

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Duquesne Light Company for
Approval of its Energy Efficiency and
Conservation Phase IV Plan** :
: **Docket Nos.**
: **M-2020-**
: **P-2020-**

**PETITION OF DUQUESNE LIGHT COMPANY
FOR APPROVAL OF ITS PHASE IV ENERGY EFFICIENCY & CONSERVATION
PLAN**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Act 129 of 2008 (“Act 129”), P.L. 1592, 66 Pa.C.S. §§ 2806.1 and 2806.2, Duquesne Light Company (“Duquesne” or the “Company”), and the Implementation Order issued by the Pennsylvania Public Utility Commission (“Commission”) on June 18, 2020¹, Duquesne Light hereby Petitions the Commission for approval of its attached Phase IV Energy Efficiency and Conservation Plan (“Phase IV EE&C Plan” or “Phase IV Plan”). For the reasons set forth below, Duquesne respectfully requests that the Commission approve its Phase IV Plan, as described herein and in the appended attachments, by March 30, 2021.

I. INTRODUCTION

1. Duquesne Light is a public utility as the term is defined under Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, certificated by the Commission to provide electric service in the City of Pittsburgh and in Allegheny and Beaver Counties in Pennsylvania. Duquesne Light is also an electric distribution company (“EDC”) and a default service provider as those terms are defined

¹ *Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228, (Implementation Order entered on June 18, 2020) (“*Phase IV Implementation Order*”).

under Section 2803 of the Public Utility Code. 66 Pa.C.S. § 2803. Duquesne Light provides electric distribution service to approximately 600,000 customers.

2. Duquesne Light’s attorneys are:

Michael Zimmerman, Esq.
Senior Counsel, Regulatory
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219
Phone: 412-393-6268
Email: mzimmerman@duqlight.com

Michael A. Gruin, Esq.
Stevens & Lee, P.C.
17 North Second Street, 16th Floor
Harrisburg, PA 17101
Phone: 717-255-7365
Fax: 610-988-0852
Email: mag@stevenslee.com

Timothy K. McHugh, Esq.
Stevens & Lee, P.C.
17 North Second Street, 16th Floor,
Harrisburg, PA 17101
Phone: 717-255-7366
Fax: 610-236-4177
Email: tkm@stevenslee.com

Duquesne Light’s attorneys are authorized to receive all notices and communications regarding this proceeding.

3. Enclosed with this Petition are:

- (a) Duquesne Light’s proposed Phase IV EE&C Plan to become effective June 1, 2021;
- (b) Direct Testimony of David Defide explaining the methodology employed to analyze, develop, and implement the Company’s Phase IV plan; and
- (c) Direct Testimony of David Ogden detailing the Company’s proposed cost recovery mechanism.

The Company has included a Conservation Service Provider (“CSP”) contract for Evaluation, Measurement & Verification (“EM&V”) as Confidential Section 13 to the Plan.

4. Act 129, which became effective on October 15, 2008, created, *inter alia*, an energy efficiency and conservation (“EE&C”) program, codified in the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 2806.1, 2806.2. This program required each EDC with at least 100,000 customers

to adopt and implement a Commission-approved EE&C Plan. EE&C Plans are programs designed to achieve the Act 129 conservation and peak load reduction requirements, by specified dates, within the specified cost cap.

5. During the Phase I EE&C Plans, EDCs were required to achieve consumption reductions of at least one percent (1%) by May 31, 2011, and at least three percent (3%) by May 31, 2013. Additionally, EDCs were required to achieve a four and one-half (4.5%) percent peak demand reduction of the one hundred (100) highest hours by May 31, 2013 measured against the EDC's peak demand during the period of June 1, 2007 through May 31, 2008. 66 Pa.C.S. § 2806.1(c) and (d). By November 30, 2013, and every five years thereafter, the Commission was to assess the cost-effectiveness of the EE&C Program and set additional incremental reductions in electric consumption if the EE&C Program's benefits exceed its costs.

6. On June 30, 2009, Duquesne Light filed its Energy Efficiency Conservation and Demand Response Phase I plan ("EE&C Phase I Plan"). Duquesne Light's EE&C Phase I plan was approved by the Commission on October 27, 2009, with certain modifications. *Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation and Demand Response Plan*, Docket No. M-2009-2093217 (Order Entered October 27, 2009). The EE&C Phase I Plan was further revised by *Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation Plan*, Docket No. M-2009-2093217 (Order entered January 28, 2011).

7. Act 129 required the Commission to evaluate the cost and benefits of the EE&C plans by November 30, 2013, and implement additional incremental consumption and peak demand reductions only if the benefits of the EE&C plans exceed the costs. 66 Pa.C.S. §§ 2806.1(0)(3).

8. By Order entered on August 3, 2012, the Commission adopted its Energy Efficiency and Conservation Phase II Implementation Order (“*Phase II Order*”), after holding a stakeholder meeting and gathering input and comments from interested stakeholders. Pursuant to the Commission’s *Phase II Order*, Duquesne Light was required to achieve a 2.0% energy consumption target, or 276,722 MWhs, over a three year period spanning June 1, 2013 through May 31, 2016. *Phase II Order* at 24. The Commission further established June 1, 2009 through May 31, 2010 as the baseline from which to measure savings.

9. Consistent with the requirements set forth in the Act 129 and the Commission’s *Phase II Order*, Duquesne filed its Phase II EE&C Plan on November 15, 2012, and filed a revised Phase II EE&C Plan on February 7, 2013. Duquesne Light’s EE&C Phase II plan was approved by the Commission on October March 14, 2013, with certain modifications. *Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation Phase II Plan*, Docket No. M-2012-2334399 (Order Entered March 13, 2013).

10. Following Phase II, the Statewide Evaluator (“SWE”) submitted the final versions of its Demand Response (“DR”) Potential Study and Energy Efficiency (“EE”) Potential Study to the Commission on February 25, 2015.² The results of these Studies were presented to stakeholders during a stakeholder meeting on April 8, 2015.

11. After issuing a Tentative Order and receiving Comments and Reply Comments from a number of interested parties, the Commission issued its Energy Efficiency and Conservation Phase III Implementation Order (“*Phase III Implementation Order*”) on June 19, 2015. For

² The DR Potential Study analyzed the cost effectiveness of the legislative peak demand reduction requirements and of potential improvements to the peak demand reduction program. The EE Potential Study analyzed the cost effective consumption reduction potential in the Commonwealth.

Duquesne Light, the *Phase III Implementation Order* adopted a consumption reduction for the five-year Phase III period of 440,916 MWh, and a demand reduction target of 42 MW.

12. Consistent with the requirements set forth in Act 129 and the Commission's *Phase III Implementation Order*, Duquesne filed its Phase III EE&C Plan on November 25, 2015, and filed a revised Phase III EE&C Plan on February 9, 2016. Duquesne Light's Phase III Plan was approved by the Commission on March 10, 2016, with certain modifications. See, *Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation Phase III Plan*, Docket No M-2015-2515375 (Order Entered March 10, 2016).

13. After issuing a Tentative Order and receiving Comments and Reply Comments from a number of interested parties, the Commission issued its Energy Efficiency and Conservation Phase IV Implementation Order ("*Phase IV Implementation Order*")³ on June 18, 2020. For Duquesne Light, the *Phase IV Implementation Order* adopted a consumption reduction for the five-year Phase IV period of 348,126 MWh, and a demand reduction target of 62 MW.

14. Consistent with requirements set forth in Act 129 and the Commission's *Phase IV Implementation Order*, Duquesne Light's Phase IV Plan (a) includes measures to achieve or exceed the required reductions and states the manner in which the consumption reductions will be achieved or exceeded; (b) complies with the designated expenditure cap of 2% of 2006 Annual Revenues over the five-year plan; (c) achieves a total cumulative energy reduction of at least 348,126 MWh by May 31, 2026, with at least 15% of the savings compliance target being achieved in each of the five program years; (d) achieves a minimum of 5.3% of the total required reductions from the low-income customer sector by May 31, 2026; (e) includes a proportionate number of energy efficiency measures for low income households as compared to those households' share of

³ *Energy Efficiency and Conservation Program*, Docket No. M-2020-3015228 , (Order entered on June 18, 2020)

the total energy usage in the service territory; (f) offers at least one comprehensive program for residential customers and at least one comprehensive program for non-residential customers; (g) achieves peak demand reductions of at least 62 MW; (h) includes a contract with at least one conservation service provider; (i) includes an analysis of administrative costs of the plan; (j) includes a reconcilable adjustment clause tariff mechanism in accordance with 66 Pa.C.S. § 1307; and (k) demonstrates that the Phase IV Plan is cost-effective based on the Commission's Total Resource Cost Test ("TRC").

II. DUQUESNE LIGHT COMPANY'S PROPOSED PHASE IV EE&C PLAN

A. OVERVIEW OF THE PHASE IV EE&C PLAN

15. Duquesne's Phase IV EE&C Plan is attached hereto and marked as "Exhibit 1". Duquesne's Phase IV Plan, as more fully described below, is designed to meet the Company's Phase IV consumption reduction and demand reduction targets, and to comply with the other requirements set forth in the Commission's *Phase IV Implementation Order*. The Phase IV Plan includes a range of energy efficiency programs for residential, commercial and industrial customers. These programs are the key components of a comprehensive electric energy efficiency initiative designed to achieve the required 348,126 MWh of reduced energy consumption and the required demand reduction of 62 MW.

16. The proposed Phase IV Plan follows the template provided in the September 9, 2020 Secretarial Letter at Docket No. M-2020-3015228.

17. The Company's EE&C Phase IV Plan includes programs that reduce consumption for each customer class. The chart below details the Company's proposed programs and expected consumption reductions:

Residential Programs	Savings	Savings
	kWh	kW
Appliance Recycling	8,447,770	1,210
Downstream Incentives	23,698,780	2,595
Midstream Incentives	596,319	127
Upstream Incentives	13,605,083	1,426
Low Income Energy Efficiency	21,386,149	2,494
Residential Behavioral Energy Efficiency	49,700,000	6,740
Low Income Behavioral Efficiency	7,500,000	1,017
Total	124,934,102	15,609

Small C&I	Savings	Savings
	kWh	kW
Small Business Direct Install	23,133,399	4,475
Small Business Solutions	50,212,478	8,590
Small Business Midstream Solutions	27,491,056	6,756
Small Business Virtual Commissioning	6,053,739	2,228
Total	106,890,672	22,049

Large Commercial	Savings	Savings
	kWh	kW
Large Business Solutions	83,696,145	15,377
Large Business Midstream Solutions	17,300,344	4,783
Large Business Virtual Commissioning	2,756,458	1,014
Total	103,752,946	21,174

Large Industrial	Savings	Savings
	kWh	kW
Large Business Solutions	38,846,312	7,137
Large Business Midstream Solutions	8,029,695	2,220
Large Business Virtual Commissioning	1,279,369	471
Total	48,155,376	9,828

Grand Total	383,733,096	68,660
--------------------	--------------------	---------------

These programs are further detailed in Section 3 — Program Descriptions in the Company’s proposed Phase IV EE&C Plan.

18. Duquesne Light's Phase IV EE&C Plan includes a total of twelve programs: five programs targeting the residential sector; four programs targeting the small/medium commercial and industrial sector; and three programs targeting the large commercial/industrial sectors.

B. PROCESS TO DEVELOP PHASE IV EE&C PLAN

19. The Company's EE&C Phase IV Plan development was primarily guided by its initial benchmarking study completed and provided in Phase I; experiences with Phase I, Phase II, and Phase III programs and measures, stakeholder input; and best practices in energy efficiency. The Company also partnered with implementation providers to leverage industry expertise and streamline the transition from Phase III. The EE&C Plan forecast measure detail is directly linked to CSP responses to competitive solicitations, issued by Duquesne Light, for the design and implementation of the programs presented in this Plan. Accordingly, the measure mix was taken from proposals selected based on CSP expertise and innovation. The Plan measure content was reconciled with content of the 2021 Technical Reference Manual ("TRM") and information provided in the SWE saturation studies and potential forecast ("2021 Statewide EE Potential Study"). Measure deemed savings were updated consistent with the 2021 TRM. Measure costs were documented using the SWE incremental costs database, contractor values, EDC research and specific measure cost web research. Incentive amounts were established starting with baseline assumptions applied in the 2021 Statewide EE Potential Study. These were adjusted based upon historic incentives provided by Duquesne Light, the other six Pennsylvania EDCs, escalated for the Phase IV performance period and adjusted as required to achieve budgetary requirements. Avoided cost assumptions were updated consistent with the TRC Test Order⁴ and applied to render

⁴ 2021 TRC Test Final Order, Docket No. M-2019-3006868 (entered December 19, 2019).

measure, program, portfolio and Plan level cost-effectiveness as expressed by the TRC ratio. Programs were defined based upon delivery channels within each customer sector. Duquesne Light worked with CSPs to establish program definitions. Residential sector programs retain the successful downstream and upstream rebate offerings. The Commercial and Industrial portfolios retain proven customer market segment engagement channels. The Small Commercial Direct-Install Program and Multifamily Housing Retrofit Program were both successful in Phase III and are continued in Phase IV. Such programs demonstrate Duquesne Light's commitment to providing comprehensive measures to under-served market segments.

20. Program goal allocation and associated program budgets were designed based upon SWE Energy Efficiency Potential Study⁵ and adjusted to accommodate the *Phase IV Implementation Order*, which required segment carve-outs for the low income segment and specified program comprehensiveness requirements. Goal allocation for the remaining customer segments was based on segment energy use, as well as requirements to achieve mandated reductions at authorized budgets.

21. The Company conducted an extensive review of Phase I, Phase II. Phase III program and measure performance. Current EE&C Phase III programs were reviewed for cost effectiveness, energy savings, customer participation and interest. Based on the review, particular measures were selected for each customer segment. The savings expected from the programs selected were updated to reflect changes contained in the 2021 TRM.

22. The Company also considered input received from stakeholders. During the planning process, individual stakeholder meetings were held to discuss Duquesne Light's program plans for Phase IV. Participants included and invitations were extended to regulatory parties such as Office

⁵ *Pennsylvania Act 129 Phase IV Energy Efficiency and Peak Demand Reduction Market Potential Study* – Dated February 28, 2020. Released via Secretarial Letter on March 2, 2020 at Docket No. M-2020-3015229.

of Consumer Advocate, Office of Small Business Advocate, Duquesne Industrial Intervenors, Duquesne Light's Income Eligible Advisory Group ("IEAG"), lighting vendors, Conservation Service Providers, EM&V contractor, gas distribution companies, Keystone Energy Efficiency Alliance ("KEEA"), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE- PA").

23. Finally, the Company cross-referenced the information gathered against the requirements detailed in the Phase IV *Implementation Order*. The Company added new programs and modified existing programs to ensure compliance with the EE&C Phase IV Plan requirements.

24. Further, the Company applied the lessons learned about what worked effectively during the Company's Phase I, Phase II, and Phase III EE&C Plans. The Company then made decisions to include or exclude particular EE&C programs/measures within its Phase IV EE&C Plan to cost effectively achieve its Phase IV required consumption and demand reductions.

C. DESCRIPTION OF PHASE IV EE&C PLAN

25. Duquesne designed its Phase IV Plan to deliver cost effective programs that will meet customers' needs, fulfill the Company's Phase IV Plan objectives, and achieve the results required by Act 129 and the Commission's *Phase IV Implementation Order*.

26. The proposed Phase IV Plan, as noted above, consists of 12 programs. Generally, the Phase IV Plan is designed to educate customers about energy efficiency and conservation and lower customer energy consumption. The Phase IV Plan is largely composed of home energy audits, building retrofits, lighting programs, appliance recycling and rebates program that have been customized to meet the needs of specific customer segments within Duquesne Light's service territory. The programs are organized to facilitate participation by three broad customer sectors: residential, commercial and industrial customers.

27. Below is a summary of the proposed Phase IV programs and a brief description of the implementation of these programs over the five year Phase IV plan period:

- Residential Sector: Duquesne Light has developed five programs targeting the residential sector: A rebate program for household appliances (with downstream, midstream, and upstream components); a residential appliance recycling program; a residential home energy use report program, a low-income residential home energy use report program, and a low-income energy efficiency program.
- Small Commercial/Industrial Sector: Duquesne Light has developed four programs targeting the small commercial/industrial sector: the Small Business Direct Install Program; the Small Business Solutions Program; the Small Midstream Program; and the Small Virtual Commissioning Program.
- Large Commercial/Industrial Sector: Duquesne Light has developed three programs targeting the large commercial/industrial sectors: the Large Business Solutions Program; the Large Midstream Program; and the Large Virtual Commissioning Program.

All of the Company's programs are voluntary and, subject to the budget limitations for each program, customers can elect to participate in any program for which they are eligible.

28. A full description of each of the 12 programs is set forth in Section 3 of the Phase IV EE&C Plan. In compliance with the Secretarial Letter dated September 9, 2020 at Docket No. M-2020-3015228, Duquesne has differentiated its programs according to the customer classes defined in the EE&C Plan template. Duquesne Light has defined its customer sectors consistent with its existing retail tariff. However, where programs offer customer benefits across multiple classes, and where similar implementation, marketing, and administrative strategies may be utilized to capture functional efficiencies, those programs will be offered to all appropriate customer classes. Regardless, Duquesne will document, track and report on its program results and progress by the customer classes identified in its Phase IV Plan.

29. In its *Phase IV Implementation Order*, the Commission directed that Duquesne Light obtain a minimum of 5.3% of its total required consumption reduction from low-income customers by May 31, 2026.⁶ *Phase IV Implementation Order* at 35. Reductions counted towards the 5.3% target may only come from specific low-income programs or low-income verified participants in multifamily housing programs.

30. Duquesne's Phase IV Plan includes a proportionate number of energy efficiency measures for low income households as compared to those households' share of the total energy usage in the service territory. The Company Phase IV EE&C Plan includes 329 measures, of which 30 are measures for the low-income sector, thereby providing this sector with a proportion of measures in excess of their share of the Company's total load. See, Phase IV EE&C Plan Section 3.2.2.

31. To achieve the required 5.3% low income consumption carve out target, the Company is required to achieve a reduction of 18,566 MWhs from the low-income section. The Company's Phase IV Plan proposes to implement low income energy efficiency measures to achieve a reduction of 18,566,000 kWhs, which equals 5.3% of the overall Phase IV reduction.

32. Duquesne Light is also proposing a means to participate in the PJM Base Residual Auction in its Phase IV EE&C Plan.

33. Duquesne Light plans to offer a portion of the peak demand reductions from its Phase IV Plan into PJM's Forward Capacity Market from the portfolio of programs and measures that are eligible for PJM as provided in PJM Manuals 18 and 18B or their successors. Duquesne Light intends to nominate Energy Efficiency Resource demand reductions beginning with PJM's Base Residual Auction (BRA) for delivery year 2025/2026, which expected to occur in early 2023.

⁶ Table 11 in the *Phase IV Implementation Order* shows Duquesne Light's 2021-2026 Potential Savings as 348, 126 MWh, and Low-Income Savings Target of 18,566 MWh. $18,566/348,126 = .0533$.

Duquesne Light intends to create a single Energy Efficiency Resource modeled in PJM's Capacity Exchange system representing commercial (office, retail or healthcare) interior lighting with the intent of employing partially measured retrofit isolation and/or stipulated measurement and verification. Additional Energy Efficiency Resources will be considered and modeled using PJM's Capacity Exchange system depending upon actual program activity and need to add isolated retrofit, whole facility regression or calibrated simulation measured EE Resources for differing types of measure end-uses.

34. The Company's Phase IV Plan complies with the *Phase IV Implementation Order's* requirement that at least 50% of Plan spending, at the Plan level, must come from incentives.

35. The Company's Phase IV Plan will be competitively neutral to all distribution customers even if they are receiving supply from an EGS. The Plan does not discriminate on the basis of generation supply nor does it provide additional opportunities based on the specifics of a customer's generation supply.

36. Duquesne Light's EE&C Phase IV Plan is cost effective as defined by the TRC test. The TRC Test was initially adopted by the Commission at Docket No M-2009-2108601 on June 23, 2009. The TRC test was modified at the same docket on August 2, 2011, and further modified by the Commission by Order entered August 30, 2012 in Docket Nos. M-2012-2300653 and M-2009-2108601. The TRC test was again modified by the Commission's Order entered on June 11, 2015 in Docket No. M-2015-2468992. The most recent modification to the TRC test was by the Commission's Order entered on December 19, 2019 in Docket No. M-2019-3006868.

37. Duquesne Light measured the cost effectiveness of its EE&C Phase IV Plan based on all of the applicable provisions of all of these TRC Test Orders. The results of the TRC are expressed as the net present value and benefit/cost ("B/C") ratio. Consistent with the

aforementioned TRC Test Orders, a B/C ratio greater than one indicates that the program is beneficial to the utility and its ratepayers on a total resource cost basis. Duquesne Light's proposed EE&C Phase IV Plan overall B/C score is 1.31. Accordingly, the Plan is cost effective as a whole. The cost effectiveness of each program measure is discussed in Section 8 of the Phase IV EE&C Plan.

D. COST RECOVERY AND FUNDING

38. Section 2806.1(g) of Act 129 requires that the total cost of any EE&C Plan cannot exceed two percent (2%) of the EDC's total annual revenues as of December 31, 2006. Duquesne Light's Phase IV annualized spending cap is \$19,545,951.58, and the total five year program spending cap is \$97,739,968. The Company's EE&C Phase IV Plan has a budget cap of \$97,729,760, which is consistent with the spending cap established by Act 129, inclusive of EGS revenue. Phase IV EE&C Plan Section 7.1. The projected costs include incentives, program administration and portfolio administration costs, exclusive of the Company's share of costs for the Statewide Evaluator.

39. The Company's total cost to implement its Phase IV Plan will include the costs incurred to develop its EE&C Plan. See, Phase IV EE&C Plan Sections 1.8, 7.2. In the *Phase IV Implementation Order*, the Commission found that EDCs should be permitted to recover the incremental cost incurred to design, create, and obtain Commission approval of a plan. *Phase IV Implementation Order* at 122.

40. Included with the Direct Testimony of David Ogden is the proposed pro forma tariff supplement for the Energy Efficiency and Conservation ("EEC") Surcharge, which is designed to fully recover all applicable EE&C-related costs. The EEC Surcharge is fully reconcilable and will

be applied on a non-bypassable basis to customers who receive distribution service from the Company.

41. The Commission's *Phase IV Implementation Order* directed each EDC to develop a Phase IV reconcilable adjustment clause tariff mechanism in accordance with 66 Pa.C.S. § 1307 and include this mechanism in its Phase IV Plan. *Phase IV Order* at 141-143.

42. The *Phase IV Implementation Order* adopted a plan whereby Phase III and Phase IV surcharges will be combined into a single surcharge and tariff. Beginning on June 1, 2021, each EDC must reconcile its total actual recoverable EE&C Plan expenditures incurred through March 31, 2021, with its actual EE&C Plan revenues received through March 31, 2020. Furthermore, each EDC should include, as part of the calculation of the Phase IV rates to become effective June 1, 2021, as clearly identified separate line items, projections of the expenses to finalize any measures installed and commercially operable on or before May 31, 2021; expenses to finalize any contracts; and other Phase III administrative obligations. The Phase III rate that became effective June 1, 2020 will remain effective through May 31, 2021. The revenues and expenses of the remaining two months of Phase III (i.e., April 2021 and May 2021); expenses to finalize any measures installed and commercially operable on or before May 31, 2021; expenses to finalize any contracts; and other Phase III administrative obligations should be included, as clearly identified separate line items, in the reconciliation for the period April 1, 2021 through March 31, 2022. The calculation of the annual surcharge must be set forth by each EDC in a supplement or supplements to the EDC's tariff to become effective June 1, 2021, be accompanied by a full and clear explanation as to their operation and applicability to each customer class. An EDC will not be permitted to recover, in the automatic adjustment clause, any EE&C Plan-related costs that have

been claimed and permitted recovery in base rates. In accordance with the *Phase IV Implementation Order*, no interest will be charged on over or under recoveries.

43. In compliance with the Phase IV Implementation Order, the Company will combine the Phase III and Phase IV surcharges into a single surcharge and tariff. The Company is proposing to revise the Phase III Rider No. 15a, “Energy Efficiency and Conservation,” to its tariff. The tariff sets forth the monthly surcharge rates by customer class to recover the program budgets. Since the proposed cost recovery method is different for residential, small/medium C&I and large C&I customer classes, a formula and description of the formula is defined for each customer class surcharge. Four surcharges are defined to recover costs as reasonably close as possible for each customer class and segment within the class, i.e., commercial or industrial customers. The formulas are in accordance with the provisions of a Section 1307 cost recovery surcharge and include reconciliation of over or under collections. The Company will not impose any interest on over or under collections, per the *Phase IV Implementation Order*.

44. The Company will utilize four surcharges to recover costs as close as reasonably possible to the customer class receiving the benefit. The costs are first defined for the three specific customer classes – residential, commercial and industrial. Commercial and Industrial (“C&I”) customers were separated into small and medium C&I, large commercial, and large industrial customer segments because of the diversity in the size of C&I customers in the Company’s service territory and to allow for more reasonable cost recovery. Small and medium C&I customers are those customers with monthly metered billing demand less than 300 kW. Large C&I customers are those customers with monthly billing metered demand 300 kW or more. This segmentation of customers is appropriate because it aligns programs and program costs with the current tariffed rates for distribution service. C&I program costs were then assigned for recovery first based on

program description (e.g. Large Commercial). Duquesne Light adopted the use of the Peak Load Contribution demand measure in the application of its cost recovery mechanism for Large C&I customers. The tariff modification for the Phase I Plan was filed with the Commission on November 9, 2009 and was approved by a Secretarial Letter issued on November 24, 2009, at Docket No. M-2009-2093217. The Commission proposed a modification to the Large Commercial Surcharge and the Large Industrial Surcharge in an Opinion and Order dated February 2, 2010, at Docket No. M-2009-2093217. As a result of this modification, Duquesne Light implemented the rate design using a fixed customer charge to recover the administrative costs and a demand charge, using Peak Load Contribution, to recover the incentive costs for Large Commercial and Large Industrial customers. Duquesne filed a revised tariff supplement on February 22, 2010 which became effective April 1, 2010. The fixed customer charge component of the surcharge and the demand charge component of the surcharge are set forth as two separate line item charges on the customer bill. Duquesne Light used this same surcharge structure in Phases II and III and will continue this same surcharge structure in Phase IV. As explained in the Direct Testimony of David Ogden, the Company implemented the combined Small & Medium Commercial and Industrial Phase III EEC Surcharge on June 1, 2020, and its Phase IV Plan proposed to continue this same Surcharge structure.

E. PLAN MODIFICATIONS

45. The Company will file semi-annual reports detailing incremental consumption reductions and expenditures and monitor the Plan to identify the most effective programs. As the success of the Company's EE&C Phase IV Plan depends in part on circumstances beyond the Company's control, Duquesne anticipates that it may make minor modification to its plan in order

to achieve the targets established by the Commission as needed. Modifications to the Plan will be filed with the Commission as required.

III. THE PROPOSED PHASE IV EE&C PLAN IS IN THE PUBLIC INTEREST

46. Duquesne Light believes that its proposed Phase IV EE&C Plan is in the public interest and in compliance with the requirements of Act 129 and all of the Commission's applicable Act 129 Orders. The Phase IV EE&C Plan includes a broad range of cost effective energy efficiency programs that are targeted to all of the Company's customer segments. The Company has developed these programs in order to achieve energy consumption reductions required by Act 129 and the Commission's *Phase IV Implementation Order* and within the cost cap established by Act 129. Duquesne Light's Phase IV EE&C Plan provides a structure by which the Company's residential, low-income, and commercial and industrial customers have the opportunity to achieve energy efficiency savings. The Phase IV EE&C Plan also includes energy consumption and demand reductions established by the Commission to develop its energy efficiency and conservation plan, which will achieve the required reductions, in a cost effective manner. In addition, the Company's Phase IV Plan details its strategy to marketing and education its customers about the various programs available as well as details how customer care and quality assurance, program tracking, evaluation, monitoring, and verification will be achieved.

WHEREFORE, Duquesne Light Company respectfully requests that the Pennsylvania Public Utility Commission approve the Phase IV Energy Efficiency and Conservation Plan, without modification, as set forth in this petition and the attachments hereto. Duquesne Light also requests that the Commission enters its final order approving the Phase IV Energy Efficiency and Conservation Plan on or before March 30, 2021.

Respectfully submitted,



Michael A. Gruin, Esq.
PA. I.D. No. 78625
Stevens & Lee, P.C..
17 North Second Street, 16th Floor
Harrisburg, PA 17101
Phone: 717-255-7365
Fax: 610-988-0852
Email: mag@stevenslee.com

Timothy K McHugh, Esq.
PA I.D. No. 317906
Stevens & Lee, P.C..
17 North Second Street, 16th Floor
Harrisburg, PA 17101
Phone: 717-255-7366
Fax: 610-236-4177
Email: tkm@stevenslee.com

Michael Zimmerman, Esq.
PA I.D. No. 323715
General Counsel, Regulatory
Duquesne Light Company
411 Seventh Avenue
Pittsburgh, PA 15219
Phone: 412-393-6268
Email: mzimmerman@duqlight.com

Attorneys for Duquesne Light Company

Dated: November 30, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of its Energy Efficiency and : **Docket No. M-2020-_____**
Conservation Phase IV Plan :

VERIFICATION

I, David Defide, being the Senior Manager of Customer Programs of Duquesne Light Company (“Duquesne Light”) hereby state that the testimony set forth in the foregoing Petition is true and correct to the best of my knowledge, information and belief. I further state that the information set forth in the Duquesne Light Energy Efficiency and Conservation Program Phase IV Plan is true and correct to the best of my knowledge, information and belief.

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 Defide

Date: November 30, 2020