

# CITIZEN POWER

*Public Policy Research Education and Advocacy*

November 17, 2012

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

**Re: ~~Petition of Duquesne Light Company for Approval of Default Service Plan for the Period June 1, 2013 through May 31, 2015; Docket P-2012-2301664~~**

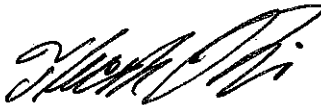
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Dear Secretary Chiavetta:

Enclosed please find Citizen Power's Reply Exceptions, in the above referenced proceeding.

Copies of this document have been served in accordance with the attached Certificate of Service.

Sincerely,



Theodore Robinson  
Counsel for Citizen Power

Enclosures

Cc: Hon. Katrina L. Dunderdale  
Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Duquesne Light Company        :**  
**for Approval of its Default Service Plan   :**        **Docket No. P-2012-2301664**  
**for the Period June 1, 2013 Through       :**  
**May 31, 2015                                   :**

**REPLY EXCEPTIONS OF CITIZEN POWER, INC.**

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Dated: December 17, 2012

## **I. INTRODUCTION**

Citizen Power, Inc. ("Citizen Power") respectfully submits these Reply Exceptions in response to certain Exceptions filed by the Retail Energy Supply Association ("RESA") on December 5, 2012 in response to the Recommended Decision ("RD") of Administrative Law Judge Katrina L. Dunderdale ("ALJ") issued on November 15, 2012.

## **II. REPLY EXCEPTIONS**

Reply Exception No. 1: The ALJ properly rejected RESA's proposal to replace Duquesne's proposed residential portfolio of 100% 12-month contracts with 50% 12-month contracts and 50% 3-month contracts. (RESA's Exception No. 1; RD 28-29).

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Duquesne Light Company ("Duquesne") proposes to procure default supplies for Residential and Lighting customers through for 12-month full requirement contracts acquired using competitive requests for proposals. ALJ Dunderdale recommended that Duquesne's proposal be approved over RESA's alternative proposal to utilize quarterly and annual contracts. RD at 28-29. RESA excepts to the ALJ's decision for a variety of reasons. RESA Exc. At 3-9. RESA's exceptions are in error.

First of all, RESA incorrectly concludes that the ALJ has elevated a preamble policy objective (price stability) over a statutory requirement (fostering a competitive market). The ALJ considered three different options: Duquesne's one year contracts, RESA's mix of one-year and three-month contracts, and the Office of Consumer Advocate's ("OCA") mix of one and two-year contracts. RD at 28. If price stability was the most important factor to the ALJ, as claimed by RESA, why did the ALJ not recommend that OCA's option be used or even 100% 2-year contracts? The ALJ clearly considered the impact upon the retail market and found that a more

gradual move toward market responsive default rates ultimately helped foster competitive markets by instilling confidence in the retail market. RD at 29.

Second, RESA mistakenly believes that the recommendation ignores the evidentiary record. RESA Exc. at 5. RESA specifically points towards testimony that market reflective default service prices are necessary to facilitate sustainable competitive retail markets and avers that the ALJ ignored a statutory requirement to foster such markets. However, the ALJ does not indicate any disagreement with quarterly procurement, but simply indicates that RESA did not explain why the time to move toward frequent rate changes is now. Duquesne customers have been on a 29-month contract, and the ALJ's recommendation to move to a 12-month procurement before moving to shorter periods is consistent with the Commission's goal to promote competitive retail markets.

Third, RESA's contention that it was improper for the ALJ to evaluate the amount of risk differing procurement terms have on consumers is without merit. In support, RESA suggests that the Competition Act does not explicitly mention anything about a plan being "least risk" to consumers. However, the Act does require that default service be provided to customers at the least cost over time.<sup>1</sup> The cost of electricity to residential consumers not only incorporates the price of electricity, but also the time necessary to budget electricity costs and the additional costs of financing unexpected electricity bills. In this way, lower risk procurement options are favored by the Competition Act because they have a lower cost to consumers. For these reasons, RESA's exception No. 1 should be denied.


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<sup>1</sup> 66 Pa. C.S.A. § 2807(e)(3.4).

**III. CONCLUSION**

Citizen Power respectfully requests that the Commission rejects RESA's exception No. 1.

Respectfully Submitted,

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Dated: December 17, 2012

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :  
Approval of a Default Service Program and : Docket No. P-2012-2301664  
Procurement Plan for the Period June 1, :  
2013 through May 31, 2015 .

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of the foregoing document of Citizen Power, Inc. 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 as listed below:

Dated this 17<sup>th</sup> day of December, 2012.

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