



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

IN REPLY PLEASE
REFER TO OUR FILE

October 14, 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 a Distribution
System Improvement Charge
Docket No. P-2016-2540046

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Prehearing Memorandum 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/sea

cc: ALJ Katrina L. Dunderdale
Certificate of Service

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company for :
Approval of a Distribution System : Docket No. P-2016-2540046
Improvement Charge :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated October 14, 2016, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Anthony D. Kanagy, Esquire
Michael W. Gang, Esquire
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Tishekia Williams, Esquire
Duquesne Light Company
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Theodore S. Robinson, Esquire
Citizen Power, Inc.
2121 Murray Avenue
Pittsburgh, PA 15217



Gina L. Lauffer
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :
for Approval of a Distribution System : **Docket No. P-2016-2540046**
Improvement Charge :

**PREHEARING MEMORANDUM OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

TO ADMINISTRATIVE LAW JUDGE KATRINA L. DUNDERDALE:

In accordance with the Prehearing Conference Order dated October 6, 2016, the Bureau of Investigation and Enforcement (“I&E”) hereby submits this Prehearing Memorandum. The I&E prosecutor assigned to this proceeding is Gina L. Lauffer. Ms. Lauffer may be contacted as follows:

By Mail: Gina L. Lauffer
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

By e-mail: ginlauffer@pa.gov

Telephone: (717) 787-8754
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I. BACKGROUND

On April 15, 2016, the Duquesne Light Company (“Duquesne Light” or “Company”) filed with the Pennsylvania Public Utility Commission (“PUC” or “Commission”) a Petition for Approval of its Long-Term Infrastructure Improvement Plan (“LTIIIP”). On May 5, 2016, the Office of Small Business

Advocate filed an Answer, Notice of Intervention, Public Statement, and Verification for Duquesne's LTIP. On May 13, 2016, both I&E and the Office of Consumer Advocate ("OCA") provided comments on Duquesne's LTIP, and Citizen Power, Inc. provided comments on May 16, 2016.

While comments regarding Duquesne Light's Petition for Approval of a LTIP were pending before the Commission, on May 26, 2016, Duquesne Light filed Petition for Approval of a Distribution System Improvement Charge ("DSIC") to become effective on October 1, 2016. Through its Petition for Approval of a DSIC, Duquesne Light proposes, inter alia, to recover costs associated with a proposed Microgrid Program. On June 15, 2016, both I&E and OCA filed Answers to Duquesne Light's Petition for Approval of a DSIC, averring that the Petition should be denied as filed. By Opinion and Order dated September 15, 2016,¹ the Commission approved both Duquesne Light's Petition for Approval of a LTIP and Petition for Approval DSIC, subject to the terms of the Opinion and Order.

In accordance with the Opinion and Order, Duquesne Light's Petition for Approval of a DSIC was assigned to the Office of Administrative Law Judge ("OALJ") for the development of an evidentiary record, including a Recommended Decision. The OALJ assigned the proceeding to Administrative Law Judge Katrina L. Dunderdale for investigation and scheduling of hearings to consider whether the costs associated with Duquesne's Microgrid Program are

¹ Docket No P-2016-2540046, *Opinion and Order* (entered on September 15, 2016).

recoverable through the DSIC and to assess the inclusion of riders in distribution revenues when calculating the DSIC.² A telephonic Prehearing Conference has been scheduled for October 17, 2016.

II. ISSUES

Based upon a preliminary review of the filing, I&E has identified the following area of inquiry, representing a potential issue at this time. However, I&E reserves the right to address such other issues when those issues arise:

1. Whether the costs associated with Duquesne Light's Microgrid Program are recoverable through the distribution system charge

Most of the issues raised by I&E will be supported by the Direct Testimony of an I&E witness. If there are issues of Commission policy or legal interpretation that are not properly the subject of testimony or factual issues that are clear on the record and need not be supported by testimony, I&E reserves the right to dispense with testimony when, in its opinion, an issue can be adequately addressed in Brief.

III. WITNESSES

It is currently expected that I&E may call the following witness without being limited thereto:

Lisa A. Gumby

Fixed Utility Valuation Engineer

The I&E witness may be contacted through the contact information listed above for Ms. Lauffer. I&E reserves the right to substitute witnesses or call

² Docket No P-2016-2540046, *Opinion and Order* at 40 (entered on September 15, 2016).

additional witnesses if warranted.³ All active parties will be notified of any amendments to the I&E witness list.

IV. SCHEDULE

I&E is working with Duquesne Light and the other parties to develop a mutually acceptable litigation schedule for this proceeding.

V. SETTLEMENT

I&E intends to participate in any settlement discussions and is willing to reach a resolution of any or all issues. However, a discussion of issues that may be settled is not possible until further Discovery has been conducted and the positions of the other parties are known.

VI. DISCOVERY

I&E does not propose any modification of the Discovery Rules in this proceeding.

Respectfully submitted,



Gina L. Lauffer
Prosecutor
Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission

Dated: October 14, 2016

³ The above listing is provided without analysis of the positions of all parties to this proceeding and without the benefit of completed discovery.