



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

May 2, 2018

Via E-Filing

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

Re: Pennsylvania Public Utility Commission v.
Duquesne Light Company – Base Rates
Docket No. R-2018-3000124

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E) **Prehearing Memorandum** in the above-captioned proceeding.

Copies are being served on parties as identified in the attached certificate of service. If you have any questions, please contact me at (717) 787-8754.

Sincerely,

Gina L. Miller
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

John M. Coogan
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313920

GLM/JMC/wsf
Enclosure

cc: Certificate of Service
ALJ Katrina L. Dunderdale

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2018-3000124
	:	
Duquesne Light Company – Base Rates	:	

**PREHEARING MEMORANDUM OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:

In accordance with the Prehearing Conference Order dated April 26, 2018, the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) hereby submits this Prehearing Memorandum in the above-captioned docket. The I&E prosecutors assigned to this proceeding are Gina L. Miller and John M. Coogan. Ms. Miller and Mr. Coogan may be contacted as follows:

By mail: Gina L. Miller
John M. Coogan
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

By e-mail: ginmiller@pa.gov
jcoogan@pa.gov

Telephone: (717) 787-8754 (GLM)
(717) 783-6151 (JMC)

FAX: (717) 772-2677

I. BACKGROUND

On March 28, 2018, Duquesne Light Company ("DLC" or "Company") filed Supplement No. 174 to Tariff – Electric Pa. P.U.C. No. 24 to become effective May 29, 2018 containing proposed tariff changes calculated to increase DLC's total annual distribution rates by approximately \$133.8 million. DLC asserts that \$52.2 million of the proposed rate increase is currently recovered under surcharges, and therefore the proposed increase would be \$81.6 million over current charges. Pursuant to 66 Pa. C.S. § 1308(d), the filing was suspended by operation of law until December 29, 2018, unless permitted by Commission Order to become effective at an earlier date. The Commission directed that the case be assigned to the Office of Administrative Law Judge for the scheduling of hearings as may be necessary for the Administrative Law Judge to render a Recommended Decision.

I&E entered its appearance on March 30, 2018. The Office of Consumer Advocate ("OCA") filed a Formal Complaint on April 6, 2018. On April 9, 2018, the International Brotherhood of Electrical Workers Local 29 ("IBEW") and Community Action Association of Pennsylvania filed petitions to intervene in this case. On April 10, 2018, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania and Peoples Natural Gas Company, LLC also filed petitions to intervene. A Prehearing Conference is scheduled for Thursday, May 3, 2018, at 9:00 a.m., before Administrative Law Judge Katrina L. Dunderdale ("ALJ Dunderdale"). I&E submits this Memorandum in compliance with the Prehearing Conference Order issued by ALJ Dunderdale on April 26, 2018.

II. ISSUES

The following list represents I&E's preliminary determination of the potential issues in this proceeding:

- Use of Fully Projected Future Test Year
- Usage
- Number of Customers
- Cost of Service
- Customer Charge
- Rate Structure
- Rate Shock
- Plant In Service
- Depreciation Expense
- Accumulated Depreciation
- Plant Additions for Future and Fully Projected Future Test Years
- Plant Retirements and Net Salvage
- Materials and Supplies
- Contributions In Aid of Construction (CIAC)
- Overall Rate of Return
- Cost of Debt
- Cost of Equity
- Capital Structure
- Effects of Tax Cut and Jobs Act
- Purchased Power Expense
- Transmission Expense
- Distribution Expense
- Customer Accounting Expense
- Customer Service Expense
- Sales Expense
- Administrative and General Expense
- Federal Taxes
- State Taxes
- Taxes Other than Income
- Cash Working Capital
- Electric Vehicle Pilot Program
- Microgrid Pilot Program
- Electric Safety

The list is as complete as can be made at this time. I&E reserves the right to address other issues, as it deems appropriate if any such relevant issues arise.

III. WITNESSES

It is currently expected that I&E may call the following witnesses without being limited thereto:

<i>Ethan Cline</i>	<u>Fixed Utility Valuation Engineer</u>
<i>Anthony Spadaccio</i>	<u>Fixed Utility Financial Analyst</u>
<i>Christopher Keller</i>	<u>Fixed Utility Financial Analyst</u>
<i>James Campbell</i>	<u>Electrical Safety Inspector/Officer</u>
<i>Benedict Tarr</i>	<u>Electrical Safety Inspector/Officer</u>

The I&E witnesses may be contacted through the contact information listed above for Ms. Miller and Mr. Coogan. I&E reserves the right to substitute witnesses or call additional witnesses if warranted.¹ All active parties will be notified of any amendments to the I&E witness list.

IV. EVIDENCE

I&E expects to present all written direct, rebuttal and surrebuttal testimony and accompanying exhibits at the evidentiary hearing. Moreover, I&E intends to rely on the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, any other relevant Commonwealth agency letters or reports, general financial market information

¹ The above issues list is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.

sources and other public documents and reports. However, there may be issues of Commission policy or legal representation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony, I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed through briefing.

V. DISCOVERY

Due to the time limitations in the proceedings, I&E requests that the Commission's Rules of Practice and Procedure for the conduct of discovery be modified as follows:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
2. Objections to interrogatories shall be communicated orally within three (3) days of service; unresolved objections be served to the ALJ in writing within seven (7) days of service of interrogatories.
3. Motion to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of written objections.
4. Answers to motions to dismiss objections and/or direct the answering of interrogatories shall be filed within five (5) days of service of such motions.
5. Discovery served after 12:00 noon on a Friday or after 12:00 p.m. on any business day preceding a state holiday will be deemed to be served on the next business day.

VI. SCHEDULE

The parties have not yet agreed to a schedule. I&E is committed to cooperating with all parties and with Judge Dunderdale to finalize an acceptable procedural schedule.

VII. SERVICE OF DOCUMENTS

For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first-class mail.

VIII. PUBLIC INPUT HEARINGS

To the extent that public input hearings are deemed necessary in this proceeding, I&E advocates for the use of Smart Hearings where possible.

IX. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to work with the parties to reach a resolution of any or all issues. In the event settlement discussions fail to result in a complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

Respectfully submitted,



Gina L. Miller
Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

John M. Coogan
Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Pennsylvania Public Utility Commission
Bureau of Investigation and Enforcement
Post Office Box 3265
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May 2, 2018

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2018-3000124
 :
 Duquesne Light Company - Base Rates :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated May 2, 2018, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Served via First Class and Electronic Mail

Michael W. Gang, Esquire
Anthony D. Kanagy, Esquire
Post & Schell, P.C.
12th Floor
17 North Second Street
Harrisburg, PA 17101

Daniel Asmus, Esquire
Office of Small Business Advocate
300 North Second Street
Suite 202, Commerce Building
Harrisburg, PA 17101

Scott Rubin, Esquire
333 Oak Lane
Bloomsburg, PA 17815-2036
*Counsel for International Brotherhood of
Electric Workers*

David P. Zambito, Esquire
Jonathan P. Nase, Esquire
Cozen O'Connor
17 North Second Street, Suite 1410
Harrisburg, PA 17101

Phillip D. Demanchick, Esquire
David T. Evrard, Esquire
Aron J. Beatty, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

David T. Fisfis, Esquire
Tishekia E. Williams, Esquire
Michael Zimmerman, Esquire
Emily Farah, Esquire
Duquesne Light Company
411 Seventh Avenue, 16th Floor
Pittsburgh, PA 15219

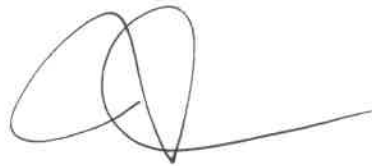
Patrick M. Cicero, Esquire
Kadeem G. Morris, Esquire
Elizabeth R. Marx
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101

William H. Roberts, Esquire
PNG Companies LLC
375 North Shore Drive
Pittsburgh, PA 15212

Joseph L. Vullo, Esquire
1460 Wyoming Avenue
Forty Fort, PA 18704
*Counsel for Community Action Association
of Pennsylvania*

James Fedell
2009 Forge Drive
Aliquippa, PA 15001

Jason Dolby
409 Anawanda Avenue
Pittsburg, PA 15228



Gina L. Miller
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

John M. Coogan
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313920