

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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August 19, 2015

Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

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

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Answer, in the above-referenced proceeding.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Kristine E. Robinson".

Kristine E. Robinson  
Assistant Consumer Advocate  
PA Attorney I.D. # 316479

Enclosures

cc: Honorable Katrina L. Dunderdale  
Certificate of Service

182571

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Answer, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 19th day of August 2015.

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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 :

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ANSWER OF THE  
OFFICE OF CONSUMER ADVOCATE

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Pursuant to Section 5.61 of the Regulations of the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA) hereby files this Answer to the Petition of Duquesne Light Company for Approval to Continue Its Standard Offer Customer Referral Program with Minor Modifications, and to Make Certain Revisions to Its Customer Script (Petition). The OCA submits the following in support of its Answer:

**I. Introduction**

On July 30, 2015, Duquesne Light Company (Duquesne Light or Company) filed its Petition with the Pennsylvania Public Utility Commission (Commission), requesting the Commission approve continuation of its Standard Offer Customer Referral Program (SOP) with minor modifications and to make revisions to the SOP customer script.

In its Petition, Duquesne Light states that its SOP is designed to encourage supply competition in its service territory. Petition at ¶ 23. Under the Company's current SOP, Duquesne Light presents the program to residential and small commercial and industrial customers who contact Duquesne Light to: 1) switch service, 2) discuss choice options, 3) discuss a high bill, or 4) inquire about the SOP. *Id.* at 24. Interested customers are transferred to

a participating electric generation supplier (Standard Offer Supplier), who explains the program details to the customer. Id. at 25. The Standard Offer Supplier presents the customer with a fixed price offer for service spanning twelve consecutive billing cycles. Id. at 26. The fixed price offer must be 7% lower than Duquesne Light's Price-To-Compare (PTC) in effect at the time of the offer. Id. If the customer chooses to enroll in the proposed service, the Standard Offer Supplier enrolls the customer and pays Duquesne Light a Customer Acquisition Fee of \$10.28. Id.

In its Petition, the Company proposes to continue the basic structure of its current SOP, with minor modifications. Id. at 27. Specifically, the Company proposes to continue to use its transfer procedure to the Standard Offer Suppliers. Id. at 28. Additionally, the Company proposes to maintain its current Customer Acquisition Fee of \$10.28, which will be fixed through the Default Service Plan VII (DSP VII) period (May 31, 2017) and will not be subject to adjustment. Id. at 29. This proposal is a minor modification to the program as proposed in the Company's Default Service Plan VI proceeding, which provided for a cost recovery mechanism in the event that the Customer Acquisition Fees do not cover SOP costs during that period. Id.

In its Petition, Duquesne Light also proposes to modify its current SOP customer script. Id. at 33. The Company's current customer script provides as follows:

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.

Id. Duquesne Light is proposing to modify the script as follows:

I see you are eligible for the voluntary Standard Offer program, which provides a price for generation service from a supplier for 12 months that is 7% off Duquesne Light's current price to compare. Please note that our price to compare is adjusted to reflect market prices twice a year- on Dec. 1 and June 1. As a

result, while your Standard Offer rate will remain fixed at \_\_\_\_\_, your overall savings will vary as our Price to Compare changes. If you are interested in the Standard Offer Program, I will transfer you to a supplier who is participating for more information. Customers who enroll are free to leave the Standard Offer Program at any time during the 12 months, and return to Duquesne Light's default service or another EGS, with no termination/cancellation fee imposed.

Id. The Company states through these modifications, it has attempted to address all of the proposed script changes that are set forth in the DSP VII Settlement Stipulation, which are as follows:

- (i) The initial disclosure 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.

Id. at ¶¶ 32, 34.

## **II. Answer**

In general, the OCA supports the continuation of Duquesne Light's cost-effective SOP. As the Company notes, Duquesne's unique SOP, which does not utilize a third-party to enroll customers, has received favorable reviews from electric generation suppliers. See Petition at ¶ 16. For example, NRG indicated that it had the least number of issues with Duquesne Light's SOP than it had with other SOPs. Id. The OCA specifically supports the Company's proposal to continue to directly refer potential SOP customers to participating Standard Offer Suppliers. This structure allows the Company to avoid the costs of paying a third-party to enroll customers in the SOP and will help to ensure that costs remain reasonable for participating electric generation suppliers and competitive for participating customers.

Additionally, the OCA supports Duquesne Light's efforts to revise its SOP script to include additional customer disclosures. The OCA also, generally, supports Duquesne Light's

proposed language. The OCA submits, however, that the proposed modification includes most, but not all, language identified in the DSP VII Settlement Stipulation. Specifically, under the Settlement Stipulation, Duquesne Light agreed to consider including the language “the savings a customer will experience will vary” but also agreed to consider language that “your Standard Offer Rate may be higher or lower.” Taken together, these sentences provide consumers with a complete picture of the benefits and risks of the SOP.

It is the OCA’s position that both provisions of the Settlement Stipulation should be included in the script, and the script should be modified to include the additional language (highlighted in bold), as follows:

I see you are eligible for the voluntary Standard Offer program, which provides a price for generation service from a supplier for 12 months that is 7% off Duquesne Light’s current price to compare. Please note that our price to compare is adjusted to reflect market prices twice a year- on Dec. 1 and June 1. As a result, while your Standard Offer rate will remain fixed at \_\_\_\_\_, your overall savings will vary as our Price to Compare changes. **Your Standard Offer Rate may be higher or lower than the next Price to Compare.** If you are interested in the Standard Offer Program, I will transfer you to a supplier who is participating for more information. Customers who enroll are free to leave the Standard Offer Program at any time during the 12 months, and return to Duquesne Light’s default service or another EGS, with no termination/cancellation fee imposed.

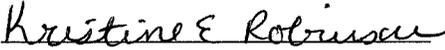
The OCA submits that this additional language is essential in providing full disclosure to potential participating consumers. Without this language, the script implies that consumers are guaranteed to save money (“your overall savings will vary as our Price to Compare changes”). The inclusion of the additional language, however, helps to clarify that savings are not guaranteed.

In the alternative, the OCA would support continuation of Duquesne Light’s current SOP script. The current script is straightforward and succinct. The OCA also notes that, to the best of its knowledge, customers have not had any issues with the current script. As the

Company notes, the SOP has received greater enrollments under the current script. Petition at ¶  
35.

WHEREFORE, the Office of Consumer Advocate respectfully requests that the Commission grant Duquesne Light's request for approval to continue its SOP, subject to the above-stated condition.

Respectfully Submitted,

  
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Dated: August 19, 2015

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