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June 7, 2018

VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission v. Duquesne Light Company
Docket Nos. R-2018-3000124 and C-2018-3001152**

Dear Secretary Chiavetta:

Enclosed for filing in the above-captioned proceeding is **Duquesne Light Company's Answer to Peoples Natural Gas Company LLC's Motion to Dismiss Objections and Compel Answers to Interrogatories (Set II)**.

Copies are being served upon the persons listed on the enclosed Certificate of Service in the manner set forth therein.

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

Very truly yours,



Anthony C. DeCusatis

c: Per Certificate of Service (w/encls.)
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	Docket Nos. R-2018-3000124
v.	:	C-2018-3001152
	:	
DUQUESNE LIGHT COMPANY	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing **Duquesne Light Company's Answer to Peoples Natural Gas Company LLC's Motion to Dismiss Objections and Compel Answers to Interrogatories (Set II)** have been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54:

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Dated: June 7, 2018

Counsel for Duquesne Light Company

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket Nos. R-2018-3000124
	:	C-2018-3001152
Duquesne Light Company	:	
	:	

**DUQUESNE LIGHT COMPANY’S ANSWER TO PEOPLES NATURAL GAS
COMPANY LLC’S MOTION TO DISMISS OBJECTIONS AND COMPEL
ANSWERS TO INTERROGATORIES (SET II)**

Pursuant to 52 Pa. Code § 5.342(g)(1) and the Administrative Law Judge’s June 1, 2018 directive, Duquesne Light Company (“DLC” or “Company”) files this Answer to the Motion to Dismiss Objections and Compel Answers to Interrogatories filed by Peoples Natural Gas Company LLC (“PNG”) on May 29, 2018 (“Motion to Compel”). A copy of DLC’s Objections and of PNG’s Interrogatories (Set II) is attached to this Answer as Appendix A. For the reasons set forth in DLC’s Objections and in its Answer, below, the Motion to Compel should be denied and the Company’s Objections granted.

I. OVERVIEW

DLC has filed Objections to PNG’s Interrogatories (Set II) Nos. 1-27, 32, 33 and 42-44. DLC objected to the identified interrogatories because they inquire into matters and issues that pertain to contesting Rider No. 16 to DLC’s tariff. As explained in the Company’s Objections (p. 1):

The Interim Order of Administrative Law Judge Katrina L. Dunderdale (the “ALJ”) issued on May 22, 2018, granted DLC’s Motion for Partial Judgment on the Pleadings and, in so doing, found and determined, in relevant part: “The formal Complaint of

Peoples Natural Gas Company LLC fails to raise a claim that, if proven, might show Peoples Natural Gas Company LLC has standing to contest Tariff Rider No. 16.” Therefore, interrogatories that are based on an effort to contest the terms of Rider No. 16 are improper and should not be allowed.

Because, at the time it served its Objections, DLC was bound – and believed PNG was bound – to maintain the confidentiality of DLC’s offer of compromise and settlement, it did not reveal in its Objections that it had proposed a path forward that would have provided answers to all but six of the 44 questions in Set II, as discussed in Section II, *infra*. The six questions (Nos. 12, 15-17, 21 and 24) are those that would be objectionable even in the absence of the Interim Order.

Of those six interrogatories, DLC objected to two (Nos. 21 and 24) only because they ask for very detailed customer-specific data for a single customer who, under the circumstances, is readily identifiable. DLC clearly stated that it was objecting only to obtain additional time to confirm that the customer did not object to the release of its customer-specific information to a third-party. Thus, it was the customer’s call. As it happens, that customer became a party to this case and, therefore, PNG could, if it wished, have issued the same discovery to the customer. In any event, DLC’s specific objections to PNG Set II Nos. 21 and 24 are now moot. The customer has confirmed that it would be willing to provide the information requested if the interrogatories had been directed to it and, therefore, has authorized the Company to furnish the requested information to PNG on its behalf.

The other four interrogatories (Nos. 12 and 15-17) seek information that plainly constitutes PNG’s attempt to exploit the discovery process to develop information it will use to promote sales of gas to gas-fueled combined heat and power (“CHP”) projects. In that regard, it must be emphasized again that DLC has not proposed any CHP programs or projects in this case, and DLC has not included any CHP-related costs in its revenue requirement in this case.

Moreover, any measures to “promote” CHP could only be considered in the context of the mandatory energy efficiency and conservation (“EEC”) process created for electric distribution companies (“EDC”) by Act 129 of 2008. As part of that process, such measures would have to be assessed based on established, objective cost-benefit criteria and would have to be included in the EDC’s total EEC plan costs that are subject to the cost cap imposed by 66 Pa.C.S. § 2806.1(g).¹

Even more significantly, these interrogatories and PNG’s Motion to Compel make it clear that Rider No. 16 is not the focus of PNG’s intervention in this case. Rather, Rider No. 16 is what PNG is using to enter this proceeding in order to change the direction of this case (and, in so doing, add substantially to its scope and breadth) from an examination of DLC’s proposed revenue requirement and revenue allocation to a broad-based assessment of what an EDC should (in PNG’s estimation) be doing to promote gas-fueled CHP projects in PNG’s service territory. Indeed, confronted with the fact that DLC has not included any CHP-related costs in its revenue requirement in this case, PNG now contends that its discovery should be permitted because it intends to argue that DLC *should be* expending funds (and including those dollars in its claims in this case) in order to “promote” CHP projects in PNG’s service territory to which PNG would sell increased amounts of natural gas (Motion to Compel ¶ 20.c.). Those matters are clearly outside the scope of this case. As PNG already knows, issues surrounding the implementation of

¹ Under DLC’s current EEC Plan, which has been approved by the Commission as required by 66 Pa.C.S. § 2806.1(e), the Commission has authorized DLC to consider providing incentives for cost-effective CHP projects as a “custom” measure (i.e., a measure for which no specific dollar amount is assigned in DLC’s EEC Plan). Such custom-measure incentives could be considered if opportunities were to arise where providing such incentives would be a feasible and cost-beneficial means of helping DLC achieve the mandatory demand and usage targets established by the Commission pursuant to Act 129 and within the Act 129 cost cap. *Petition of Duquesne Light Company for Approval of Its Energy Efficiency and Conservation Phase III Plan*, Docket No. M-2015-2515375 (Final Order entered March 10, 2016).

CHP-related measures to reduce electric usage and demand are part of EDCs' EEC planning process under 66 Pa.C.S. § 2806.1.²

Additionally, PNG argues that Set II Nos. 12 and 15 may be proper because PNG contends that exploring the potential for the deployment of additional CHP in DLC's future or fully projected future test year is necessary to determine whether DLC's proposed rate increase is excessive and unreasonable. There is no basis for that contention. If the "potential" for additional CHP projects could result in new CHP projects actually coming on line in the future or fully projected future test years, the result would be to *reduce* DLC's pro forma revenue and, therefore, drive an *increase* in DLC's proposed rate increase. That is the point PNG tries to suppress in its Motion to Compel. PNG repeatedly tries to characterize its inquiries into matters that realistically relate only to enhancing its gas load as if they were legitimate inquiries about issues that could reduce DLC's revenue requirement and its proposed rate increase when, in fact, they would do the opposite.

II. PNG HAS BREACHED THE CONFIDENTIALITY OF SETTLEMENT DISCUSSIONS BETWEEN PNG AND DLC, HAS IMPROPERLY DISCLOSED THE SUBSTANCE OF THOSE DISCUSSIONS TO OTHER PARTIES AND TO THE ADMINISTRATIVE LAW JUDGE AND, IN SO DOING, PNG HAS SERIOUSLY MISSTATED DLC'S PROPOSED COMPROMISE, TO WHICH PNG DID NOT RESPOND

After the Administrative Law Judge ("ALJ") issued the Interim Order granting DLC's Motion for Partial Judgment on the Pleadings and PNG filed a Petition for Interlocutory Review, DLC extended an olive branch to PNG by making what it thought was a confidential offer of compromise that would have given PNG most of what it now claims it wants – that is, answers to

² *Id.*

all but six of the questions in its Interrogatories (Set II) (*see* Appendix C to the Motion to Compel, which is a copy of DLC's confidential offer).

However, after ignoring DLC's proposed compromise, which necessitated DLC objecting to most of PNG's Set II Interrogatories, PNG not only disclosed those confidential communications to the other parties and the ALJ, it made the seriously inaccurate accusation that DLC, by offering PNG most of what it claims to want, has somehow misled PNG (*see* Motion to Compel, p. 7 n.2). There are sound reasons to question whether PNG has a real interest in conducting legitimate discovery and attempting to facilitate the progress of this proceeding as it claims. PNG is clearly more interested in feigning injury where no injury has occurred so that it can continue to spin a fallacious narrative that everything DLC does should be attributed to improper motives (*see, e.g.*, Motion to Compel ¶ 17.a.). Since PNG has now publicly disclosed confidential matters – while mischaracterizing what it revealed – DLC needs to set the record straight.

As noted above, on May 22, 2018, the Interim Order was issued and PNG filed a Petition for Interlocutory Review of that Order. *On the same day*, DLC's counsel made an offer of compromise that she – like any lawyer in her position – reasonably believed would be treated as confidential. Indeed, it is axiomatic that offers of compromise and settlement are strictly confidential and, under no circumstances, should they be revealed to the presiding officer, who will be required to decide the issue in dispute if the compromise is not accepted.

On May 22, 2018, DLC's counsel made what, under the circumstances, was a very generous offer. While not compelled to do so, DLC would agree, as a courtesy, to answer all of the questions in PNG's Set II, notwithstanding the issuance of the Interim Order (other than those questions that would be objectionable even in the absence of the Interim Order), subject to

only one condition – *reciprocity*. DLC offered that, while PNG’s Petition for Interlocutory Review was pending and unresolved, DLC would extend a courtesy to PNG, if PNG would extend the same courtesy to DLC and answer discovery DLC might wish to issue to PNG regarding its position on Rider No. 16 issues. A courtesy given for a courtesy in return – the essence of the spirit of compromise.

One would have thought that a party in PNG’s position, if it was truly interested in getting answers to its interrogatories, would have wasted no time accepting DLC’s offer. All it had to do was agree that what DLC was offering to do for PNG, PNG would offer to do in return for DLC, until the issue pending interlocutory review was decided. That was not the case. PNG never responded to DLC’s offer, even though subsequent communications occurred.

Because its proposed compromise had been ignored, DLC filed Objections to some (but not all) of PNG’s Interrogatories in Set II. DLC’s Objections cover the questions that relate to Rider No. 16 – and, in fact, most refer to Rider No. 16 by name. As previously noted, the Interim Order had been issued after PNG issued Set II. Consequently, DLC objected on the grounds that those interrogatories were inquiring into matters that the Interim Order held PNG did not have standing to address. DLC expected that, once its Objections were served, PNG would promptly respond to DLC’s proposed settlement offer, agree that reciprocity was a fair condition and accept the offer. That didn’t happen. Instead, PNG filed a Motion to Compel that tries to portray DLC as recalcitrant for serving objections and fomenting a dispute when, in fact, DLC went the extra mile to avoid a dispute and had its offer improperly used against it when PNG disclosed the offer *and* claimed that DLC’s efforts to reach a compromise had somehow misled PNG.

The procedures the ALJ adopted in this case call for parties to a discovery dispute to communicate with each other to try to resolve their differences or, at least, to limit the scope of their disagreement as much as possible. In short, the ALJ clearly signaled that she expects the parties to use compromise and settlement to minimize discovery issues that the ALJ may have to address. DLC certainly viewed the process that way and believes that any reasonable counsel would as well. However, it is difficult to see how parties can, in the future, trust the process if some parties feel free to breach the cloak of confidentiality and disclose confidential settlement offers to the presiding officer who may ultimately have to decide the dispute. The process that the ALJ envisioned cannot work as it was intended if some parties feel that the confidentiality of offers of settlement and compromise applies to everyone in the case except them.

Now that DLC's settlement offer has been publicly revealed, DLC can properly reiterate in this Answer that its offer still stands if PNG is now willing to accept the reasonable condition of reciprocity that DLC has requested.

III. PNG'S INTERROGATORIES (SET II) WERE SERVED BEFORE THE INTERIM ORDER WAS ISSUED, CONTAIN EXTENSIVE AND DETAILED QUESTIONS DIRECTLY RELATED TO RIDER NO. 16, AND, THEREFORE, ARE NOT NOW PERMISSIBLE DISCOVERY THAT DLC SHOULD BE COMPELLED TO ANSWER

As previously explained, the Interim Order was issued on May 22, 2018 and thereafter DLC objected to the questions in PNG Set II based on the holding of that Order. The interrogatories to which DLC has objected seek to inquire into matters that pertain to PNG's effort to contest the terms of Rider No. 16 and, therefore, are improper. PNG's claims that it should be permitted to inquire into the matters that the ALJ has held it does have standing to address have no basis and should be rejected. However, as explained in Section II, *supra*, the Company's offer to avoid the need for a ruling on these objections remains outstanding.

IV. DLC HAS STATED VALID ADDITIONAL GROUNDS FOR ITS OBJECTIONS TO PNG INTERROGATORY (SET II) NOS. 12, 15-17, 21 AND 24.

As explained in Section I, *supra*, Interrogatory (Set II) Nos. 21 and 24 request very detailed customer-specific information under circumstances where that information can be readily identified with the only customer currently served on Rider No. 16. DLC objected only to provide an opportunity to confirm that the customer did not have an objection to the release of its customer-specific information to PNG and to provide the customer the opportunity to contest the release of that information or to seek further protection of the information, which is propriety to the customer. As previously noted, the customer is now also a party to this case, has agreed that it would answer the interrogatories if they had been directed to it, and has authorized DLC to provide the requested information on its behalf.

PNG claims that it was not necessary for DLC to seek the customer's consent because DLC answered an interrogatory in Set I that asked for information about the one customer served on Rider No. 16. However, those earlier questions were very general in nature and did not call for DLC to provide detailed information about the customer's contract demand, actual monthly demand, actual usage and specific billing determinants.³ When PNG Set I was issued, DLC confirmed that the customer consented (conditionally) to DLC answering the question pertaining to it in Set I. However, PNG Set II Nos. 21 and 24 are qualitatively different in both the scope and detail of the information requested and, therefore, DLC did not believe it was appropriate to unilaterally expand the customer's prior conditional consent to providing the information requested in PNG Set I to the different and more detailed customer-specific information requested in PNG Set II.

³ A copy of PNG Set I No. 16 is attached as Appendix B, for comparison.

PNG Set II No. 12 asks: “Has Duquesne estimated the potential for additional CHP deployment in its service territory? If so, provide that estimate and related documents.” DLC objects to this interrogatory because it is not relevant to any issue in this case. Instead, PNG seeks information that, if it existed,⁴ is not sought for a proper purpose within the context of an EDC base rate case.

It is critically important to examine PNG’s interrogatory in the context of fundamental ratemaking principles, since PNG purports to be requesting the information sought in PNG Set II No. 12 to ascertain if DLC’s rate request is excessive and unreasonable and, therefore, Interrogatory No. 12 should be permissible notwithstanding the Interim Order. What PNG does not address – indeed, studiously avoids discussing – are the consequences to general service customers like itself if, as PNG clearly indicated, it intends to argue that DLC should take certain as-yet undefined actions to “encourage” additional CHP deployment. In fact, that is the hypothetical scenario PNG offers as the purported basis for its questions. Those consequences are far different from what PNG’s Motion to Compel would lead one to believe.

Even if, as PNG assumes, the “potential additional CHP deployment” it purports to be exploring with its discovery could be actualized and such projects placed in service in DLC’s service area during the test years in this case, doing so would *reduce* the Company’s pro forma revenues, because the deployment of CHP would reduce DLC’s electric distribution sales. A reduction in pro forma revenues would, in turn, drive an increase in the rates DLC would need to implement to recover the revenue requirement authorized at the conclusion of this case because the same revenue requirement would have to be recovered over fewer billing units. Moreover, even if proposed Rider No. 16 were adopted exactly as filed by DLC, it would not offset the lost

⁴ By objecting, DLC does not admit that such data or information in fact exist.

revenues that would result from the reduction in sales level attributable to increased CHP deployment.

In summary, *not* reflecting the effects of such hypothetical CHP projects would be detrimental to DLC. On the other hand, incorporating the kinds of changes necessary to reflect hypothetical future CHP projects (i.e., reducing DLC’s sales and pro forma revenues to reflect load reductions attributable to hypothetical projects), would drive an increase in the rates DLC would need to recover its finally-determined revenue requirement. Thus, PNG is positing a scenario where, in the context of a base rate case, the parties and the ALJ should undertake a detailed examination of how DLC could (and in PNG’s view, *should*) “promote” gas-fueled CHP projects that enhance PNG’s gas sales and net income⁵ *at the expense of DLC’s electric distribution customers*. Consequently, any contention by PNG that the answer to this question is necessary to assess whether DLC’s proposed rate increase is excessive or unreasonable has no basis in fact.

Furthermore, this question (particularly when read in conjunction with averments in PNG’s Motion to Compel⁶) also exhibits PNG’s intent to turn this case into a far-reaching exploration of what DLC, as an EDC, should be doing to “promote” gas-fueled CHP projects in PNG’s service territory.⁷ In short, PNG is using this proceeding to advance the expansion of gas

⁵ Increases in PNG’s net income would be pocketed by PNG because PNG has not proposed any means of sharing that windfall with its gas customers between PNG’s base rate cases.

⁶ See Motion to Compel ¶ 17.c., where PNG asserts that this proceeding should be used to determine whether and to what extent general service customers without CHP should subsidize the construction of CHP projects by other customers. PNG asserts further that this kind of inquiry is somehow mandated by the terms of the *Final Policy Statement On Combined Heat and Power* notwithstanding the fact that the Commission issued the *Final Policy Statement* to obtain information to determine what might be appropriate measures to encourage CHP development.

⁷ Furthermore, for the reasons previously discussed, additional EDC measures to “promote” CHP are properly considered only within the context of the Act 129 EEC planning process. The Commission does not have authority outside of the EEC planning process (and outside of the cost cap imposed by Act 129) to direct an EDC to institute additional measures to “promote” CHP.”

usage or, stated more directly, PNG is using this proceeding to advance its gas marketing program even though, as previously explained, if PNG's favored outcome were to materialize, it would increase PNG's net income at the expense of DLC's electric distribution customers. PNG tries to force this otherwise improper purpose under the *Final Policy Statement on Combined Heat and Power* while ignoring the fact that the Final Policy Statement was issued by the Commission to garner information at that docket so that it could assess what measures may or may not be appropriate to "encourage" CHP development. The fact that a separate docket (and a separate working group) was created for that purpose is further evidence that PNG's attempt to transform this case into a referendum on the benefits (and burdens – which PNG chooses to ignore) of CHP is improper and should be rejected.

PNG shows its true intent in its Motion to Compel when, confronted with the fact that there are no CHP or CHP-related costs in the Company's base rate revenue requirement,⁸ its interrogatory should be permitted because it intends to argue that DLC *should be* spending money on CHP development.⁹ Moreover, those expenditures, if they did occur, would presumably be eligible for inclusion in DLC's revenue requirement in this case¹⁰ (thus

⁸ At page 11 n.3, PNG speculates that because DLC has a customer on Rider No. 16, DLC may, for that reason alone, have CHP costs in its revenue requirement. That is a total *non sequitur*. By the plain terms of Rider No. 16, all projects served under that Rider (including CHP projects) must be owned and operated *by customers* and not by a utility. That, of course, is the whole point. Those projects live on the customer's side of the meter, and neither the investment in those projects nor their operating costs are borne by an EDC. That is certainly the case with the generating facilities owned by the one customer currently served on Rider No. 16. PNG is trying to use this case for the improper purpose of trying to extract a decision from the Commission that EDCs should be making investments in customer-owned, gas-fueled generating facilities, which would have the effect of increasing PNG's throughput, gas sales and net income at the expense of DLC's electric distribution customers.

⁹ See Motion to Compel ¶ 20.c.

¹⁰ If it is not PNG's position that such expenditures would have to be reflected in this case, then PNG would have to concede – and, as it happens, as the law actually requires – that measures to reduce an EDC's electric demand and usage, as well as cost recovery for those measures, are issues properly addressed in an EDC's EEC proceeding under 66 Pa.C.S. § 2806.1 and not in a base rate case. As noted, that is exactly what the Public Utility Code envisions.

increasing the Company rate request) while, at the same time, pro forma revenues would have to be reduced to reflect the reduction in electric sales that the new CHP project(s) would foster (further increasing the Company's rate increase request). PNG would not be positing these kinds of hypotheses as a basis for discovery if its interest in this case were, as it tries to contend, as a general service customer. Indeed, customers typically do not intervene to offer reasons for a utility to increase its rate request. To the contrary, PNG's position clearly shows that its interest in this case is to promote the proliferation of gas-fueled generating projects as substitutes for electric distribution service at the expense of DLC's electric distribution customers.

PNG Set II No. 15 states: "Please describe the efforts that Duquesne has taken to identify any potential CHP hosts in its service territory." This is a corollary to PNG Set II No. 12 (and, for the most part, asks for the same kind of information). This interrogatory is objectionable for all the same reasons that PNG Set II No. 12 is objectionable. It is yet another example of PNG using the discovery process to prospect for opportunities to promote enhanced gas sales under the guise of inquiring into the possible impact of increased CHP development on the Company's revenue requirement in this case – an impact that, if it were to occur, would only increase the Company's revenue requirement and needed revenue increase.

PNG Set II Nos. 16 and 17 state as follows:

16. Please describe the outreach efforts that Duquesne has undertaken to educate potential hosts about CHP.

17. Please describe the outreach efforts that Duquesne has undertaken to educate ratepayers about any incentives available for CHP projects.

Once again, these questions reflect PNG's efforts to convert this case from a base rate proceeding into a proceeding about what PNG thinks DLC should be doing to promote enhanced gas sales by PNG. Accordingly, these questions are objectionable for the reasons set forth above

with regard to PNG Set II Nos. 12 and 15. These interrogatories are also objectionable because they mimic the kind of inquiry PNG tried to make in PNG Set I No. 22, which the Second Interim Order held was improper and should be stricken.¹¹ Like PNG Set I No. 22, PNG Set II Nos. 16 and 17 attempt to probe matters that are germane to measures that would exist only within the context of DLC's EEC Plan, which was approved by the Commission in its current form in 2016.¹²

For all the foregoing reasons, DLC's Objections to PNG Set II Nos. 12, 15, 16 and 17 should be granted, and DLC's Objections to PNG Set II Nos. 21 and 24 should be allowed until the customer whose information PNG seeks has the opportunity to confirm it has no objection to the release of its information to PNG or seeks addition levels of protection on its own behalf.

V. ANSWERS TO AVERMENTS IN THE NUMBERED PARAGRAPHS OF THE MOTION TO COMPEL

1. Admitted.

2. It is admitted that PNG filed a formal complaint on April 10, 2018 and that the language quoted in Paragraph No. 2 of the Motion to Compel was extracted from PNG's original Complaint.

3. Denied. PNG issued its Set II Interrogatories and Requests for Production of Documents after 4:00 p.m. on May 16, 2018 and, therefore, the date of service was May 17, 2018.¹³ Accordingly, written Objections were due on May 24, 2018.

¹¹ Second Interim Order, p. 6.

¹² *Petition of Duquesne Light Company for Approval of Its Energy Efficiency and Conservation Phase III Plan*, Docket No. M-2015-2515375 (Final Order entered March 10, 2016).

¹³ Prehearing Order, p. 4.

4. Denied as stated. Counsel for Duquesne communicated orally and by email its Objections to PNG's Interrogatory Set II Nos. 12, 15, 21 and 24 on May 21, 2018. At the time, DLC was still adhering to its agreement made at the Prehearing Conference to answer PNG discovery that was not otherwise objectionable pending the ALJ's decision on DLC's Motion for Partial Judgment on the Pleadings. On May 22, 2018, the Interim Order was issued granting the Company's Motion, and PNG filed a Petition for Interlocutory Appeal of that Order. As previously explained – and as PNG has now publicly revealed – DLC then made an offer of settlement and compromise by which it proposed to answer PNG's discovery questions that were not otherwise objectionable pending the resolution of PNG's Petition for Interlocutory Review if PNG would extend the same courtesy to DLC and answer discovery DLC may wish to issue concerning PNG's positions, contentions and arguments relating to Rider No. 16. PNG never responded to that offer. Also, on May 24, 2018, the Second Interim Order was issued, which granted the Company's Objection to PNG Set I No. 22, which, as previously noted, is largely mirrored by PNG Set II Nos. 16 and 17.

5. Admitted.

6. Admitted in part and denied in part. Specifically, the date for filing briefs on PNG's Petition for Interlocutory Review was subsequently changed to May 31, 2018.

7. Denied as stated. The oral communications occurred on May 21, 2018, which was prior to the issuance on May 22, 2018 of the Interim Order granting DLC's Motion for Partial Judgment on the Pleadings. At the time the oral and email communications took place, DLC was adhering to its agreement made at the Prehearing Conference to answer PNG's discovery regarding Rider No. 16 issues that was not otherwise objectionable pending the issuance of the ALJ's decision on its Motion. Also on May 22, 2018, after the Interim Order was

issued and PNG filed its Petition for Interlocutory Review, DLC's counsel made an offer of settlement and compromise that would have provided answers to DLC's Set II Interrogatories that were not otherwise objectionable pending the resolution of PNG's Petition for Interlocutory Review, on the condition that PNG provide a reciprocal courtesy to DLC. PNG has now revealed that confidential offer (*see* Appendix A to PNG Motion to Compel). PNG never responded to DLC's offer.

8. Admitted. In that discussion, PNG had another opportunity to accept DLC's offer of compromise and settlement, but did not do so.

9. Admitted. It is admitted that on May 25, 2018, after the Interim Order was issued, PNG filed an Amended Complaint and that it has reproduced Paragraph Nos. 11-17 of the Amended Complaint. In further answer, PNG's Amended Complaint is legally and factually insufficient. PNG's Amended Complaint avers that: "Peoples will require Back-Up Service from Duquesne pursuant to Rider No. 16 for electricity during maintenance and unplanned outages." However, the Amended Complaint does not address why PNG, as a utility, would be eligible for Back-Up Service under Rider No. 16, where Rider No. 16, by its express terms, only applies to "service to non-utility generating facilities."¹⁴ Thus, the recently-alleged addition of a 35 kW generating facility to PNG's yet-to-be-constructed Etna field shop project – even if assumed to be true – does not provide standing for PNG to contest Rider No. 16, and the Interim Order remains the controlling authority in this case pending a decision by the Commission on PNG's Petition for Interlocutory Review. Accordingly, the Amended Complaint, given its legal

¹⁴ PNG's Amended Complaint also does not address other eligibility criteria in Rider No. 16.

and factual insufficiency, cannot serve as a valid basis to support PNG's Set II Interrogatories, which were issued prior to the issuance of the Interim Order.

10. It is not necessary to specifically admit or deny averments of law. In further answer, PNG has not provided an accurate portrayal of controlling legal authority by merely alluding to high-level generalities, such as its averments that the "relevancy test" should be applied "liberally;" that information, to be discoverable, need only be "reasonably calculated" to lead to "admissible evidence;" and that "doubts" should be "resolved in favor of relevancy." Those broadly-stated rules are judicial guidance meant to govern questions that are otherwise too close to call – i.e., who gets the benefit of the doubt if the merits on either side of a discovery dispute are near equipoise. That is not the case here. High-level guidelines cannot be invoked to transform interrogatories that are outside the scope of this case into permissible discovery. If interrogatories seek information that does not bear a reasonable relationship to the substance of a case or controversy, they are improper, and judicial rules-of-thumb designed to be "tie-breakers" simply do not apply.

11. Denied. PNG's Interrogatories Set II were deemed served on May 17, 2018, and DLC's Objections were timely. *See* Prehearing Order, p. 4.

12. Denied for the reason set forth in Paragraph No. 11 above. In further answer, if PNG were truly interested in getting answers to its discovery, it could have accepted DLC's offer of compromise and settlement, which it has now publicly revealed. DLC does not believe that the reciprocity condition it requested as part of its offer was unreasonable.

13. Denied as stated. DLC, in its now publicly revealed offer of settlement and compromise, proposed a path forward that would have provided PNG answers to all but six of its

Set II interrogatories subject to the reasonable condition of reciprocity. That offer was ignored and not accepted.

14. The averments of the subparagraphs in Paragraph No. 14 are addressed below.

a. PNG issued PNG Set II before the Interim Order was issued. All of the interrogatories in PNG Set II to which DLC objected pertain to Rider No. 16 and most refer to it by name. The Interim Order was issued on May 22, 2018 and held that PNG does not have standing to contest the terms of Rider No. 16. PNG now contends that its discovery – which, at the time it was issued, was propounded in furtherance of PNG’s efforts to contest Rider No. 16 – are somehow permissible notwithstanding the issuance of the Interim Order. To that end, PNG contends that discovery directed at Rider No. 16 – a rate for which it is not eligible – is nonetheless relevant to PNG in its capacity as a general service customer of DLC. Those averments strain credibility. DLC has submitted a comprehensive fully allocated cost of service study that provides detail on the functionalization, classification and allocation of all of its costs to general service rate classes. As previously explained, DLC’s revenue requirement does not include any CHP-related costs. PNG is a general service customer and is not eligible for service under Rider No. 16. Yet, all of the objected-to interrogatories request extremely detailed information pertaining to the application of Rider No. 16, while the vast bulk of the revenues and costs that are actually determinative of the proposed rates PNG would pay for general service PNG has expressed no interest in examining. Furthermore, in lieu of actually trying to show a realistic and reasonable connection between its interrogatories and legitimate issues concerning the allocation of costs to general service rate classes, PNG has opted to try to dazzle the reader with a repetition of cost-of-service jargon that is completely untethered from the nature of the information its interrogatories seek to elicit. Simply stated, PNG is making detailed inquiries

into the operation of Rider No. 16 under a variety of hypothetical scenarios that have no bearing on how the fully allocated cost of service study was actually performed. Comparing the nature of those questions to PNG's alleged basis for asking them – i.e., purportedly to review the allocation of costs to general service customer classes – shows the significant and readily discernible disconnect between PNG's arguments in its Motion to Compel and the real reasons those interrogatories were asked.

b. Denied as stated. For the reasons set forth above and in its Objections, DLC should not be compelled to answer the interrogatories in PNG Set II to which it objected. PNG's attempt to portray itself as victim is clearly baseless in view of DLC's now publicly-disclosed offer of compromise and settlement and PNG's failure to respond to that offer – apparently because the concept of reciprocity is foreign to PNG.

c. Denied. The Amended Complaint is legally and factually insufficient because it fails to aver how PNG could be eligible for service under Rider No. 16, which applies only to “service to non-utility generating facilities.” Moreover, since PNG's Amended Complaint was filed after 4:00 pm on Friday, May 25, 2018 and its Motion to Compel was filed on May 29, 2018 – the first business day after the Memorial Day long-weekend – it is not clear when PNG expected DLC to “challenge” the Amended Complaint.

d. Denied. PNG's reliance on the *Final Policy Statement on Combined Heat and Power* is misplaced. The purpose of the *Final Policy Statement* – as the Commission clearly stated therein – is to collect information so that it can determine what may or may not be the appropriate means of “encouraging” the development of CHP.¹⁵ On a more fundamental level,

¹⁵ This information-gathering process is presently underway in that separate proceeding; a public stakeholder meeting was held on May 30, 2018, and another is tentatively planned for July.

this is not a case about what an EDC should or should not do to “encourage” the deployment of CHP.

15. Admitted.

16. Admitted.

17. The averments of the subparagraphs in Paragraph No. 17 are addressed below.

a. Denied. DLC’s subjective state of mind or “attitude” is not a relevant inquiry. If PNG’s attempt to make a rate case into an exploration of the state-of-mind of the utility seeking an increase were given any credence, then there would be no objectively ascertainable standard for determining the limits of permissible discovery. Based on PNG’s flawed premise, PNG argues that its discovery should be permitted because it must get inside the mind of DLC. For PNG, it is not enough to assess a proposed rate change based on objective facts (e.g., was a well-accepted cost-of-service allocation method employed; does the rate reasonably reflect principles of cost-causation; would the rate create or ameliorate improper intra-class and inter-class subsidization). To the contrary, PNG makes the facially invalid claim in this subparagraph and elsewhere in its Motion to Compel¹⁶ that objective facts need to be assessed by reference to a party’s motivation in making a proposal supported by those facts. Stated another way, PNG’s Motion to Compel assumes that the Commission may reject a proposal to increase DLC’s Back-Up Service rate, even if that proposal properly reflects the costs of providing Back-Up service, if the PUC surmises that DLC had the wrong state of mind when the proposal was made. In short, regardless of what the objective facts may show, the Commission should be able to ignore them if – in some unexplained fashion – the Commission

¹⁶ See Motion to Compel ¶¶ 17.a., b. and d.

determines that the proponent of a rate or rule had an improper motivation. That has never been the standard the Commission has applied (or appellate courts would permit) to decide fundamental ratemaking issues, and it certainly should not be adopted here. It is, rather, another example of the lengths Peoples must go to try to justify asking interrogatories for which there is no valid justification. As noted above, if PNG's approach were adopted as the standard for relevance, it is difficult to discern if anything could be outside the scope of allowable discovery.

b. Denied for the reasons set forth in Paragraph No. 17.a., above, which are incorporated herein by reference as if set forth at length.

c. Denied. The Interim Order held that PNG did not have standing to contest Rider No. 16. DLC did not contest PNG's right to participate in this case with regard to issues that are properly and legitimately within its scope of interest as a general service customer. DLC did not, however, agree that PNG could take strained and illogical positions as a pretext to do what the Interim Order does not allow, i.e., contest Rider No. 16. However, that is exactly what PNG is trying to do in Paragraph No. 17.c. PNG argues that, as a general service customer, it should be permitted to take positions that are completely outside of its interest as a general service customer.

First, while virtually conceding that DLC's base rate revenue requirement does not contain any CHP-related costs (which, in fact, is the case), PNG argues that it should be free to argue that DLC should be expending money to promote CHP projects in PNG's service territory and claiming those costs in its revenue requirement. It then uses that tortured logic to argue, based on its flawed premise, that PNG is, therefore, justified in doing what the Interim Order prohibited, namely, contesting the terms of Rider No. 16, because that rate allegedly is a "barrier" to the development of CHP projects in PNG's service area. Of course, increasing

DLC's revenue requirement would drive increases in general service rates. Thus, PNG argues that it is addressing its interest as a general service customer by seeking discovery to promote a position that is contrary to its interest as a general service customer. That is simply a pretext to try an end-run around the Interim Order.

Second, PNG also argues that, as a general service customer with standing to protect its interests in that capacity, PNG is free to argue that it should pay *higher* rates to "subsidize" back-up service to CHP projects. Once again, PNG argues that it is addressing its interest as a general service customer when it undertakes discovery to promote a position that is contrary to its interest as a general service customer. This is just another attempt to side-step the clear holding of the Interim Order, and it should not be permitted.

The averments of footnote 3 are denied. PNG speculates that because DLC has a customer on Rider No. 16, DLC may, for that reason alone, have included CHP costs in its revenue requirement. That is clearly not the case, nor could it be. CHP projects are owned and operated by customers; CHP is a form of distributed generation that serves only a single customer. Those projects live on the customer's side of the meter, and neither the investment in those projects nor their operating costs are borne by an EDC. That is certainly the case with the generating facilities owned by the one customer currently served on Rider No. 16. Moreover, Rider No. 16 is not specific to CHP; it is available to any qualifying non-utility generating facility. As previously explained, PNG is trying to use this case for the improper purpose of trying to extract a decision from the Commission that EDCs should be making investments in customer-owned, gas-fueled generating facilities, which would have the effect of increasing PNG's throughput, gas sales and net income at the expense of DLC's electric distribution customers.

d. Denied for the reasons set forth in Paragraph No. 14.d., which are incorporated herein by reference as if set forth at length.

18. Admitted.

19. Admitted. In further answer, DLC notes that PNG Set II Nos. 16 and 17 mirror PNG Set II No. 22, as to which DLC's Objection was sustained.

20. The averments of the subparagraphs in Paragraph No. 20 are addressed below.

a. Denied. As explained in DLC's Objections, PNG Set II Nos. 16 and 17 seek information about "outreach" to "hosts" and "ratepayers" concerning CHP and "incentives available for CHP projects." As such, these questions relate to matters that would be entirely encompassed by DLC's Commission-approved EEC Plan. Thus, these questions are of the same nature and generally seek the same kind of information as PNG Set I No. 22 (which asked about the process for seeking CHP incentives and the "informational materials" that may be provided to "a party who asks about CHP development on the Duquesne system"). As previously noted, the Second Interim Order sustained DLC's Objection to PNG Set I No. 22 because that question (like PNG Set II Nos. 16 and 17) "involves matters concerning only Duquesne Light's EE&C program."¹⁷

b. Denied. Once again, PNG takes the position that it can conduct discovery to try to discern DLC's "attitude" and state of mind. This is a strained and attenuated contention that does not provide a valid basis for PNG Set II Nos. 16 and 17 for the reasons set forth in Paragraph No. 17.a, above, which are incorporated herein by reference as if set forth at length.

¹⁷ Second Interim Order, p. 6.

b. (There are two Paragraph Nos. 20.b. in PNG's Motion to Compel.)

Denied, for the reasons set forth in Paragraph No. 14.d., above, which are incorporated herein by reference as if set forth at length.

c. Denied. PNG once again attempts an end-run around the Interim Order by contending that it is asserting its interest as a general service customer when it seeks discovery to promote a position that, if accepted, would *increase* its general service rates. The averments of this subparagraph are a transparent and improper attempt to extract a decision in this case that DLC should be expending more money to promote gas-fueled CHP projects in PNG's service territory, which would increase PNG's throughput, gas sales and net income at the expense of DLC's electric distribution customers. PNG is once again offering a totally pretextual reason to seek discovery on matters that the Interim Order has held it does not have standing to address.

d. Denied, for the reasons set forth in Paragraph No. 14.d., above, which are incorporated herein by reference as if set forth at length.

21. Admitted.

22. Denied as stated. DLC also objected to PNG Set II Nos. 21 and 24 because they were issued in furtherance of PNG's attempt to contest Rider No. 16, and the Interim Order held that PNG does not have standing to contest Rider No. 16. However, this issue is now moot for the reasons previously explained.

23. Denied as stated. DLC objected to PNG Set II Nos. 21 and 24 because they ask for very detailed customer-specific data for a single customer who, under the circumstances, is readily identifiable. DLC clearly stated that it was objecting only to obtain additional time to confirm that the customer did not object to the release of its customer-specific information to a third-party. This issue is now moot for the reasons previously explained.

PNG also claims that DLC has answered interrogatories in Set I that asked for information about the one customer served on Rider No. 16. However, those earlier questions were very general in nature and did not call for DLC to provide detailed information about the customer's contract demand, actual monthly demand, actual usage and specific billing determinants.¹⁸ When PNG Set I was issued, DLC confirmed that the customer did not object to DLC answering the questions pertaining to it *in Set I*, and the customer granted conditional consent. However, PNG Set II Nos. 21 and 24 are qualitatively different in both the scope and detail of the information requested and, therefore, DLC did not believe it was appropriate to unilaterally expand the customer's consent to the different and more detailed customer-specific information requested in PNG Set II. To reiterate, this issue is now moot.

Paragraph No. 23, footnote 4. The averments of footnote 4, in Paragraph No. 23 of the Motion to Compel are denied – vehemently denied. DLC finds it shocking that PNG feels free to toss out accusations of impropriety when PNG is in possession of facts that clearly show there is simply *no* reasonable or good faith basis for such averments. In this instance, PNG “speculates” that DLC intentionally delayed filing a Petition for a Protective Order to somehow hold-up giving confidential information to PNG, notwithstanding the fact that PNG asked for confidential information in its Set I Interrogatories, and, *as PNG knows, that information was provided to PNG. As PNG also knows*, the Petition for a Protective Order was not filed sooner only because DLC was fielding and incorporating questions, comments and proposed revisions *from other parties* right up to the day the Petition was filed. PNG received emails documenting that other parties were sending questions, comments and revisions to DLC, and PNG received DLC's return emails to the parties revising the Petition and Protective Order to accommodate those

¹⁸ See Appendix B.

other parties' requests. Even though PNG had knowledge of the relevant facts, it made a totally improper supposition in footnote 4 that, presumably, it thinks it can get away with by prefacing its thoroughly inaccurate accusation with the weasel word "speculates." The averments of footnote 4 are dead wrong, and DLC is confident that the email trail between it and other parties confirms DLC's position on this matter. Accordingly, DLC requests that footnote 4 be stricken from the Motion to Compel.

24. Denied. DLC made a very reasonable confidential offer of compromise and settlement that would have provided answers to all but six of the questions in PNG Set II (with objections to two of those six being made to confirm that the customer whose information was requested had no objection to its release). Not only did PNG not accept (or even respond to) the offer, it revealed a confidential offer of compromise and settlement to the other parties and the ALJ and, in so doing, misstated and mischaracterized DLC's position. PNG's claims that DLC is impeding its development of testimony are wrong and should be rejected.

VI. CONCLUSION

WHEREFORE, for the reasons set forth above and in DLC's Objections, Peoples' Motion to Compel should be denied and Duquesne's Objections to Peoples Natural Gas Company LLC's Interrogatories (Set II) should be granted.

Respectfully submitted,



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Dated: June 7, 2018

Counsel for Duquesne Light Company

APPENDIX A

DLC OBJECTIONS AND PNG INTERROGATORIES (SET II)

5. To “identify” a “document” means to provide all of the following information irrespective of whether the document is deemed privileged or subject to any claim of privilege:

- a. The title or other means of identification of each such document;
- b. The date of each such document;
- c. The author, preparer or signer of each such document; and
- d. A description of the subject matter of such document sufficient to permit an understanding of its contents and importance to the testimony or position being examined and the present or last known location of the document. The specific nature of the document should also be stated (e.g., letter, business record, memorandum, computer print-out, etc.).

In lieu of “identifying” any document, it shall be deemed a sufficient compliance with these interrogatories to attach a copy of each such document to the answers hereto and reference said document to the particular interrogatory to which the document is responsive.

6. “Document” means the original and all drafts of all written and graphic matter, however produced or reproduced, of any kind or description, whether or not sent or received, and all copies thereof which are different in any way from the original (whether by interlineation, date-stamp, notarization, indication of copies sent or received, or otherwise), including without limitation, any paper, book, account, photograph, blueprint, drawing, sketch, schematic, agreement, contract, memorandum, press release, circular, advertising material, correspondence, letter, telegram, telex, object, report, opinion, investigation, record, transcript, hearing, meeting, study, notation, working paper, summary, intra-office communication, diary, chart, minutes, index sheet, computer software, computer-generated records or files, however stored, check, check stub, delivery ticket, bill of lading, invoice, record or recording or summary of any telephone or other conversation, or of any interview or of any conference, or any other written, recorded, transcribed, punched, taped, filmed, or graphic matter of which the Responding Party has or has had possession, custody or control, or of which the Responding Party has knowledge.

7. "Communication" means any manner or form of information or message transmission, however produced or reproduced, whether as a document as herein defined, or orally or otherwise, which is made, distributed, or circulated between or among persons, or data storage or processing units.

8. "Date" means the exact day, month, and year, if ascertainable, or if not, the best approximation thereof.

9. "Person" refers to, without limiting the generality of its meaning, every natural person, agent, broker, consultant, corporation, partnership, association (whether formally organized or ad hoc), joint venture, unit operation, cooperative, municipality, commission, governmental body or agency, or any other group or organization.

10. "Peoples" means Peoples Natural Gas Company LLC.

11. "Duquesne" means Duquesne Light Company and its affiliates, and includes without limitation any of its staff, employees, counsel, consultants or agents.

INSTRUCTIONS

1. Items referred to in the singular include those in the plural, and items referred to in the plural include those in the singular.

2. Items referred to in the masculine include those in the feminine, and items referred to in the feminine include those in the masculine.

3. The answers provided should first restate the question asked and identify the person(s) supplying the information.

4. In answering the interrogatories, the Responding Party is requested to furnish all information that is available to the Responding Party, including information in the possession of the Responding Party's attorneys, agents, consultants, or investigators, and not merely such information of the Responding Party's own knowledge. If any of the interrogatories cannot be answered in full after exercising due diligence to secure the requested information, please so state and answer to the extent possible, specifying the Responding Party's inability to answer the remainder, and stating whatever information the Responding Party has concerning the unanswered

portions. If the Responding Party's answer is qualified in any particular, please set forth the details of such qualification.

5. If the Responding Party objects to providing any document requested on any ground, identify such document by describing it as set forth in these instructions and definitions and state the basis of the objection.

6. If the Responding Party objects to part of an interrogatory and refuses to answer that part, state the Responding Party's objection and answer the remaining portion of that interrogatory. If the Responding Party objects to the scope or time period of an interrogatory and refuses to answer for that scope or time period, state the Responding Party's objection and answer the interrogatory for the scope or time period that the Responding Party believes is appropriate.

7. If, in connection with an interrogatory, the Responding Party contends that any information, otherwise subject to discovery, is covered by either the attorney-client privilege, the so-called "attorneys' work product doctrine," or any other privilege or doctrine, then specify the general subject matter of the information and the basis to support each such objection.

8. If any information is withheld on grounds of privilege or other protection from disclosure, provide the following information: (a) every person to whom such information has been communicated and from whom such information was learned; (b) the nature and subject matter of the information; and, (c) the basis on which the privilege or other protection from disclosure is claimed.

9. The interrogatories are continuing and the Responding Party is obliged to change, supplement and correct all answers given to conform to new or changing information.

10. The Responding Party should include a verification in accordance with 52 Pa. Code § 1.36.

**PEOPLES-TO-DUQUESNE SET II
INTERROGATORIES AND DOCUMENT REQUESTS**

1. Please describe the differences in billing for Scheduled CHP outages under the proposed revisions to Rider No. 16 and under the version of Rider No. 16 currently in effect.
2. Please describe the difference in billing for Unscheduled CHP outages under the proposed revisions to Rider No. 16 and under the version of Rider No. 16 currently in effect.
3. Please describe the difference in billing for on-peak outages under the proposed revisions to Rider No. 16 and under the version of Rider No. 16 currently in effect.
4. Please describe the difference in billing for off-peak outages under the proposed revisions to Rider No. 16 and under the version of Rider No. 16 currently in effect.
5. Please describe the procedure for a customer to schedule a maintenance outage in advance under the proposed revisions to Rider No. 16 and under the version of Rider No. 16 currently in effect.
6. Please describe how the Company takes into account the outage rate of a CHP system in calculating the customer's minimum charges under the proposed revisions to Rider No. 16 and under the version of Rider No. 16 currently in effect.
7. Please provide an explanation of how a non-utility generating facility receiving Back-Up Power Service pursuant to Rider No. 16 is billed when the customer reduces its Supplementary Power load in order to completely offset the generating capacity lost due to the CHP outage. If the billing is different for a full CHP outage as compared to a partial CHP outage, please explain the difference.
8. Using the Company's proposed revisions to Rider No. 16, please provide estimates for generation charges, distribution charges and transmission charges that a customer with a 2,000 kW CHP system would experience in a "no outage" month.
9. Using the Company's proposed revisions to Rider No. 16, please provide estimates for generation charges, distribution charges and transmission charges that a customer with a 2,000

kW CHP system would experience in a month in which the customer experienced a 16-hour outage during off-peak times.

10. Using the Company's proposed revisions to Rider No. 16, please provide estimates for generation charges, distribution charges and transmission charges that a customer with a 2,000 kW CHP system would experience in a month in which the customer experienced a 16-hour outage during on-peak times.

11. Please provide a description of the methodology and assumptions used in providing the above-requested responses (II-6 through II-8) to estimates for generation charges, distribution charges, and transmission charges.

12. Has Duquesne estimated the potential for additional CHP deployment in its service territory? If so, please provide that estimate and related documents.

13. Has Duquesne included in its future test year projections the effect of any additional CHP deployment in its service territory during that period? If yes, please quantify the effect and identify the exhibits where the effect is shown.

14. Has Duquesne included in its fully projected future test year projections the effect of any additional CHP deployment in its service territory during that period? If yes, please quantify the effect and identify the exhibits where the effect is shown.

15. Please describe the efforts that Duquesne has taken to identify any potential CHP project hosts in its service territory.

16. Please describe the outreach efforts that Duquesne has undertaken to educate potential hosts about CHP.

17. Please describe the outreach efforts that Duquesne has undertaken to educate ratepayers about any incentives available for CHP projects.

18. Has Duquesne previously prepared a customer class allocated cost of service study ("ACOS") that treated the Company's Back-Up Power service to non-utility generating facilities as a separate customer class? If yes, please provide a copy (including a working electronic file copy) of each such ACOS study. If not, please explain why not.

19. Would Duquesne have prepared and/or presented its rate increase filing and testimony differently had the Commission's Final Policy Statement on Combined Heat and Power (CHP) been finalized prior to when the Company began preparing its filing? If yes, please identify and describe the differences.

20. Please provide a revised Exhibit 6, including a working copy of the Excel spreadsheet with formulas intact, that treats the Company's Back-Up Power service to non-utility generating facilities as a separate customer class (i.e., column) in the Class ACOS Studies.

21. Without identifying the customer name(s), please provide the following information for each customer receiving service under Rider No. 16 for each month of the historic test year:

- (a) The name of the Company's rate schedule(s) under which the customer is billed for Supplementary Power services;
- (b) The delivery voltage level of service that the customer receives Back-Up Power and Supplementary Power services;
- (c) All Supplementary Power Billing Determinants;
- (d) All Back-Up Power Billing Determinants;
- (e) The Contract Demand for Back-up Power;
- (f) The Contract Demand for Supplementary Power;
- (g) The monthly energy delivered for Back-Up Power service;
- (h) The monthly energy delivered for Supplementary Power service;
- (i) The monthly energy generated by the customer's generating facilities;
- (j) The maximum amount of power (kW) provided by the customer's generating facilities;
- (k) The coincident peak (CP) demands for the Back-Up Power service at the time of the class non-coincident peak (NCP) demand;
- (l) The CP demands for the Supplementary Power related services at the time of the class NCP Demand;

- (m) The CP Demands for the power provided by the customer's generating facilities at the time of the class NCP demand;
- (n) Copies of invoices for Back-Up Power service under Rider No. 16; and,
- (o) Copies of invoices for Supplementary Power related services.

22. Provide the information requested in II-17 projected or estimated for each month of the future test year.

23. Provide the information requested in II-17 projected or estimated for each month in the fully projected future test year.

24. Please provide the monthly Distribution Base Period Billing Determinants for each customer that was receiving service under Rider No. 16 during the 2017 historic test year.

25. Please provide a working electronic file copy of the Minimum System Study referred to on pages 21 and 22 of the direct testimony of Duquesne witness Howard Gorman.

26. Please explain how revenues received for service under Rider No. 16 are treated in the ACOS studies provided in Duquesne's rate filing. In addition, provide the amount of the revenues and the page number, line number and column heading as to where the revenues are included in the ACOS studies.

27. Refer to Duquesne's Exhibit 6-4H. Please explain the basis for recovering secondary distribution plant related costs in the proposed Rider No. 16 rates. Also, provide a copy of any documents supporting this proposed secondary cost recovery.

28. Refer to page 6, lines 12 through 16, of the direct testimony of Duquesne witness David Ogden. Please explain the basis for the 1.30 multiplier used to develop the initial revenue increase for certain customer classes (i.e., how was the 1.30 level determined).

29. Refer to page 6, line 16, of the direct testimony of Duquesne witness David Ogden. Please explain the purpose of applying a percent increase cap of 20.96% to certain customer classes.

30. Please provide the Company's definition and/or understanding of the gradualism principle in the ratemaking process. Did the Company apply the gradualism principle in preparing

this rate filing? If so, please explain how the gradualism principle was applied for purposes of allocating the Company's total revenue increase among the rate classes. If gradualism was not applied, please explain how the Company's total revenue increase was allocated among the rate classes.

31. Refer to page 23, lines 5 through 6, of the direct testimony of Duquesne witness Howard Gorman. Provide a detailed explanation of the basis for using a class NCP demand allocation methodology for allocating demand-related distribution plant costs to rate classes.

32. Please provide a copy of the Company's testimony and exhibits in its previous two rate cases that addresses rates and/or service terms for providing Back-Up Power service to non-utility generating facilities.

33. Please provide a copy of all cost studies and/or ACOS studies used by Duquesne in its previous two rate cases to support the proposed rates for Back-Up Power service to non-utility generating facilities.

34. Please describe Duquesne's proposed generation project at Duquesne Light Woods Run Facility (Woods Run).

35. What is the purpose of the Woods Run Facility Project?

36. How much energy does Duquesne anticipate generating at Woods Run? Please provide daily, monthly and annual estimates.

37. Please describe the type, size and hours of operation for each type of generation planned for Woods Run.

38. How will the capital costs, operations costs and maintenance costs for the Woods Run project be recovered?

39. Please provide the economic model that shows the cost/benefit analysis for the Woods Run project.

40. Please describe the process used to solicit bids for the Woods Run project.

41. Please describe the process used to select the generation assets used for the Woods Run project.

42. Reference Duquesne's responses to Peoples' Interrogatories I-2 and I-37. Please define the term "Good Utility Practices."

43. Reference Duquesne's responses to Peoples' Interrogatory I-8.

(a) Does Duquesne expect to develop written practices or procedures related to this calculation? If so, when?

(b) If Duquesne does not expect to develop written practices or procedures related to this calculation, explain how Duquesne would calculate the carrying charge to reflect the company's cost of capital.

(d) If Duquesne does not expect to develop written practices or procedures related to this calculation, explain how Duquesne would calculate the applicable incremental operations and maintenance costs for transformation equipment.

(e) If Duquesne does not expect to develop written practices or procedures related to this calculation, explain how Duquesne would determine the applicable amortization period.

44. Reference Duquesne's responses to Peoples' Interrogatory I-12.

(a) Is Duquesne planning on adjusting its proposed rate for Back-Up Service pursuant to Rider 16?

(b) Is Duquesne planning a corresponding adjustment in other rates and riders in Supplement No. 174?

(c) Please explain where the referenced taxes other than income and gross receipts are shown in Duquesne's filing.

(d) Please identify in Duquesne's filing where the allocation of these taxes among the several rate classes is shown.

APPENDIX B

PNG INTERROGATORIES (SET I) NO. 16.

14. For each cost component (i.e., Account) presented in Exhibits 6-7A, 6-7B and 6-7D that was excluded from the cost analysis presented in Exhibit 6-4H, please explain why the exclusion of such costs for the provision of Back-Up Service is appropriate.

15. Referring to page 26, lines 12-13, of Mr. Ogden's direct testimony, please confirm that there is currently only one customer served by the Company on Rider No. 16 – Service to Non-Utility Generating Facilities.

16. If the answer to Question 15 is in the affirmative:

A. Please indicate if that customer has used Back-Up Service from the Company under Rider No. 16 – Service to Non-Utility Generating Facilities during the past 5 years.

B. Please indicate at what voltage level and from which portion of the distribution system the customer takes service from the Company.

C. Please indicate the number of times the customer used Back-Up Service from the Company and provide the maximum electrical capacity in kilowatts required by that customer for Back-Up Service during the 5-year period.

D. Please indicate the number of times the customer exceeded its Contract Demand by 10% or more at any time.

E. Please provide an electronic file copy of the metered interval demand data for the customer during the 5-year period.

F. Does the customer also receive Supplementary Service from the Company under a separate rate schedule or tariff? If so, please indicate the rate schedule under which service is provided and the energy and capacity levels expected to be provided under that rate schedule during the Company's Fully Projected Future Test Year (i.e., the twelve months ended December 31, 2019).

17. Has the Company assumed that during its Fully Projected Future Test Year no new customers will request Back-Up Service under Rider No. 16? If so, please explain the basis for the Company's assumption.