



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Anthony D. Kanagy

akanagy@postschell.com
717-612-6034 Direct
717-731-1985 Direct Fax
File #: 151663

December 15, 2015

VIA ELECTRONIC FILING

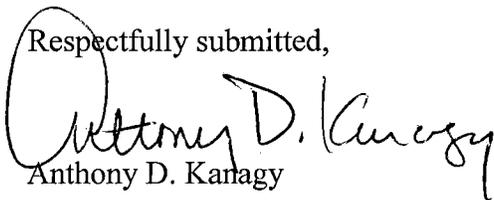
Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of Duquesne Light Company for Approval to Implement a Time-of-Use Program for the Year Commencing June 1, 2016 and Ending May 31, 2017
Docket No. P-2015-2506002**

Dear Secretary Chiavetta:

Enclosed please find the Answer of Duquesne Light Company to the Petition to Intervene of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,



Anthony D. Kanagy

ADK/skr
Enclosure

cc: Certificate of Service

CERTIFICATE OF SERVICE

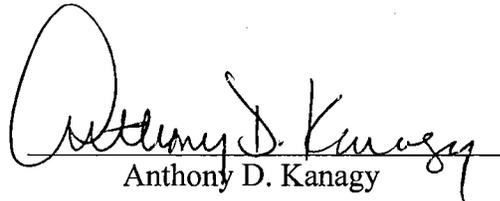
I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA E-MAIL & FIRST CLASS MAIL

Sharon E. Webb, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101
E-mail:swebb@pa.gov

Patrick Cicero, Esquire
Elizabeth R. Marx, Esquire
Joline Price, Esquire
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
E-mail:pulp@palegalaid.net
emarxpulp@palegalaid.net
jpricepulp@palegalaid.net

Date: December 15, 2015


Anthony D. Kanagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval to Implement A Time-of-Use :
Program for the Year Commencing June 1, : Docket No. P-2015-2506002
2016 and Ending May 31, 2017 :

**ANSWER OF DUQUESNE LIGHT COMPANY TO
PETITION TO INTERVENE OF THE COALITION FOR
AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA**

Duquesne Light Company (“Duquesne Light” or “Company”) hereby files its Answer to the Petition to Intervene of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) in the above-captioned proceeding. In support of this Answer, Duquesne Light states as follows:

I. BACKGROUND

On September 30, 2015, Duquesne Light filed the above-captioned Petition with the Pennsylvania Public Utility Commission (“Commission”). Therein the Company requested Commission approval for a Time-of-Use (“TOU”) Program for the year commencing June 1, 2016 through May 31, 2017. The TOU Petition was filed pursuant to the Settlement of Duquesne Light’s Default Service proceeding at Docket No. P-2014-2418242 (“DSP VII”) which was approved by Commission Order entered January 15, 2015.

Prior to filing the TOU Petition, Duquesne Light held collaborative meetings with interested parties to obtain their input regarding Duquesne Light’s proposed TOU Program.

On October 20, 2015, the OSBA filed a Notice of Intervention, Public Statement and Notice of Appearance. In its Public Statement, the OSBA stated that it was intervening to

protect the interests of small business customers and that it would seek to assure that no costs are imposed on small business customers which should properly be imposed on other customer classes.¹

On October 28, 2015, CAUSE-PA filed its Petition to Intervene. Therein, CAUSE-PA requested that it be permitted to intervene in the above-captioned proceeding. CAUSE-PA also identified various issues that it had with the proposed TOU Program.

II. ANSWER TO CAUSE-PA'S REQUEST FOR INTERVENTION

As an initial matter, Duquesne Light does not object to CAUSE-PA's intervention in the above-captioned proceeding. CAUSE-PA cites legal precedent regarding its right to intervene in this proceeding. Duquesne Light does not take any position with regard to the legal arguments raised by CAUSE-PA in its Petition because Duquesne Light does not object to CAUSE-PA's intervention.

However, Duquesne Light does not agree that the Commission should establish formal proceedings for the proposed TOU Program. The proposed TOU Program is a limited program that will only be in effect for one year.² Moreover, as explained in the Petition, Duquesne Light sought Commission approval of the proposed TOU Program by January 31, 2016 in order to implement the Program by June 1, 2016.

¹ Duquesne Light notes that its proposed TOU Program for the year commencing June 1, 2016 through May 31, 2017 will only be available to residential customers because TOU functionality will not be available for commercial and industrial customers until May 31, 2016, which will not allow enough time for these customers to be included in the 2016 program. Therefore, the costs to implement the TOU Program as set forth in the Petition will only be allocated to residential customers. See Paragraph 23 of the Petition.

² Duquesne Light will propose a further TOU program in its next default service filing that will be made in the first half of 2016 for default service commencing June 1, 2017.

III. ANSWER TO CAUSE-PA'S ISSUES IDENTIFIED IN ITS PETITION TO INTERVENE

CAUSE-PA raises a number of issues regarding Duquesne Light's proposed TOU Program in Paragraphs 19(a) through 19(g) of its Petition to Intervene. Below, Duquesne Light lists each issue as stated by CAUSE-PA followed by the Company's response.

a. CAUSE-PA is concerned about the legality of Duquesne Light's proposal to outsource Time-of-Use service to Electric Generation Suppliers (EGSs) in light of the Commonwealth Court's holding in Dauphin County Ind. Dev. Auth. V. Pa. P.U.C., Docket No. 1814 C.D. 2014, Order entered September 9, 2015.

As explained in the Company's Petition, its proposed TOU Program does not violate the Commonwealth Court's holding in *Dauphin County Ind. Dev. Auth. v. Pa. P.U.C.*, Docket No. 1814 C.D. 2014 entered September 7, 2015 ("*DCIDA v. PAPUC*") because Duquesne Light will offer TOU service under a contingency plan if no EGS elects to participate in the Program. See Petition, FN 2. This is different than PPL Electric Utilities Corporation's ("PPL Electric's") TOU program which did not provide for PPL Electric to provide TOU service as a contingency in the event that no EGS participates. See *DCIDA v. PAPUC*, pp. 5-6. Moreover, both the Commission and PPL Electric have sought review of the Commonwealth Court's Order in the Pennsylvania Supreme Court. Therefore, the Commonwealth Court Order is not final.

b. Given the uncertainty surrounding an out-sourcing model, CAUSE-PA is concerned about the cost burdens to be borne by Duquesne Light's non-CAP, low-income customers as a result of Duquesne's TOU Program proposal. Petition ¶ 20-21.

Duquesne Light disagrees that its proposed TOU Program will unduly burden low-income customers. Duquesne Light notes that the TOU Program is voluntary and no customer is required to participate in the TOU Program. Therefore, the rates paid under the TOU Program will not be burdensome by out-sourcing the program to an EGS.

In addition, Duquesne Light's cost recovery proposal is not burdensome to customers. Duquesne Light has estimated that it will incur approximately \$512,000 to implement the TOU

Program. See Paragraph 23 of the Petition.³ If the \$512,000 is recovered from default service customers, this equates to approximately 17 cents per month for each default service customer.

This amount is not burdensome.

c. CAUSE-PA supports Duquesne Light's exclusion of CAP customers from the TOU Program. Petition ¶ 15. In addition, CAUSE-PA asserts that potentially CAP eligible customers should be reviewed by Duquesne for CAP eligibility and enrollment before being enrolled in the TOU program;

Due to accelerated switching rules, it is not feasible to review a potential enrollment as the customer is enrolling directly with the EGS. Duquesne Light has in place a process to default a customer's TOU enrollment if the customer is a CAP customer or later decides to enroll in CAP. Because the proposed TOU program allows a customer to leave the TOU program at any time without a penalty, the customer can take advantage of the Customer Assistance Program if they choose to enroll.

d. CAUSE-PA asserts that there must be meaningful and clear information about the parameters of the TOU program and the rates associated with the TOU program, such that customers understand what they are signing up for;

Duquesne Light will provide marketing materials and clear communications to the public about the TOU Program. These communications will be informative and descriptive regarding the program. EGSs will also communicate information about their own TOU Programs. In addition, each TOU eligible customer will be provided access to their specific web portal that will identify the current TOU offerings as well as the default service rate. The portal will provide unbiased information so the customer can make an informed decision. The customer marketing material provided by Duquesne Light will direct the customer to the Duquesne Light

³ This does not include TOU IT development costs which are part of the Company's smart meter program. In addition, the estimated costs of \$512,000 are based upon the assumption that an EGS will offer the TOU program. If Duquesne Light is required to offer the TOU program under its contingency plan, the estimated costs of \$512,000 may increase due to additional customer communication activities or for additional Company implementation costs.

specific web portal hosted by Opower. If a customer does not have access to the web portal, a customer service representative will be able to assist via the telephone.

e. CAUSE-PA asserts that Duquesne Light and the EGSs should provide low-income customers information up front that if they fall behind on the TOU program they can enroll in the CAP program.

If a customer falls behind on the TOU payment, the customer would enter the collection process and if eligible for CAP it would be offered. If the customer accepts CAP, the customer would be automatically defaulted from TOU. Any outstanding TOU amount would be placed in a frozen arrearage. As the customer makes their CAP payment, the TOU arrearage amount would be written off through the normal CAP process. Duquesne Light does not believe that it is necessary to provide this information up-front specifically for the TOU Program. Customers are already educated about the CAP Program through Service Line (the Company's bill insert newsletter) articles, the Company's website and community based organizations. In addition, customers that have level one income that call into the Company are informed about the CAP program by Customer Service Representatives.

f. CAUSE-PA is concerned about the consequences for low income consumers enrolled in the TOU Program who fall behind on their bills due to circumstances beyond their control, as Duquesne Light's proposal requires TOU customers to remain current. Petition ¶ 15.

If a customer falls behind on the TOU payment, the customer would enter the collection process. If eligible for CAP, it would be offered. If the customer accepts CAP, the customer would be automatically defaulted from TOU. Any outstanding TOU amount would be placed in a frozen arrearage. As the customer makes their CAP payment, the TOU arrearage amount would be written off as per the normal CAP process. This process is the same whether the customer is on the TOU Program or not on the TOU Program.

g. CAUSE-PA is concerned about adequate safeguards and information for low income customers who may stay with their EGS following the TOU program year. Petition ¶ 15.

Duquesne Light's proposal to allow TOU customers to stay with EGSs after the TOU Program is consistent with Commission practice. *See Petition of Duquesne Light Company for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015*, Docket No. P-2012-2301664, Order entered January 25, 2013, p. 198. In addition, customers enrolled in the TOU can switch to a new supplier or return to default service at any time during or after the TOU program without a cancellation fee.

IV. THE PROPOSED TOU PROGRAM SHOULD BE APPROVED

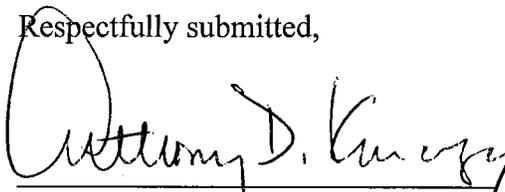
As explained in the Company's Petition, the proposed TOU Program is a reasonable Program for the year commencing June 1, 2016 through May 31, 2017, that provides both Rate Ready and Bill Ready options for EGSs to provide TOU service to eligible customers. The TOU Program also contains a contingency plan whereby Duquesne Light will offer TOU service to eligible customers if EGSs elect to participate.

Duquesne Light further requests that the Commission not assign this proceeding to hearings because any delay in approving the TOU Program will likely prevent implementation of the TOU Program by June 1, 2016.

V. CONCLUSION

WHEREFORE, for the foregoing reasons, Duquesne Light Company respectfully requests that the Pennsylvania Public Utility Commission approve the proposed TOU Program.

Respectfully submitted,



Robert H. Hoaglund II, Esq. (ID # 313383)
Duquesne Light Company
411 Seventh Avenue, 16th Fl.
Pittsburgh, PA 15219
Telephone: 412-393-1058
Facsimile: 412-393-5695
E-Mail: rhoaglund@duqlight.com

Michael W. Gang, Esq. (ID # 25670)
Anthony D. Kanagy, Esq. (ID # 85522)
Post & Schell, P.C.
17 North 2nd Street, 12th Floor
Harrisburg, PA 17101-1601
Telephone: 717-612-6026
717-612-6034
Facsimile: 717-731-1985
E-Mail: mgang@postschell.com
akanagy@postschell.com

Date: December 15, 2015

Attorneys for Duquesne Light Company

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PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Duquesne Light Company For :
Approval to Implement a Time-of-Use : Docket No. P-2015-2506002
Program for the Year Commencing June 1, :
2016 and Ending May 31, 2017 :**

VERIFICATION

I, David W. Defide, Manager, Customer Programs for Duquesne Light Company, hereby state that the facts above set forth in the Answer of Duquesne Light Company to Petition to Intervene of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



David W. Defide

Date: December 15, 2015