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|  | **PENNSYLVANIA**  **PUBLIC UTILITY COMMISSION**  **Harrisburg, PA 17105-3265** |  |
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|  | Public Meeting held August 15, 2013 |
| Commissioners Present: |  |

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| Robert F. Powelson, Chairman |
| John F. Coleman, Jr., Vice Chairman |
| Wayne E. Gardner |
| James H. Cawley |
| Pamela A. Witmer |

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| Petition of Duquesne Light Company for Approval To Modify its Time-of-Use Plan Schedule and Reporting Requirements | Docket Number:  P-2009-2149807 |

**ORDER**

**BY THE COMMISSION:**

On November 30, 2013, Duquesne Light Company ("Duquesne Light" or "Duquesne") filed a Petition, pursuant to 52 Pa. Code § 5.41, seeking approval to modify its Time-of-Use Plan ("TOU Plan") schedule and reporting requirements. Duquesne requested that the Pennsylvania Public Utility Commission ("Commission") allow it to modify the schedule and plans for the fourth and final phase of its TOU Plan, primarily the TOU-3 Program, from November 30, 2012, to reflect the date that Duquesne files its next default service plan, which will become effective on June 1, 2015. Duquesne also requested Commission approval to revise its data reporting requirements for the final phase of said TOU Plan as well as its other filing requirements to be consistent with the new schedule. For the reasons expressed below, we shall grant Duquesne’s petition.

**BACKGROUND:**

On August 14, 2009, Duquesne Light filed its Initial Smart Meter Plan with the Commission.[[1]](#footnote-1) In its Initial Smart Meter Plan, Duquesne, among other things (1) provided a description of its current metering system, (2) explained how it would address customer requests for smart meters and installation of smart meters in new construction during the grace period, (3) explained its network development and installation plan within the 30 month grace period, (4) proposed a milestone and status reporting schedule during the grace period, (5) proposed a cost recovery mechanism for recovering smart meter costs, and (6) proposed a 5-year smart meter deployment schedule, which Duquesne explained was subject to change.

On May 11, 2010, the Commission entered an Order approving Duquesne Light's Initial Smart Meter Plan, with certain modifications. *Petition of Duquesne Light Company for Approval of Smart Meter Technology Procurement and Installation Plan*,Opinion and Order,at Docket No. M-2009-2123948 (“*1nitial Smart Meter Order*”)*.* In summary, the Commission approved DuquesneLight's proposal to recover its smart meter costs through a reconcilable cost recoverymechanism, and set forth the details of how this mechanism would work. The Commission alsoapproved Duquesne's milestone and status reporting schedule during the grace period. Inaddition, the Commission approved the Duquesne's proposed smart meter implementationschedule, which Duquesne explained was subject to change. Duquesne made several smart meter milestone filings in Compliance with theCommission's *Initial Smart Meter Order.*

On June 20, 2012, Duquesne Light filed its Final Smart Meter Plan.[[2]](#footnote-2) Of note, in the Final Smart Meter Plan, Duquesne explained that it had further evaluated smart meter deployment issues and proposed to deploy smart meters to all customers over a 7-year period as opposed to the 5-year period proposed in the Initial Smart Meter Plan. Under this revised schedule, Duquesne would utilize a two-year ramp up period followed by full deployment over the next five years. Duquesne projects to have 2,000 smart meters installed by June 2014 and hopes to have 35,000 smart meters installed by June 2015. The ramp up period would be followed with full smart meter deployment beginning in late 2015. Duquesne anticipates that it will complete the full deployment of its smart meters by the end of 2020. In an opinion and order adopted on April 4, 2013, the Commission approved Duquesne’s final smart meter plan to include the smart meter deployment schedule described above.[[3]](#footnote-3)

Duquesne filed its TOU Plan on December 28, 2009. The original TOU Plan involved four phases over the 2011-2013 periods to implement TOU programs. The four phases are as follows:

(1) Conduct market analysis in 2010 and obtain PUC approval for the proposed pilot projects and schedule described herein as part of this Petition;

(2) Establish base line consumption and demand data during 2011 for two residential pilot programs (TOU-1 and TOU-2) and continue and expand customer research and enroll participants';[[4]](#footnote-4)

(3) Implement two TOU-1 and TOU-2 residential pilot programs in 2012 and

evaluate customer response;[[5]](#footnote-5) and

(4) Implement a more robust TOU program for smart meter customers beginning with smart meter rollout in 2013 (TOU-3 Program).

The purpose of the different phases was to use the results of the early pilot programs to establish a fully developed TOU program to be applicable to customers upon the broader deployment of smart meters.

The TOU Plan was approved by the Commission on June 16, 2010. *Petition of Duquesne Light Company for Approval of a Time-of-Use Plan*,Opinion and Order at Docket No. P-2009-2149807,entered June 23, 2010. The Commission set forth a filing schedule in theOrder with respect to the different phases and emphasized that Duquesne could requestmodifications to the schedule if information could not be provided by the dates indicated.[[6]](#footnote-6)

Under the TOU Plan, as approved by the Commission, Duquesne was required to make a filing with the Commission on November 30, 2012, regarding its TOU-3 Program, including:

- A description and design of its TOU-3 Program, including supporting research and market data;

- Proposed customer availability for TOU-3;

- Proposed rate design for TOU-3;

- Proposed tariffs incorporating TOU-3;

- Proposed customer educational materials relating to TOU-3;

- Summary of the results of all three of its TOU programs, TOU- 1, TOU-2, and TOU-3;

- Description and design of its full TOU program, including proposed TOU rates available to all customers with smart meters, along with all supporting research and market data;

- Proposed tariffs incorporating all applicable TOU rates; and

- Proposed customer educational materials relating to its full TOU program.

On November 30, 2013, Duquesne filed the instant Petition. No comments or answers were filed and no hearings were held. The Matter is now ripe for decision.

**REOUEST FOR MODIFICATION TO TOU-3 PROGRAM:**

As explained above, Duquesne initially proposed to implement its TOU-3 Program to coincide with the onset of the large scale deployment of smart meters in 2013.

However, under Duquesne's approved Final Smart Meter Plan, the broader implementation of smart meters has been delayed until 2015 to allow for a ramp-up period to minimize the risk of unforeseen technology glitches that could have a negative impact on customers.

Duquesne maintains that due to the delay in full scale deployment of smart meters, it is reasonable and necessary to delay the TOU-3 Program. As a result, very few of Duquesne’s customers will have smart meters installed at the end of 2015. Duquesne avers that if it implemented its TOU-3 Program at this time, it would be of very limited value due to the extremely limited number of customers, if any, that will have smart meters in 2013 and the limited ability of Duquesne to make hourly readings now and in 2014. As such, Duquesne requests Commission approval to submit plans for its TOU-3 Program as part of its next default service filing, which will become effective on June 1, 2015. Duquesne claims that this revised schedule will better align the timing of the TOU-3 Program with the onset of broader, full deployment of smart meters.

Furthermore, in Duquesne’s current default service preceding for the period of June 1, 2013-May 31, 2015*,* it has explained that it will attempt to bid out TOU supply to EGSs, but stated that there will be limited opportunity for TOU rates since few smart meters will be installed. Combining the TOU-3 Program with Duquesne's next default service plan filing (effective June 1, 2015) will allow Duquesne to coordinate TOU-3 Program supply requirements with its other default supply requirements.

Duquesne also requests that the Commission delay the filing requirements currently scheduled for November 30, 2013. This is necessary as there will be no data to report on November 30, 2013, if the TOU-3 Program is delayed. Duquesne proposes that the next TOU report be submitted by November 30, 2016.[[7]](#footnote-7) That report will address the results of TOU rates that would be in effect in 2015 and 2016.

The Commission notes that the TOU Plan proposed supplemental filings as Duquesne transitions to full smart meter deployment, at which time parties will have the opportunity to comment on these filings as results are submitted and programs are implemented. Once full smart meter deployment begins in 2015, and TOU and other pricing products are evaluated and designed, Duquesne is proposing to submit annual reports to the Commission as required by Section 2807(f)(5), 66 Pa. C.S. § 2807(f)(5).

Duquesne believes that this modification to its TOU-3 Program schedule and filing requirements is reasonable based on its smart meter deployment schedule, and for the other reasons described above.

**CONCLUSION:**

Upon our review of Duquesne’s petition to modify its TOU schedule and reporting requirements, we find that the proposed revisions contained therein are in compliance with the Public Utility Code and the Commission’s prior orders as it appropriately aligns Duquesne’s TOU plan with its approved smart meter deployment plan. We agree with Duquesne that the proposed request appears to be favorable in terms of minimizing the risk of unforeseen technology glitches and negative customer impacts. Accordingly, we will grant the instant petition; **THEREFORE,**

**IT IS ORDERED:**

1. That Duquesne Light Company’s petition for approval to modify its Time-of-Use Plan, to delay implementation until June 1, 2015, is hereby granted.

2. That Duquesne Light Company’s requests to delay the TOU-3 program reporting requirements, and other filing requirements scheduled for November 30, 2013, until November 16, 2016, is hereby granted.

3. That the proceeding at Docket Number: P-2009-2149807 be closed.

 **BY THE COMMISSION,**

Rosemary Chiavetta

Secretary

(SEAL)

ORDER ADOPTED: August 15, 2013

ORDER ENTERED: August 15, 2013

1. *See Petition of Duquesne Light Company for approval of its smart meter technology procurement and installation plan*, at Docket No. M-2009-2123948. [↑](#footnote-ref-1)
2. *See Petition of Duquesne Light Company for Approval of its final smart meter procurement and installation plan* at Docket No. M-2009-2133948. [↑](#footnote-ref-2)
3. *See Petition of Duquesne Light Company for Approval of its final smart meter procurement and installation plan*, Opinion and Order at Docket No. M-2009-2123949, entered May 6, 2013. [↑](#footnote-ref-3)
4. The Company submitted its first TOU Plan Progress Report at Docket No. M-2009-2149807 on November 30, 2011, describing the results the first two phases of the TOU Plan. [↑](#footnote-ref-4)
5. The first three phases of the TOU Plan have been completed. The second TOU Plan Progress Report was submitted on November 30, 2012, at Docket No. P-2009-2149807 and described the results of the third phase of the TOU Plan. [↑](#footnote-ref-5)
6. On August 2, 2011, the Company filed a petition to modify the supplemental filing schedule set forth in the Order from September 30th to November 30th which was granted by the Commission in a Secretarial Letter issued on September 27, 2011, at Docket No. P-2009-2149807. [↑](#footnote-ref-6)
7. In the TOU Plan Progress report submitted on November 30, 2012 at Docket No. P-2009-2149807, Duquesne discusses the effectiveness of TOU rates during the months of June through September at pages 1 and 2. [↑](#footnote-ref-7)