's Default Service customers pursuant to the annual reconciliation adjustment to Duquesne's Transmission Service Charge, which was established in connection with Duquesne's most recent base rate case at R-00061346. Any such adjustments will occur for periods commencing on or after June 1, 2008. Inasmuch as the charges under Rider No. 7 were collected on a uniform per kWh basis, the Settlement provides that any additional payments or refunds collected or returned through the Transmission Service Charge, will likewise be done on a per kWh basis.

In addition, the Settlement provides that complaints by any party with respect to additional recoveries or refunds of SECA charges will be filed as part of the proceeding to consider the annual reconciliation of the Transmission Service Charge. The Settlement also provides that in any such proceeding, the parties may raise the issue of the proper allocation of any additional recovery or refund of SECA charges.

The OCA submits that under the circumstances of this case in which the rates in question have already been in effect and terminated, the provisions of this Settlement provide adequate protection for ensuring that the rates already charged were equivalent to the SECA charges imposed on Duquesne, and for ensuring that any further charges will be properly addressed. Similarly, the Settlement provides the means for returning to customers any refunds of SECA charges that may yet occur. Additionally, the Settlement allows for any challenges to

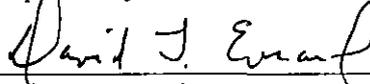
future SECA charges to be brought before the Commission in an appropriate manner. The OCA is therefore satisfied that this Settlement adequately protects the interests of Duquesne's customers.

The OCA also acknowledges that a settlement in this proceeding will avoid the expense of further litigation. To that extent, a settlement is also in the interest of consumers.

III. CONCLUSION

WHEREFORE, for all of the foregoing reasons, the OCA submits that the proposed Settlement is a fair and reasonable resolution of this proceeding, is in the public interest and in the best interest of Duquesne's customers.

Respectfully Submitted,



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Dated: October 9, 2007

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CERTIFICATE OF SERVICE

Pennsylvania Public Utility Commission :
v. : Docket No. R-00050662
Duquesne Light Company :

I hereby certify that I have this day served a true copy of the foregoing document, Statement of the Office of Consumer Advocate in Support of Joint Petition For Settlement of All Issues, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 9th day of October 2007.

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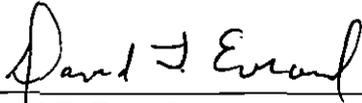
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