



411 Seventh Avenue  
15<sup>th</sup> Floor  
Pittsburgh, PA 15219

Tel: 412-393-1541  
Fax: 412-393-5757  
twilliams@duqlight.com

**Tishekia E. Williams**  
Associate Counsel II, Regulatory

July 25, 2016

*Via Overnight Delivery*

**RECEIVED**

JUL 25 2016

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, 2<sup>nd</sup> Floor  
400 North Street  
Harrisburg, PA 17120

**Re: Duquesne Light Company's Long Term Infrastructure Improvement Plan  
TUS Data Request  
Docket No. P-2016-2540046**

Dear Secretary Chiavetta:

Enclosed please find Duquesne Light Company's responses to Data Requests submitted by Bureau of Technical Utility Services on July 13, 2016. Please note that the attachments to DR-1 are **Confidential** and will be provided to parties upon execution of a confidentiality agreement.

Please feel free to contact me with any questions or concerns.

Respectfully Submitted,

Tishekia E. Williams  
Associate Counsel II, Regulatory

Enclosure

cc: Certificate of Service  
Daniel Searforce- TUS Reliability and Emergency Preparedness Supervisor  
David Washko- TUS Electric Reliability Engineer



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

Bureau of Technical Utility Services ("TUS") – Set I  
To Duquesne Light Company

**RECEIVED**

Witness: John Hilderbrand

JUL 25 2016

**TUS DR-1**

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Reference the Duquesne LTIP, Section IV(7).

a. Describe in detail the process that will be employed when selecting LTIP projects to be competitively bid. Describe in detail how bids are solicited for those selected projects. Provide a sample of an RFP. Provide a summary and copy of the procedure(s) controlling the bidding process. Provide an approximate percentage of projects that are to be competitively bid to outside contractors. What determinations and thresholds are used to decide what projects are to be outsourced?

b. Provide the Pre-approved Vendor Program guideline procedures for contractors. Explain in detail how contractors are evaluated to determine on-going acceptable performance. Provide an example of a formalized Contractor review and approval scorecard with scoring methods and acceptance criteria.

c. Referencing Section IV(7)(b)(ii), describe in detail the sourcing platform and contract intelligence model and how those ensure the procurement of supplies and components are verified to be cost effective. Describe the process to ensure scrapped/salvaged copper conductors and electrical components are accounted for and how any credit is flowed back to back to the project and/or other area.

**Response:**

- a. Competitive quotations are required on purchases of greater than \$10,000, except when the appropriate approvals have been obtained and documented for the following instances: 1) In case of an emergency; 2) When buying from the Original Equipment Manufacturer (OEM), provided no other sources are available; 3) When due to technical specifications or an extenuating business reason purchasing is unable to conduct a competitive bid process for the required product or service with more than one vendor; 4) Where seeking competitive bids will disclose confidential information to the public and either undermines the Company's strategic or competitive position, or the Company's legal obligation of confidentiality.

The general process for the procurement of materials, equipment and services is through the use of confidential competitive bids. All quotations are to be initiated / solicited by and directed to Supply Chain. The Company will purchase its requirements of Materials, Equipment and Services from the supplier who offers the lowest price based on a total cost of ownership evaluation. Upon the completion of the bid evaluation and pricing negotiations Supply Chain conducts a bid award recommendation meeting with the respective business

unit to present the recommended supplier based on the results of the evaluation. This meeting is held with the business unit before the contract is awarded.

Requestors recommending other than the lowest total evaluated cost bid award on purchases of greater than \$10,000 are required to provide written cost justification. Supply Chain is responsible for review and oversight of this process.

Supply Chain is responsible for controlling, conducting and concluding contractual negotiations with suppliers, including changes to contracts.

A typical bid package contains the following documents. Depending on the type and complexity of the procurement additional or less documentation or information may be required.

- A. RFP/Instructions to Bidders Document
- B. Specifications
- C. Drawings or special instructions
- D. Technical/Commercial/Pricing Data Sheets
- E. DLC Commercial Terms and Conditions

A sample RFP and Instructions to bidders is attached and marked **Confidential Attachment DR-1(a)**

The Company's procedure for controlling the billing process, "Internal Client Requestor Purchasing Guide" is attached and marked **Confidential Attachment DR-1(b)**. DLC anticipates the projects to be competitively bid to outside contractors will be greater than 80 percent.

The availability of internal resources, as described in Section IV(7) page 17, Paragraph 3 of the LTIIIP will be the primary factor in determining what projects are to be outsourced. In the majority of cases, the accelerated LTIIIP projects would be classified as large scale capital projects.

- b. A uniform approach is used in qualifying new vendors to furnish Material, Equipment and/or Services to the Company and maintain a file of competitive sources of supply.

The qualification of vendors is a joint effort between Supply Chain, the client department and any other group within the Company that may have need to review; i.e. Finance, Legal, Environmental, etc.

A vendor's capabilities will be measured both commercially and technically according to vendor type and size and the scope of the Company's requirements.

The type of evaluation required, to determine supplier capability, varies with the nature, complexity and dollar value of the purchase to be made. It also varies with the buyer's knowledge of the firms being considered.

For many uncomplicated low dollar value purchases, an examination of the information already available in Supply Chain (supplier files, catalogs, product sheets, brochures) is sufficient.

For complex, high dollar, environmental or critical purchases, additional evaluation steps are necessary. These steps can include visits to vendor sites, vendor interviews, analysis of vendor's financial status, managerial and service capabilities.

It is the policy of the Company for Supply Chain to actively solicit and encourage Minority (MBE), Women (WBE) and Disabled (DBE) owned businesses to provide goods and services to the Company. Supply Chain is also responsible to ensure that these groups are given equal and fair access to provide Construction and Professional service contracts. Supply Chain will work with clients to encourage them to consider MWDBE's for their requirements of goods and services.

Contractor performance is monitored by regular job site reviews by Duquesne Light Construction Superintendents. The Construction Superintendents observe job site safety, ensure the work is being completed to Duquesne Light standards, and monitor progress against construction schedules. Also, all non-emergent extra work needs to be authorized before contractors can proceed. Safety performance is measured monthly and reported to the Safety Department and schedule performance is tracked weekly through Primavera scheduling software.

Contractors are evaluated by responding to a pre-qualification process prior to being invited to participate in an RFP. Responses are evaluated under (3) Primary Data Sheets that cover (1) Safety (2) Technical Competence and Capacity (2) and Commercial Risk. The Technical Data sheets are evaluated by the technical SME's and the Safety and Commercial Data sheets are evaluated by a Sourcing Specialist. The scorecard weights are determined and the evaluation scores are accordingly calculated to obtain a total score.

Please see attached "Supplier Qualification Overview" marked **Confidential Attachment DR-1(c)**

Please see attached "Supplier Pre-Qualification Scorecards" marked **Confidential Attachment DR-1(d)**

- c. The web based Sourcing Platform provides a prudent tool to conduct competitive bidding events, as there is only one point person (bid event coordinator ) responsible to engage with the vendors. The Sourcing Platform provides full communication transparency between the vendors and Duquesne Light.

The event specific Data sheets that are created for each event greatly reduce subjective interpretation of lengthy bid response documents and provide the means to conduct a side by side comparison across all the vendors' responses.

Once the RFP is closed the Technical Data sheets are submitted to the Technical SME's for evaluation, whilst the Sourcing Specialist evaluates the Pricing and Commercial Data Sheets. The Sourcing Specialist then engages the vendors on pricing negotiations based on the pricing response analysis. When the Technical evaluation is completed and submitted to the Sourcing Specialist the event is scored and finally a bid award recommendation is submitted to the Business Unit.

The Contract Intelligence tool is a central repository for all contracts.

It allows the monitoring of contract aging and provides alerts for upcoming expiration contracts as well as monitoring Spend. Both of these alerts are individually set to best support the uninterrupted supply of services, materials and /or equipment. Spend categories are assigned to each of the Sourcing Specialist and they are responsible to manage the expiration of contracts.

Supply Chain Materials Management assumes the role as the "Asset Recovery" department within Duquesne Light. Currently there are five (5) Scrap/Salvage Vendors that are partnered with Duquesne Light and handle all "Scrap" Mixed Metals, Copper/Aluminum, and Electrical Equipment. All "Scrap Loads" shipped to our five (5) Vendors are accompanied by a "Dray Slip." Each "Dray Slip" has a specific Accounting ID written on it that specifies a "General" or "Capital" project number. Once the Vendors receive, sort, and process each of the "Scrap Loads" they send a disposition/sort sheet along with a "Check" reimbursement. Once Supply Chain Materials Management "Asset Recovery" receives these disposition/sort sheets from these Vendors we fill out a Sales of Materials, & Charges Collected forms with the specific "General" or "Capital Project" accounting string and send it to Accounting along with the reimbursement check for the proper entry to the General Ledger.

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Bureau of Technical Utility Services (“TUS”) – Set I  
To Duquesne Light Company

Witness: John Hilderbrand

**TUS DR-2**

Reference the Duquesne LTIP, Section IV(1)(e).

a. Duquesne avers that it cannot provide estimated annual expenditures related to unreimbursed highway relocations. There are 6 other jurisdictional electric distribution companies with approved LTIPs and they all contained estimated historical baseline and projected expenditures by year for unreimbursed highway relocations.<sup>1</sup> Duquesne should reference those companies’ LTIPs for their methodologies. Failure to provide the historical baseline and projected expenditures by year for an eligible property category may result in the LTIP being rejected. Provide information on unreimbursed highway relocation historical baseline (at a minimum, the previous 5 calendar years) and projected expenditures as described, above, and provide an updated Table 12 (reference the LTIP Appendix B, page 32) that includes the information.

b. Ensure the amounts determined in 2(a), above, are included in the tables required by data requests 3 and 4, below.

**Response:**

	Millions											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Unreimbursed Highway Relocation Program	1.3	1.8	1.8	2.2	0.9	0.5	2.8	2.8	2.9	2.8	2.9	3.0

The table above shows the expected spend for the Unreimbursed Highway Relocation for 2016-2022. It also includes the actual spend for 2013-2015. The values in 2011-2012 are estimates because we did not track these costs at that time. It should also be noted that the Table 12 (reference the LTIP Appendix B, page 32) displays accelerated spend whereas the table above displays expected spend.

<sup>1</sup> The 6 approved electric distribution company LTIPs are PPL Electric, PECO Electric, Met-Ed, Penelec, Penn Power, and West Penn Power at Docket Numbers P-2012-2325034, P-2015-247142, P-2015-2508942, P-2015-2508936, P-2015-2508948, and P-2015-2508931, respectively.

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Witness: John Hilderbrand

**TUS DR-3**

Reference the Duquesne LTIP Appendix B, Table 11, page 30.

- a. Provide a table that details the estimated eligible property quantity addressed, by year, for each of the accelerated LTIP programs and initiatives, similar to Table 12, Summary of LTIP Expenditures.
- b. Provide a table that details the baseline historical (at a minimum, the previous 5 calendar years) and baseline projected eligible property quantity addressed, by year, for each of the LTIP programs. The table should be formatted like the table requested in 3(a), above.

**Response:**

**Table 3a: Projected Units Constructed Programs and Initiatives Projected Acceleration 2017-2022**

		2017	2018	2019	2020	2021	2022	Total
<b>Total (units)</b>	<b>Unit</b>							
<b>4kV Program</b>								
4kV Substation Elimination	circuits	4.0	7.0	12.0	-	-	2.0	25.0
Stepdown Transformer Conversion	3 ph transformer set	-	4.0	5.0	4.0	-	-	13.0
Modular Integrated Transformer System	MIT	2.0	8.0	8.0	-	-	-	18.0
<b>Overhead Program</b>								
Aerial Cable Replacement	miles	-	11.0	10.0	1.0	1.0	1.0	24.0
<b>Underground Program</b>								
Underground Cable Replacement	miles	2.4	-	3.1	-	-	1.7	7.2
Network Transformer and Protector Replacement	transformer	-	26.0	26.0	-	-	-	52.0
Underground Residential Distribution Rehabilitation	subm. Tfrmr.	-	167.0	167.0	167.0	167.0	82.0	750.0
<b>Overhead Program</b>								
Breaker & Switch Replacements	breaker	-	33.0	33.0	33.0	17.0	9.0	125.0
Substation Upgrades	job	-	-	5.0	5.0	-	-	10.0
<b>Highway Relocation Program</b>								
Highway Relocation Program	project	-	-	-	-	-	-	-
<b>Microgrid Program*</b>								
Microgrid Program*	project	-	-	-	-	-	-	-

\*As explained in the LTIP filing, the LTIP filed herein does not include program expenditures for the Microgrid Program. The Company will amend the filing to include the Microgrid Program.



**Table 3b1: Units Constructed for Programs and Initiatives 2011-2015**

Total (units)		2011	2012	2013	2014	2015	Total
Unit							
<b>4kV Program</b>							
4kV Substation Elimination	circuits	4.0	1.0	-	-	1.0	6.0
Stepdown Transformer Conversion	3 ph transformer set	2.0	-	2.0	4.0	4.0	12.0
Modular Integrated Transformer System	MIT	-	-	-	-	-	-
<b>Overhead Program</b>							
Aerial Cable Replacement	miles	3.0	1.5	1.5	1.5	1.0	8.5
<b>Underground Program</b>							
Underground Cable Replacement	miles	-	-	-	-	-	-
Network Transformer and Protector Replacement	transformer	44.0	29.0	46.0	26.0	23.0	168.0
Underground Residential Distribution Rehabilitation	subm. Tlrm.	253.0	66.0	219.0	49.0	-	587.0
<b>Overhead Program</b>							
Breaker & Switch Replacements	breaker	10.0	1.0	4.0	6.0	6.0	27.0
Substation Upgrades	job	-	-	-	-	-	-
<b>Highway Relocation Program</b>							
Microgrid Program	project	5.0	7.0	7.0	8.0	3.0	30.0
Microgrid Program	project	-	-	-	-	-	-

**Table 3b2: Projected Units Constructed for Programs and Initiatives Projected Baseline 2016-2022**

Total (units)		2016	2017	2018	2019	2020	2021	2022	Total
Unit									
<b>4kV Program</b>									
4kV Substation Elimination	circuits	-	-	-	-	-	-	-	-
Stepdown Transformer Conversion	3 ph transformer set	1.0	1.0	1.0	1.0	1.0	1.0	1.0	7.0
Modular Integrated Transformer System	MIT	4.0	-	-	-	-	-	-	4.0
<b>Overhead Program</b>									
Aerial Cable Replacement	miles	1.5	1.5	1.5	1.5	1.5	1.5	1.5	10.5
<b>Underground Program</b>									
Underground Cable Replacement	miles	-	-	-	-	-	-	-	-
Network Transformer and Protector Replacement	transformer	25.0	25.0	24.0	24.0	23.0	24.0	24.0	169.0
Underground Residential Distribution Rehabilitation	subm. Tlrm.	29.0	29.0	29.0	29.0	30.0	31.0	32.0	209.0
<b>Overhead Program</b>									
Breaker & Switch Replacements	breaker	11.0	11.0	11.0	10.0	10.0	11.0	11.0	75.0
Substation Upgrades	job	-	-	-	-	-	-	-	-
<b>Highway Relocation Program</b>									
Microgrid Program	project	10.0	10.0	10.0	11.0	11.0	11.0	11.0	74.0
Microgrid Program	project	-	-	-	-	-	-	-	-

All numbers in Table 3b2 are based on preliminary budget forecasts project for 2016 through 2022. These numbers are subject to change based on changes in work priorities.

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Witness: John Hilderbrand

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**TUS DR-4**

Reference the Duquesne LTIIP Appendix B, Figure 4, page 33.

- a. Figure 4 does not provide enough detail in regards to expenditures by program for the historical and projected amounts. Reformat this figure to a table similar to Table 12 (Appendix B, page 32) that provides an annual expenditure dollar amount by year for each of the program categories as well as a total amount for all program categories by year.

**Response:**

	Millions											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
4kV Program	8.1	4.8	3.2	1.7	1.0	4.2	19.3	45.0	64.1	9.0	4.2	11.8
Overhead Program	52.4	42.4	54.6	37.9	46.6	42.8	40.0	60.4	49.1	41.6	43.5	44.9
Underground Program	26.7	13.3	28.9	19.4	16.5	27.1	21.8	28.2	28.3	22.1	23.1	22.2
Substation Program	19.1	10.0	12.4	10.4	4.0	9.6	8.3	12.8	11.9	8.9	7.1	6.2
Highway Relocation Program	1.3	1.8	1.8	2.2	0.9	2.8	2.8	2.8	2.9	2.8	2.9	3.0
Microgrid Program	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>107.5</b>	<b>72.3</b>	<b>100.8</b>	<b>71.5</b>	<b>69.0</b>	<b>86.4</b>	<b>92.2</b>	<b>149.2</b>	<b>156.3</b>	<b>84.5</b>	<b>80.8</b>	<b>88.1</b>

Similar to TUS DR-2, the values for Unreimbursed Highway Relocation in 2011-2012 are estimates because we did not track these costs at that time. The West Carson Street Rehabilitation (2012 = \$0.2M, 2013=\$11.2M, 2014=\$9.0M, and 2015=\$5.3M for a total of \$25.7M) was excluded from the historical data due to the fact it was a significant outlier, non-reimbursable project, that is not expected to occur in the DSIC period.

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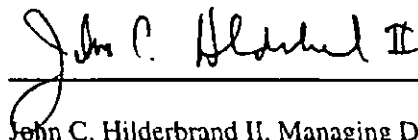
**VERIFICATION**

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I, John C. Hilderbrand II, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Date:

7/21/16



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John C. Hilderbrand II, Managing Director, Engineering & Programs

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

**FIRST-CLASS MAIL**

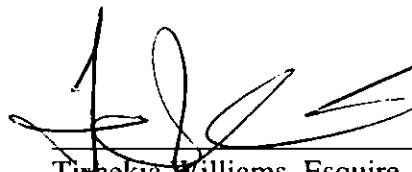
Gina L. Lauffer, Esq.  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265

Sharon Webb, Esq.  
Office of Small Business Advocate  
300 North Second Street  
Suite 1102  
Harrisburg, PA 17101

Erin Gannon, Esq.  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923

Theodore Robinson  
Citizen Power  
2121 Murray Avenue  
Pittsburgh, PA 15217

Dated: July 25, 2016



Tisneka Williams, Esquire.  
Duquesne Light Company  
411 Seventh Avenue, 16-1  
Pittsburgh, PA 15219  
Phone: 412-393-1541  
Fax: 412-393-5757  
Email: [twilliams@duqlight.com](mailto:twilliams@duqlight.com)

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<p>TISHKIA WILLIAMS 412.993.1541 DUQUESNE LIGHT 411 7TH AVENUE, 15-7 PITTSBURGH PA 15219</p> <p><b>SHIP TO:</b> ROSEMARY CHIAVETTA, SEC. PA PUBLIC UTILITY COMMISSION COMMONWEALTH KEYSTONE BUILDING 2ND FLOOR, ROOM-N201 400 NORTH STREET <b>HARRISBURG PA 17120-0200</b></p>	<p style="text-align: right;">0.0 LBS LTR</p> <p style="text-align: right;">1 OF 1</p> <p style="font-size: 2em; font-weight: bold; text-align: center;">PA 171 9-20</p> 	<p style="font-size: 2em; font-weight: bold; text-align: center;">UPS NEXT DAY AIR</p> <p style="font-size: 3em; font-weight: bold; text-align: center;">1</p> <p>TRACKING #: LZ 187 399 01 9167 4935</p> 	 <p style="font-size: 8px;">CS 18 5.34. WNTNV5C 78.0A 07/2016</p> <p>BILLING: P/P</p> <p>Cost. Center: 004</p>
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