



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

IN REPLY PLEASE
REFER TO OUR FILE

May 13, 2016

Via E-Filing

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of Duquesne Light Company for Approval of its Long-Term
Infrastructure Improvement Plan
Docket No. P-2016-2540046

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Comments 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. Lauffer

Prosecutor

Bureau of Investigation and Enforcement

PA Attorney I.D. #313863

Enclosure
GLL/snc

cc: Certificate of Service
Hon. Charles E. Rainey, Jr.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of its Long-Term Infrastructure : Docket No. P-2016-2540046
Improvement Plan :

**COMMENTS OF THE
BUREAU OF INVESTIGATION & ENFORCEMENT**

I. INTRODUCTION

Pursuant to Act 11 of 2012 (“Act 11”) which, in part, amended Chapter 13 of the Pennsylvania Public Utility Code, water and wastewater utilities, electric distribution companies, natural gas distribution companies and city natural gas distribution operations are permitted to petition the Pennsylvania Public Utility Commission (“Commission”) for implementation of a Distribution System Improvement Charge (“DSIC”).¹ As a prerequisite of DSIC recovery, a utility is required to file a Long-Term Infrastructure Improvement Plan (“LTIIIP”) for Commission for its review and approval.²

In order to be eligible for DSIC recovery, a utility’s LTIIIP must include each of the following seven elements: (1) identification of the types and age of eligible property owned or operated by the utility for which the utility would seek recovery; (2) an initial schedule for the planned repair and replacement of eligible property; (3) a general description of the location of the eligible property; (4) a reasonable estimate of the

¹ 66 Pa. C.S. §§ 1350-1360.

² 66 Pa. C.S. § 1352.

quantity of eligible property to be improved.; (5) projected annual expenditures to implement the plan and measures taken to ensure that the plan is cost effective; and (6) a description of the manner in which the replacement of aging infrastructure will be accelerated and how the repair, improvement or replacement will ensure and maintain adequate, efficient, safe, reliable and reasonable service.³ Furthermore, if the utility's LTIP is not adequate and sufficient to ensure and maintain adequate, efficient, safe, reliable and reasonable service, the Commission must order a new or revised LTIP.⁴ Finally, the utility bears that burden of proof to demonstrate that its proposed LTIP and associated expenditures are reasonable, cost effective and are designed to ensure and maintain efficient, safe, adequate, reliable and reasonable service to consumers.⁵

On April 15, 2016, Duquesne Light Company ("Duquesne Light"), an electric distribution company, as defined by the Public Utility Code,⁶ filed a Petition for Approval of its Long-Term Infrastructure Improvement Plan ("Petition") with the Commission. Duquesne Light's Petition seeks approval for its proposed LTIP for the six-year term of January 1, 2017 through December 31, 2022. Pursuant to Commission regulations, LTIP filings are subject to a 30-day comment period, and if comments raise material factual issues, the LTIP will be referred to the Office of Administrative Law Judge ("OALJ") for hearings and a decision.⁷ While the Bureau of Investigation & Enforcement ("I&E") submits the following comments, it does so only to preserve its

³ Id.

⁴ Id.

⁵ 52 Pa.Code § 121.4(d).

⁶ 66 Pa. C.S. §2803.

⁷ 52 Pa. Code §124(c).

right to further investigate, and, if warranted, to challenge Duquesne Light's classification of eligible property in Duquesne Light's future DSIC proceeding⁸ and the reasonableness of currently unidentified LTIP costs. Accordingly, I&E is not requesting that the LTIP be referred to the OALJ.

II. COMMENT

A. IDENTIFICATION OF ELIGIBLE PROPERTY

At this juncture, I&E is without information sufficient to determine whether Duquesne Light's proposed Microgrid Program,⁹ which Duquesne Light categories as eligible property for LTIP recovery, actually qualifies for such recovery. For electric distribution companies, such as Duquesne Light, "eligible property" is limited to the following enumerated categories of property: (i) poles and towers; (ii) overhead and underground conductors; (iii) transformers and substation equipment; (iv) any fixture or device related to eligible property under subparagraphs (i), (ii) and (iii), including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers; (v) unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities and (vi) other related capitalized costs.¹⁰ In its LTIP, Duquesne Light fails to make any attempt to define the categories of property for which the Microgrid Program will qualify for cost recovery.

⁸ Duquesne Light's Petition indicates its intention to file a Petition for Approval of a DSIC "within the next few weeks." Petition, ¶29.

⁹ LTIP, p. 9, 12, and 28-29.

¹⁰ 66 Pa. C.S. 1351(1).

I&E understands that Duquesne Light may not have had the ability to produce specific and categorized property designations related to the Microgrid Program in its pending LTIP filing. However, the absence of this information makes it impossible to fully evaluate its inclusion. As such, I&E cannot waive its right to contest any related property eligibility in Duquesne Light's upcoming DSIC proceeding. Accordingly, I&E submits this comment to preserve its right to challenge the Microgrid Program's classification of "eligible property" for DSIC purposes.

B. PROJECTED ANNUAL EXPENDITURES TO IMPLEMENT THE PLAN AND MEASURES TAKEN TO ENSURE THAT THE PLAN IS COST EFFECTIVE

The same lack of specificity that led I&E to comment upon Duquesne Light's Microgrid Program qualifying as eligible property for LTIP recovery also raises concerns regarding whether projected expenditures support a cost-effective LTIP. To be sure, Duquesne Light already acknowledged that the specific type and scope of part of its planned microgrid installation is "yet to be determined,"¹¹ and that as a second phase of its program moves closer to construction, it will "file an amended LTIP to include detailed information and costs."¹² Additionally, Duquesne LTIP reveals that the annual schedule and expenditures for the Microgrid Project are still being determined.¹³ While I&E understands Duquesne Light's explanation, I&E simply submits this comment to ensure that its right to challenge any unidentified or unsupported LTIP cost is preserved.

¹¹ LTIP, p. 9.

¹² LTIP, p. 12.

¹³ LTIP, p. 30, 32.

III. CONCLUSION

WHEREFORE, for the reasons state herein, the Bureau of Investigation & Enforcement opines that Duquesne Light's Long-Term Infrastructure Improvement Plan is consistent with applicable requirements and it should be allowed to be placed into effect. Nonetheless, I&E reserves the right to fully investigate and evaluate the programming and cost ramifications of the Long-Term Infrastructure Improvement Plan in Duquesne Light's upcoming Petition for Approval of Distribution Charge. Such investigation and evaluation is necessary to ensure that Duquesne Light will only recover reasonable and prudent costs that it incurs to repair, improve or replace eligible property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service.

Respectfully submitted,



Gina L. Lauffer
Prosecutor
PA Attorney ID #313863

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Post Office 3265
Harrisburg, Pennsylvania 17105-3265

Dated: May 13, 2016

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Improvement Plan :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Comments** dated May 13, 2016, either personally, by first class mail, electronic mail, express mail and/or by fax upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

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