



Duquesne Light

Our Energy...Your Power

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November 4, 2010

VIA E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Petition of Duquesne Light Company for Approval of its
Energy Efficiency and Conservation and Demand Response Plan
Docket No. M-2009-2093217**

Dear Secretary Chiavetta:

Please find enclosed for electronic filing Duquesne Light Company's Reply Comments to the Comments and Motion to Intervene filed by Pennsylvania Communities Organizing for Change in the above-referenced proceeding.

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

Sincerely yours,



Gary A. Jack

Enclosures

cc: PCOC
All Parties listed
on the Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Duquesne Light Company's Reply Comments have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

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Dated November 4, 2010

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company :
For Approval of its Energy Efficiency and : Docket No. M-2009-2093217
Conservation and Demand Response Plan :

**REPLY COMMENTS OF
DUQUESNE LIGHT COMPANY**

Duquesne Light Company (“Duquesne”) files these Reply Comments in response to the Comments of Pennsylvania Communities Organizing for Change (“PCOC”), filed on October 15, 2010 in the above-referenced proceeding.

I. Background

On September 15, 2010, Duquesne filed its annual report and modifications¹ to its Energy Efficiency and Conservation Plan (“EE&C Plan” or “Plan”) with the Pennsylvania Public Utility Commission (“Commission”). Pursuant to the Commission’s Implementation Order dated January 16, 2009 at Docket No. M-2008-2069887, any interested party can make a recommendation for plan improvement or object to an EDC’s proposed plan revision within 30 days of the annual report filing. On October 15, 2010, PCOC filed a Petition to Intervene and Comments on Duquesne’s EE&C Plan. Duquesne submits the following Reply Comments.

II. PCOC’s Petition to Intervene

Because the Pennsylvania Association of Community Organizations for Change Now (“ACORN”) dissolved its status as a corporate entity and ceased to exist as an organization, it is unable to continue participating in this proceeding. PCOC represents that it has a deep understanding of low-income

¹ Duquesne’s proposed two modifications to the EE&C Plan, specifically within its Residential program: (1) the addition of Freezers to the Refrigerator Recycling Program; and (2) the addition of new TRM approved measures to the Residential Energy Efficiency Rebate Program, which include a furnace whistle, LED night light, limelight night light, heat pump water heater EF 2.0-2.3, electric water heaters EF .93-.95, smart strips, and refrigerator/freezer replacement for low-income customers.

participating in this proceeding. PCOC represents that it has a deep understanding of low-income communities and their unique utility related issues, and petitioned to intervene in this proceeding to represent the specific interests of low-income households. Duquesne does not object to PCOC intervening, or participating as an interested person in this proceeding so long as they accept the record as-is.

III. PCOC's Comments and Duquesne's Responses

A. Multi-family Properties

PCOC encourages Duquesne to include within its revised EE&C Plan specific measures targeted to multi-family properties providing affordable housing to low-income families, such as leveraging Act 129 funds with other available federal weatherization funding. For the reasons stated herein, Duquesne believes its current EE&C Plan contains measures targeted to multi-family properties. Duquesne's EE&C Plan incorporates multi-family property projects for low-income families in its Low Income Energy Efficiency Program ("LIEEP"). LIEEP is described in more detail in Duquesne's EE&C Plan, at pages 36-40 (attached as "Exhibit A"). The specific portions dealing with PCOC's concerns regarding multi-family housing can be found in Program Description and Implementation Strategy sections, both on page 37. Duquesne is currently in the implementation process, which involves partnering with public agencies to provide services designed to assist low-income households to conserve energy and reduce electricity costs.

Currently, Duquesne is working on public agency partnerships to provide assistance to low-income participants in both single-family and multi-family housing. The partnerships that assist low-income multi-family are Action Housing, Housing Authority of Allegheny County, Beaver County Housing Authority, North Side Properties Management, I.W. Abel, and the Department of Community and Economic Development ("DCED"). Additionally, Duquesne partners with Rebuilding Together Pittsburgh, the Hill House, Action Housing, and DCED to provide assistance to single-family low-income housing.

The partnership with the DCED addresses PCOC's suggestion to utilize federal funding in addition to Act 129 funds to target the weatherization of multi-family housing. This partnership will provide funding to assist low-income residents with weatherization activities under the Weatherization Assistance Program for Low-Income Persons Program. DCED reached out to all Pennsylvania EDCs with Act 129 programs to implement a state-wide partnership with weatherization agencies to service low-income customers, and Duquesne is participating in this partnership.

In sum, Duquesne believes that its existing program does address PCOC's suggestion, but Duquesne is always looking to improve its Energy Efficiency Program.

B. Refrigerator/Freezer Replacement


PCOC noted its support for Duquesne's modification of its Refrigerator Program to add Freezers for the Refrigerator/Freezer Replacement program in the low-income sector. Duquesne appreciates the support, and does not have further comment on the issue.

IV. Conclusion

Duquesne believes that its current EE&C Plan addresses PCOC's concerns regarding multi-family low-income properties. Duquesne respectfully requests the Commission to accept Duquesne's annual report and proposed modifications to its EE&C Plan as-filed on September 15, 2010.

Respectfully Submitted,

Duquesne Light Company



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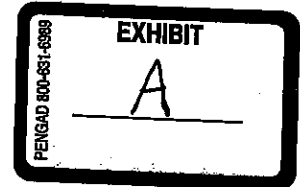


Figure 18: Air Conditioner Cycling Budget and Impacts

Projected Program Budget

Program Year	2009	2010	2011	2012	Total
Incentives	\$0	\$164,688	\$330,977	\$498,881	\$994,546
Admin	\$88,000	\$461,277	\$614,678	\$769,569	\$1,933,524

Projected Program Impacts

Program Year	2009	2010	2011	2012	Total
On-Peak Demand Reduction (kW)	0	6,138	12,336	18,595	18,595
Energy Savings (kWh)	0	229,965	462,164	696,619	1,388,748

Cost Effectiveness: TRC 1.0 – 1.5 per Section 11, Table 7A

- 3.2.1. Low-Income Sector (as defined by 66 Pa. C.S. § 2806.1) Programs include formatted descriptions of each program organized under the same headings as listed above for residential programs. As well, provide and detail all plans for achieving compliance with 66 Pa. C.S. § 2806.1.

Title: The Low Income Energy Efficiency Program (LIEEP) will be implemented during program years 2009 through 2012.

Objectives: The objective of LIEEP is to increase qualifying customers' comfort while reducing their energy consumption, costs, and economic burden.

Target Market: The LIEEP provides energy efficiency services to households located in single-family and multifamily dwellings that are at or below 150% of the federal poverty guidelines.

Program Description: LIEEP is an income-qualified program providing services designed to assist low-income households to conserve energy and reduce electricity costs. This program adopts the local government energy efficiency partnership strategy described in the EEC & DR Study benchmarking section for this program plan. Partnership agencies serve as the governing bodies for housing authorities. The project agreements between Duquesne and partnership agencies contain the terms to leverage local agency staff to reach, pre-screen and enroll program participants. The utility and the agency split specified program costs. The Partnership Memorandum of Understanding (“MOU”) puts in place dedicated contacts and a working group structure to identify and evaluate energy efficiency project opportunities within all governmental departments and sub-agencies. A sample Public Agency MOU is provided in Study Attachment 14 of the EEC & DR Study.

Implementation Strategy: Key elements of the implementation process follow. (1) Duquesne executes a Partnership MOU with the Public Agency (2) Duquesne Light facilitates working group meetings with the public agency and jurisdictional housing authority agencies (3) The working group collaborates on the development proposed project concept papers (4) Public agency working group members obtain feedback on the proposed projects and the working group makes necessary adjustments to the concept paper (5) Duquesne prepares a project agreement and resolution for approval by the public agency governing body (6) Duquesne and the public agency implement the project plan consistent with the terms of the project agreement.

Patterned after successful programs operating in other parts of the country, a key element of the LIEEP is co-funding by Duquesne Light and the Partnership agency of energy efficiency audits and measure implementation. LIEEP will utilize local contractors and/or other survey and installation entities based on availability, cost, and quality of service. Whenever possible, LIEEP will utilize non-profit, community based organizations to perform the energy efficiency surveys and measure installation. A sample resolution, project agreement and concept paper are provided in the Study Attachment 15.

Program Risk and Risk Management Strategy: All portfolios and programs are operated through Duquesne Light’s PMRS. The system provides comprehensive oversight of program budgets and impacts and provides early warning regarding program under- or over-subscription. Provisions in CSP contract language provides for fund shifting from under-performing programs.

Anticipated Cost to Participating Customers: There will be no cost to low income household residents.

Ramp-up Strategy: It is anticipated the earliest program launch could be November 1, 2009. Given the need to develop business systems and processes, assemble collateral program materials and conduct training, it is unlikely the program will be enrolling participant before January 1, 2010. This provides for approximately five months of operation in program year 2009. Program funding provides for incentive funding at 50% of full year operation. To support ramp-up activities, program funding provides for administrative costs at 100% of full year operation.

Marketing Strategy: Local government agencies are engaged directly by Duquesne Light under the local government partnership model. Each partnering agency assists in communicating with all governmental departments and jurisdictional agencies.

Eligible Measures and Incentives: All measures identified in the Study Attachment 1 will be provided, as specified in the project agreements described previously. The projects implemented under this program are provided at no cost to participants. The cost to identify and implement measures shall be co-funded by parties to the Partnership as specified in project agreements.

Program Start Date and Key Milestones: Refer to Section 12 Chart 1, Residential Portfolio Program.

Assumed EM&V requirements to document savings by the Commission's statewide EE&C Evaluator:

Detailed evaluation, measurement and verification activities are identified in the EEC & DR Study and the EM&V Related Program Content section, where there is a complete listing of the information that will be provided to the Commission's statewide EE&C Evaluator. Duquesne will monitor and where possible, coordinate its planned whole house energy audits, especially in regard to LIEEP, with any statewide whole house programs that would benefit its customers.

Administrative Requirements: Program administrative budgets are based on benchmarking of similar programs with administrative costs approximately 20% of program budgets, as shown in the Projected Program Budget table below. Organization planning includes provision for one full-time project coordinator as well as part-time support by engineering, marketing, purchasing, regulatory, data processing and clerical staff, in addition to contracted CSP services.

Estimated Participation: Determination of low-income segment mandated reductions requires interpretation of the following Act 129 language:

Act 129 (House Bill No., 2200 Session of 2008) Section 2. Title 66: § 2806.1 Energy Efficiency and Conservation Program. (A)(11)(1)(G): "The plan shall include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines. The number of measures shall be proportionate to those households' share of the total energy usage in the service territory."

Low income program goals presented in this plan are adjusted to reflect the percentage of Act 129 mandated reductions equivalent to the low income segment energy use percentage of Duquesne Light's total territory energy use. This treatment of low income program energy savings impact goals conforms to the Office of Consumer Advocate's interpretation of the referenced Act 129 language.

Figure 19: Low Income Territory Energy Use

Annual Period - Year Ending May 31, 2011

Allocation Basis	Territory Energy Use
Forecast 2011 Territory Energy Use (kWh)	14,043,748,296
Residential Energy Use	4,276,840,291
Residential Accounts	533,968
Average Residential Energy Use (kWh)	8,010
Low-Income Accounts	106,794
Estimated Low-Income Energy Use (kWh)	855,368,058
Low Income % Territory Use	6.1%
May 31, 2011 Reduction Target (kWh)	140,855,117
Low-Income Proportional Savings (kWh)	8,579,118

Based on the required annual reductions described above, projected participating households is 8,500 for each full year of program operation.

Figure 20: Low-Income Sector Budget and Impacts

Projected Program Budget

Program Year	2009	2010	2011	2012	Total
Incentives	\$547,150	\$1,094,299	\$1,094,299	\$1,094,299	\$3,830,048
Admin	\$273,575	\$273,575	\$273,575	\$273,575	\$1,094,299

Projected Program Impacts

Program Year	2009	2010	2011	2012	Total
On-Peak Demand Reduction (kW)	1,751	3,501	3,501	3,501	12,254
Energy Savings (kWh)	4,293,586	8,587,173	8,587,173	8,587,173	30,055,105

Cost Effectiveness: TRC 2.3

- 3.3. Small Commercial/Industrial Sector (as defined by EDC Tariff) Programs include formatted descriptions of each program organized under the same headings as listed previously for residential programs.

Definition of Terms:

Sector Umbrella Programs: Umbrella Programs described in Sections 3.3 and 3.4 provide a level of service (incentives only) to all sector customers and establish the terms, conditions and incentive levels for all Sector Sub-Programs. Umbrella programs define prescriptive incentives (\$ per lamp, fixture, ton, square foot of insulation, etc) and custom incentives provide \$ per kWh saved for all Sector Sub-Programs.

Sector Sub-Programs: Sub-sector programs described in Sections 3.3 and 3.4 are designed to mitigate segment specific barriers to program participation by providing segment specific energy efficiency audits and incentives. The manner of program delivery is aligned to segment characteristics and needs. Incentive levels for all Sector Sub-Programs are defined by Sector Umbrella Programs.

3.3.1. Commercial Sector Umbrella Energy Efficiency Program Plan

Title: The Commercial Sector Umbrella Energy Efficiency Program Plan will be implemented during program years 2009 through 2012.

Objectives: The Commercial Sector Umbrella Program (“CSUP”) provides for the payment of incentives to offset the higher cost of high-efficiency equipment when compared to standard efficiency equipment. Importantly, the CSUP establishes the terms, conditions, and incentive levels for all Sub-Programs. This has two key functions: (1) Changes to incentive levels occur once at the CSUP, thereafter referenced by all other programs, and; (2) all program incentive offers are consistent, eliminating confusion and gaming (customers and/or contractors can participate in any program within the portfolio and receive exactly the same incentive). Incentive program tracking, reporting and processing are performed under the structures and procedures established under the CSUP.

Additionally, Sub-Programs are structured to provide specialized services to customers consuming 92% of the sector energy use. The CSUP provides access to energy efficiency incentives by customers not served by the Sub-Programs.

Target Market: The CSUP is primarily an operations activity facilitating operation of the Sector Sub-Programs. The CSUP can serve to provide cash incentives to customers that lack service under one of the Sector Sub-Programs.

Program Description: The CSUP establishes the terms, conditions, and incentive levels for all Sub-Programs. Incentive program tracking, reporting and processing are performed under the structures and procedures established under the CSUP. The CSUP provides incentives to offset the higher cost of high-efficiency equipment when compared to standard efficiency equipment. Rebate