

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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June 15, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Chiavetta:

Enclosed please find the Answer of the Office of Consumer Advocate to the Petition of Duquesne Light Company in the above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Erin L. Gannon
Erin L. Gannon
Senior Assistant Consumer Advocate
PA Attorney I.D. # 83487
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Enclosures

cc: Office of Administrative Law Judge
Office of Special Assistants
Certificate of Service

*222498

CERTIFICATE OF SERVICE

Petition of Duquesne Light Company :
for Approval of its Electric Long-Term : P-2016-2540046
Infrastructure Improvement Plan :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Answer in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 15th day of June 2016

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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 :

ANSWER OF THE OFFICE OF CONSUMER ADVOCATE
TO THE
PETITION OF DUQUESNE LIGHT COMPANY

I. INTRODUCTION

Pursuant to Section 5.61 of the Pennsylvania Code, 52 Pa. Code § 5.61, the Office of Consumer Advocate (OCA) provides the following Answer to the Petition of Duquesne Light Company (Duquesne or Company) for Approval of a Distribution System Improvement Charge (DSIC) for its electric operations. Through its Petition, Duquesne seeks permission to implement a surcharge of up to 5% on all customers under Section 1353 of the Public Utility Code, 66 Pa. C.S. § 1353. This surcharge would recover return and depreciation on certain plant placed in service between base rate filings. As set forth more fully below, the Company's Tariff Supplement attached to the Petition may be contrary to Pennsylvania statute, case law, and established Public Utility Commission policy. The Commission should deny Duquesne's Petition and proposed Tariff Supplement as filed. The OCA requests that the Commission refer the matter to the Office of Administrative Law Judge for development of an evidentiary record.

II. THE OCA'S ANSWER

This is a request by a utility to implement a DSIC under Act 11, 66 Pa. C.S. §§ 1350, et seq., and the Commission's Final Implementation Order.¹ While the OCA continues to review Duquesne's filing, the OCA has identified two preliminary concerns with the proposed surcharge. The OCA's first concern is Duquesne's proposal to recover costs related to its proposed microgrid program through the DSIC. DLC St. 2 at 5-6. The Company states that no resources have yet been allocated to the project under the LTIP and that it will file an amended LTIP to include detailed information and costs when the program is closer to construction. Id. at 6. The OCA submits that the project should be reviewed at that time to determine whether the costs are properly recovered through the surcharge. The second concern identified by the OCA is the riders that the Company proposes to include in "distribution revenue" for purposes of calculating the DSIC rate. DLC St. 3 at 6. The OCA submits that additional review and information is necessary to determine if their inclusion is consistent with Act 11 and the Commission's Final Implementation Order.

¹ Implementation of Act 11 of 2012, Docket No. M-2012-2293611, Order (Aug. 2, 2012) (Final Implementation Order).

III. CONCLUSION

The surcharge proposed by Duquesne may be contrary to Pennsylvania case law and well-established principles of sound ratemaking and regulatory policy. The OCA respectfully requests that the Commission deny the Company's Petition as filed, suspend the proposed tariff and refer the matter to the Office of Administrative Law Judge for development of an evidentiary record.

Respectfully submitted,



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Dated: June 15, 2016