

# CITIZEN POWER

*Public Policy Research Education and Advocacy*

March 10, 2013

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

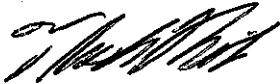
**Re: Petition of Duquesne Light Company for Approval of Default Service Plan for the  
Period June 1, 2013 through May 31, 2015; Docket P-2012-2301664**

Dear Secretary Chiavetta:

Enclosed please find Citizen Power's Comments, 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 :**

**COMMENTS OF CITIZEN POWER, INC.**

**I. INTRODUCTION**

Citizen Power, Inc. ("Citizen Power") respectfully submits these Comments in response to Duquesne Light Company's ("Duquesne") Revised Retail Market Enhancement Program Design and Cost-Recovery Proposal ("RME Proposal") filed on March 11, 2013 in accordance with the schedule outlined in the March 28, 2013 Secretarial Letter.

**II. COMMENTS**

Citizen Power is generally in support of the Standard Offer Program as proposed by Duquesne in their RME Proposal. Specifically, we agree with the main components of the proposal including a 7% discount off the price to compare for 12 months, the specified types of calls into Duquesne that would be presented with the standard offer, and the August 1, 2013 start date. We also strongly support the efforts of Duquesne to minimize the costs of the program. However, we disagree with the proposed cost recovery methodology for the standard offer program. In our opinion, capping the Customer Acquisition Fee at \$30 for the period between September 2014 and May 2015 is an inflexible solution to the issue of providing price certainty

to EGSs that participate in the Standard Offer Program and may result in costs for residential customers without a corresponding benefit.

In the Illustrative Example of the Cost Recovery Methodology for the Standard Offer Program contained in Appendix F to the RME Proposal, Duquesne demonstrates the hypothetical cost impacts resulting from a Standard Offer Program with total costs of \$330,000 and 300 EDI transactions a month. The corresponding non-bypassable charges would be \$179,000 with a result of 6300 customers participating. In other words, \$28.41 ( $\$179,000/6300$ ) in costs per EDI transaction is allocated to a non-bypassable account while \$23.97 (the remaining  $\$151,000/6300$ ) in costs per EDI transaction is paid by the participating EGSs. Although Citizen Power believes that all the Standard Offer Program costs should be paid by EGSs, we believe that the Illustrative Example is a reasonable outcome.

However, if acquisition costs are significantly higher than a capped acquisition fee of \$30 in the second year of the program, the result is likely to be an incentive for EGSs to participate because they are immune to the price signals of the actual acquisition cost. Citizen Power understands that a capped acquisition fee brings more certainty to the participating EGSs and therefore, we agree that with reasonable acquisition costs there should be a cap. However, if the program is not very successful, the result will be high customer acquisition costs with very little recovery from the EGSs.

For example, if the program costs end up being \$500,000 and the number of monthly EDI transactions are only 100 per month, the resulting cost allocation is much different. In the period through June 2014, the program costs would be \$250,000 and the customer acquisition fees would be \$25,000 (1000 EDI transactions times the \$25 customer acquisition fee) resulting in excess costs of \$225,000. In the period from July 2014 through May 2015, the program costs

would be \$250,000 and the customer acquisition fees would be \$33,000 (1100 EDI transactions times the \$30 capped customer acquisition fee) resulting in excess costs of \$217,000. The corresponding non-bypassable charges would be \$442,000 resulting in 2100 customers participating. In other words, \$210.48 ( $\$442,000/2100$ ) in costs per EDI transaction is allocated to a non-bypassable account while \$27.62 (the remaining  $\$58,000/2100$ ) in costs per EDI transaction is paid by the participating EGSs.

We agree that the Standard Offer Program is likely to be successful and on that basis can agree to an allocation of the first year costs in excess of \$25 to a non-bypassable account. However, we do not agree with a hard cap of \$30 in the second year because it is unable to respond to a situation where the acquisition costs are higher than expected and this may incentivize EGSs to participate in a program that is inefficient. We therefore respectfully propose that if the actual program cost per EDI transaction through June of 2014 is greater than \$75, that the EDI transaction fee cap be adjusted upward on a dollar to dollar basis. The \$75 figure acts as a consumer contribution cap and was chosen because at that point, assuming program costs remain per EDI transaction remain consistent, 50% more of the costs will be assigned to a non-bypassable account than to the participating EGSs (\$45 to the non-bypassable account versus \$30 to the EGSs). We do not believe that any greater allocation is in the best interest of consumers.


As an example, if the actual program costs during the first year were \$110 per EDI transaction the transaction fee cap for the second year would be set at \$65. The \$110 actual cost is greater than the \$75 consumer contribution cap figure by \$35, which would then be added to the EGS cap of \$30 resulting in a new cap of \$65. If an EGS is unwilling to pay \$65 to acquire a

customer because they can get customers more cheaply through other means, it makes no sense for the Standard Offer Program to spend \$110 to get that same customer to shop.

### III. CONCLUSION

Citizen Power respectfully requests that the Commission modify Duquesne's RME's proposal by capping the costs allocated to all residential and small commercial and industrial customers through a non-bypassable charge as indicated by these Comments.

Respectfully Submitted,

By:   
Theodore S. Robinson (PA Bar # 203852)  
Citizen Power  
2121 Murray Avenue  
Pittsburgh, PA 15217  
(412) 421-7029 (phone)  
(412) 412-6162 (fax)  
E-mail: [robinson@citizenpower.com](mailto:robinson@citizenpower.com)

Dated: March 10, 2013

**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 10<sup>th</sup> day of April, 2013.

**SERVICE BY E-MAIL and FIRST CLASS MAIL**

Michael W. Gang, Esquire  
Anthony D. Kanagy, Esquire  
Post & Schell PC  
17 North Second Street, 12<sup>th</sup> Floor  
Harrisburg, PA 17101  
mgang@postschell.com  
akanagy@postschell.com  
*Counsel for Duquesne Light Company*

Krycia Kubiak, Esquire  
Duquesne Light Company  
411 Seventh Avenue  
Pittsburgh, PA 15219  
kkubiak@duqlight.com

Jennedy S. Johnson, Esquire  
David T. Evrard, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1921  
jjohnson@paoca.org  
devrard@paoca.org

Charles Daniel Shields, Esquire  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor West  
Harrisburg, PA 17120  
chshields@pa.gov

Todd S. Stewart, Esquire  
William E. Lehman, Esquire  
Hawke McKeon & Sniscak LLP  
100 North Tenth Street  
Harrisburg, PA 17101  
tsstewart@hmslegal.com  
welehman@hmslegal.com  
*Counsel for Dominion Retail, d/b/a Dominion  
Energy Solutions and Interstate Gas Supply,  
d/b/a Interstate Energy*

Sharon E. Webb, Esquire  
Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101  
swebb@pa.gov

Charles E. Thomas, III, Esquire  
Thomas T. Niesen, Esquire  
Thomas, Long, Niesen & Kennard  
212 Locust Street, Suite 500  
Harrisburg, PA 17108  
cet3@thomaslonglaw.com  
tniesen@thomaslonglaw.com  
*Counsel for Noble Americas Energy Solutions,  
LLC*

Patrick M. Cicero, Esquire  
Harry S. Geller, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101-1414  
pciceropulp@palegalaid.net  
hgellerpulp@palegalaid.net  
pulp@palegalaid.net  
*Counsel for Coalition for Affordable Utility  
Services & Energy Efficiency in Pennsylvania  
(CAUSE-PA)*

Stephen L. Huntoon, Esquire  
NextEra Energy Resources, LLC  
801 Pennsylvania Avenues, N.W., Suite 220  
Washington, DC 20004  
shuntoon@nexteraenergy.com

Brian J. Knipe, Esquire  
Buchanan Ingersol & Rooney, PC  
17 North Second Street, 15<sup>th</sup> Floor  
Harrisburg, PA 17101  
Brian.knipe@bipc.com  
*Counsel for FirstEnergy Solutions Corp.*

Amy M. Klodowski, Esquire  
FirstEnergy Solutions, Corp.  
800 Cabin Hill Drive  
Greensburg, PA 15601  
aklodow@firstenergycorp.com

Victor P. Stabile, Esquire  
Dilworth Paxson LLP  
112 Market Street, 8<sup>th</sup> Floor  
Harrisburg, PA 17101  
vstabile@dilworthlaw.com  
*Counsel for Retail Energy Supply Association*

Brian R. Greene, Esquire  
The Greene Firm, LLC  
707 East Main Street, Suite 1025  
Richmond, VA 23219  
bgreen@thegreenfirm.com  
*Counsel for Retail Energy Supply Association*

Stephen Bennett  
Exelon Generation Company, LLC  
Director, State Government Affairs – East  
300 Exelon Way  
Kennett Square, PA 19348  
Stephen.bennett@exeloncorp.com

Divesh Gupta, Esquire  
Constellation NewEnergy, Inc.  
100 Constellation Way, Suite 500C  
Baltimore, MD 21202  
Divesh.gupta@constellation.com

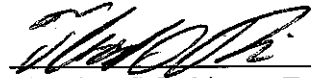
Vincent A. Parisi, Esquire  
IGS Energy  
5020 Bradenton Avenue  
Dublin, OH 43017  
vparisi@IGSEnergy.com

Gary A. Jeffries, Esquire  
Assistant General Counsel  
Dominion Retail, Inc.  
501 Martindale Street, Suite 400  
Pittsburgh, PA 15212-5817  
Gary.A.Jeffries@dom.com

Pamela C. Polacek, Esquire  
Teresa K. Schmittberger, Esquire  
McNees, Wallace & Nurick, LLC  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166  
ppolacek@mwn.com  
tschmittberger@mwn.com  
*Counsel for Duquesne Industrial Intervenors*

Honorable Katrina L. Dunderdale  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
Piatt Place  
301 5th Avenue, Suite 220  
Pittsburgh, PA 15222

Brian Kalcic  
Excel Consulting  
Suite 720-T  
225 S. Meramec Avenue  
St. Louis, MO 63105  
Excel.consulting@sbcglobal.net



Theodore S. Robinson, Esq.  
Citizen Power  
2121 Murray Avenue  
Pittsburgh, PA 15217  
Telephone: (412) 421-7029  
FAX: (412) 421-6162  
E-mail: robinson@citizenpower.com  
PA Attorney ID No. 203852