



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

IN REPLY PLEASE
REFER TO OUR FILE

June 15, 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)
**Answer to Duquesne Light's Petition for Approval of a Distribution System
Improvement Charge ("DSIC")** 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

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 :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Answer to Duquesne Light's Petition for Approval of a Distribution System Improvement Charge ("DSIC")** dated June 15, 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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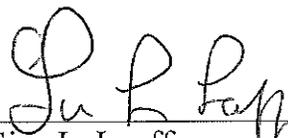
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PA Attorney I.D. #313863

**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 :

**THE BUREAU OF INVESTIGATION & ENFORCEMENT'S
ANSWER TO DUQUESNE LIGHT'S
PETITION FOR APPROVAL OF A DISTRIBUTION SYSTEM
IMPROVEMENT CHARGE ("DSIC")**

I. Introduction

On May 26, 2016, pursuant to Section 1353 of the Public Utility Code, Duquesne Light Company ("Duquesne Light" or "Company") filed a Petition for Approval of a DSIC ("Petition") which requested that its proposed DSIC be effective on October 1, 2016. The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), pursuant to the regulation, at 52 Pa. Code §5.61, entitled "*Answers to complaints, petitions, motions and preliminary objections*," hereby timely submits the following Answer in opposition to the Petition. Furthermore, I&E petitions the Commission to grant its own request to suspend Duquesne Light's Petition for investigation by I&E and for assignment of the proceeding to the Office of Administrative Law Judge ("OALJ") for the scheduling of Evidentiary Hearings culminating in the issuance of a Recommended Decision.

A. The Microgrid Project

I&E reiterates its concerns regarding Duquesne Light's Microgrid Program, as previously identified in I&E's Comments filed at this docket on May 13, 2016. More specifically, I&E is without information sufficient to determine whether the costs associated with Duquesne Light's proposed Microgrid Program constitute reasonable and prudent costs that it will incur to repair, improve or replace eligible property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service for DSIC recovery.¹ Duquesne Light has admitted that the specific type and scope of part of its planned microgrid installation is "yet to be determined,"² 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."³ Additionally, Duquesne Light's Long Term Infrastructure Improvement Plan ("LTIP") reveals that the annual schedule and expenditures for the Microgrid Program are still being determined.⁴ I&E submits that Microgrid Program costs cannot be deemed eligible for DSIC recovery when the costs, scope, and ratepayer benefits of the Microgrid Program remain unidentified.

¹ 66 Pa. C.S. 1353.

² LTIP, p. 9.

³ LTIP, p. 12.

⁴ LTIP, p. 30, 32.

ANSWER

I. INTRODUCTION

1. Admitted.

2. Admitted.

3. Admitted in part, denied in part. To the extent that Duquesne Light's averments are consistent with Act 11 of 2012 and Title 66 of the Public Utility Code, they are admitted. To the extent that that are inconsistent, they are denied. By way of further response, the DSIC is designed to facilitate the recovery of reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property *in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service.*⁵

4. Admitted.

5. Admitted in part, denied in part. It is admitted that Section 1353 requires utilities to include the items enumerated in Paragraph 5. It is denied that the items enumerated in Paragraph 5 represent the full listing of Section 1353's requirements. By way of further response, Section 1353 also requires that a DSIC Petition shall include the testimony, affidavits, exhibits and other supporting evidence demonstrating that that a distribution improvement system charge is in the public interest and will facilitate utility compliance with the following: (i) the provision and maintenance of adequate, efficient, safe, reliable and reasonable service consistent with section 1501 (relating to character of service and facilities);

⁵ 66 Pa. C.S. 1353 (emphasis added).

(ii) Commission regulations and orders relating to the provision and maintenance of adequate, efficient, safe, reliable and reasonable service; and (iii) any other requirement under Federal or State law relating to the provision and maintenance of adequate, efficient, safe, reliable and reasonable service.⁶

6. It is admitted that Duquesne Light structured its Petition in the same order as the requirements listed in Paragraph 5.

7. It is admitted only that Duquesne Light submitted the statements identified in Paragraph 7 along with its Petition. The remaining averments regarding the contents and characterization of those statements are conclusions of law to which no response is required. To the extent that a response is deemed to be required, I&E denies these averments and demands strict proof thereof.

II. DUQUESNE LIGHT'S DSIC

8. It is admitted that Duquesne Light Statement No. 3 offers an explanation of Duquesne Light's proposed tariff, and that this statement also addresses a proposed modification to the model tariff. The remaining averments contained in Paragraph 8 regarding Duquesne Light's characterization of Statement No. 3 are conclusions of law for which no response is required. To the extent that a response is deemed to be required, I&E denies these averments and demands strict proof thereof.

9. Admitted in part, denied in part. It is admitted that Duquesne Light filed a proposed LTIP with the Commission on April 15, 2016. To the extent that the

⁶ 66 Pa. C.S. 1353(b)(2)(i)-(b)(2)(iii).

remaining averments contained in Paragraph 11 are consistent with Duquesne Light's LTIP, they are admitted. To the extent that they are inconsistent, they are denied. By way of further response, it is denied that Duquesne Light's LTIP outlined the process for, facilities and equipment related to, and estimated costs of all claimed DSIC-eligible property that it expects to install over the next six years, because such information is not provided for Microgrid Program.⁷

10. It is admitted that Duquesne Light is not requesting approval of any particular microgrid project in the LTIP at this time. By way of further response, while Duquesne Light has identified the microgrid project as eligible LTIP and DSIC property,⁸ it is denied that the microgrid project meets the criteria for such eligibility. As such, the remaining averments contained in Paragraph 10 are conclusions of law to which no response is required. To the extent that a response is deemed to be required, I&E denies these averments and demands strict proof thereof.

11. Admitted in part, denied in part. It is admitted that Duquesne Light's LTIP includes the six programs enumerated in Paragraph 11. It is denied that either Section IV (1) or Appendix A of Duquesne Light's LTIP provide an estimated schedule and an estimated spend for the Microgrid Program. On the contrary, both Section IV (1) and Appendix A of its LTIP indicate that Duquesne

⁷ Duquesne Light St. No. 2 at 5: Duquesne Light is proposing to construct a specific microgrid project within the next six (6) years under its LTIP.

⁸ Duquesne Light St. No. 2, pp. 5-7.

Light will file an amended LTIP to include detailed project information and costs in the Microgrid Program.

12. Admitted in part, denied in part. It is admitted that Duquesne Light is requesting permission to implement its DSIC on October 1, 2016 and that its last base rate proceeding at Docket No. R-2013-2372129 included a fully projected future test year ending April 30, 2015. After reasonable investigation, I&E is without knowledge or information sufficient to form a belief as the truth of the remaining averments contained in Paragraph 12.

13. Admitted in part, denied in part. It is admitted that Duquesne Light is making a request for the Commission's approval of the DSIC to become effective on October 1, 2016, with any charges under the DSIC being subject to a refund at the conclusion of evidentiary hearings or an investigation held in this matter. It is denied that Duquesne Light's request to circumvent the investigative process and/or place rates into effect subject to a refund once a Commission determination is made is appropriate in this matter because either action subjects ratepayers to additional costs without adequate protection.

14. Admitted in part, denied in part. It is admitted that Duquesne Light Statement No. 3 includes a computation of Duquesne Light's DSIC. After reasonable investigation, I&E is without knowledge or information sufficient to form a belief as to the truth of the remaining averments contained in Paragraph 14.

15. The averments contained in Paragraph 15 are statements of Duquesne Light's intentions, and no response is required. To the extent that a response is

deemed to be required, I&E avers that certain quarterly updates are statutorily required components of a DSIC,⁹ and admits the averments only to the extent that they are consistent with the statutory requirement.

16. It is admitted that Duquesne Light Statement No. 3 offers and explanation of Duquesne Light's plan to provide customer notice by bill insert. The remaining averments contained in Paragraph 16 are statements of Duquesne Light's intentions, and no response is required. To the extent that a response is deemed to be required, I&E avers that notice to customers is a statutorily required component of a DSIC,¹⁰ and admits the averments only to the extent that they are consistent with the statutory requirement.

17. Admitted in part, denied in part. It is admitted that the Commission's model tariff includes customer safeguards in its structure. To the extent that Duquesne Light's proposed tariff is consistent with the model tariff, such averments are admitted.

18. After reasonable investigation, I&E is without knowledge or information sufficient to form a belief as the truth of the averments contained in Paragraph 18. By way of further response, it is specifically denied that Duquesne Light's proposed tariff is in the public interest and strict proof thereof is demanded.

⁹ 66 Pa. C.S. 1353(b)(iv).

¹⁰ 66 Pa. C.S. 1354.

19. After reasonable investigation, I&E is without knowledge or information sufficient to form a belief as the truth of the averments contained in Paragraph 19; therefore, they are denied and strict proof thereof is demanded.

20. The averments contained in Paragraph 20 contain Duquesne Light's conclusory opinions, which are unsupported by any facts that I&E can admit or deny. Accordingly, after reasonable investigation, I&E is without knowledge or information sufficient to form a belief as the truth of the averments contained in Paragraph 20.

21. Admitted.

22. Admitted.

23. The averments contained in Paragraph 23 are statements of Duquesne Light's intentions, and no response is required.

CONCLUSION

WHEREFORE, for the reasons stated herein, the Bureau of Investigation and Enforcement respectfully requests that the Pennsylvania Public Utility Commission Deny Duquesne Light's Petition for Approval of a Distribution System Improvement Charge, as filed. Duquesne Light has failed to prove that costs associated with its proposed Microgrid Project are reasonable and prudent costs incurred to repair, improve or replace eligible property in order to ensure and maintain adequate, efficient, safe, reliable and reasonable service. Additionally, the Bureau of Investigation and Enforcement respectfully requests that the Commission Deny Duquesne Light's Petition for a Distribution System Improvement Charge. In the alternative, it is requested that this proceeding be assigned to the Office of Administrative Law Judge for the scheduling of Evidentiary Hearings culminating in the issuance of a Recommended Decision.

Respectfully submitted,



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PA Attorney ID #313863

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Dated: June 15, 2016