



McNees
Wallace & Nurick LLC

100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Pamela C. Polacek
Direct Dial: 717.237.5368
Direct Fax: 717.260.1736
ppolacek@mwn.com

September 23, 2010

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA HAND DELIVERY

**RE: Pennsylvania Public Utility Commission v. Duquesne Light Company;
Docket No. R-2010-2179522**

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are the original and three (3) copies of the Complaint and Prehearing Memorandum of the Duquesne Industrial Intervenors ("DII") in the above-referenced proceeding.

As shown on the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of these documents, and kindly return them for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Pamela C. Polacek

Counsel to the Duquesne Industrial Intervenors

SLK/km
Enclosures

c: Administrative Law Judges Mark M. Hoyer and Conrad A. Johnson (via E-mail and First Class Mail)
Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
 v. : Docket No. R-2010-2179522
 :
 Duquesne Light Company :

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**PREHEARING MEMORANDUM
OF THE DUQUESNE INDUSTRIAL INTERVENORS**

As requested by Administrative Law Judges ("ALJs") Mark A. Hoyer and Conrad A. Johnson in their September 17, 2010, Prehearing Conference Order, the Duquesne Industrial Intervenors ("DII") hereby submit this Prehearing Memorandum in the above-captioned proceeding. DII intends to participate in this proceeding as an "active" party.

I. HISTORY OF THE PROCEEDING

On July 23, 2010, Duquesne Light Company ("Duquesne" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 35 to Tariff Electric – PA P.U.C. NO. 24 ("Supplement No. 35") proposed to become effective on September 21, 2010. In this filing, Duquesne requests a distribution rate increase of approximately \$87.3 million, or 22.6% over the Company's present annual distribution revenues, and a proposed return on equity of 11.25%. If approved, the Company's distribution rate increase request would produce an overall rate increase of approximately 6.69%. In support of Supplement No. 35, Duquesne has filed and served supporting testimony that purports to validate the Company's claim for an \$83.7 million distribution rate increase and the other elements of the Company's proposal.

Concurrent with this Prehearing Memorandum, DII is filing a Complaint in this proceeding. A description of DII is set forth in Paragraph 6 of DII's Complaint. A Prehearing Conference has been scheduled in this proceeding for September 24, 2010.

II. ANTICIPATED ISSUES AND SUB-ISSUES

DII's preliminary review of the Company's filing indicates the need for Commission investigation into at least the following issues:

- (a) Whether the size of the requested rate increase is appropriate;
- (b) Whether the expenses claimed by Duquesne were prudently incurred;
- (c) Whether the allocation of the proposed distribution rate increase between and among customer classes is just, reasonable and non-discriminatory;
- (d) Whether Duquesne's proposed rate structure and rate design are appropriate, just, reasonable, and not unduly discriminatory, specifically including the proposed rate design changes for Rates GL, L and HVPS;
- (e) Whether the 11.25% return on equity proposed by Duquesne and other aspects of the Company's proposal result in a rate of return; and
- (f) Whether Duquesne's claimed cost of service is accurate, legitimate and appropriately allocated.

DII anticipates pursuing these issues during this proceeding and reserves the right to raise further issues and to respond to all issues raised by other parties.

III. PROPOSED WITNESSES

DII is still in the process of evaluating whether it will present any witnesses in this proceeding. If DII determines that it will present such witnesses, DII will inform the ALJs and the other parties as soon as possible. DII also reserves its right to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

IV. PROPOSED SCHEDULE AND DISCOVERY RULES


DII will cooperate with the ALJs and the parties at the Prehearing Conference to develop an appropriate procedural schedule and discovery rules in accordance with the Commission's regulations and any ALJ directives.

V. POSSIBILITY OF SETTLEMENT

DII is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

Pamela C. Polacek (Pa. I.D. No. 78276)

Carl J. Zwick (Pa. I.D. No. 306554)

McNees Wallace & Nurick LLC

100 Pine Street, P.O. Box 1166

Harrisburg, PA 17108

Phone: 717.232.8000

Fax: 717.237.5300

Counsel to the Duquesne Industrial Intervenors

Dated: September 23, 2010

APPENDIX "A"

**MEMBERSHIP OF THE
DUQUESNE INDUSTRIAL INTERVENORS**

**Allegheny Ludlum Corporation
Horsehead Corporation
Universal Stainless and Alloy Products, Inc.**

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST-CLASS MAIL

David B. MacGregor, Esq.
Post & Schell, P.C.
Four Penn Center
1600 John F. Kennedy Blvd.
Philadelphia, PA 19103-2808
dmacgregor@postschell.com

Michael W. Gang, Esq.
Anthony Kanagy, Esq.
Post & Schell, P.C.
17 North Second Street, 12th Floor
Harrisburg, PA 17101-1601
mgang@postschell.com
akanagy@postschell.com

Tanya J. McCloskey, Esq.
Candis A. Tunilo, Esq.
Barrett Sheridan, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
tmccloskey@paoca.org
ctunilo@paoca.org
bsheridan@paoca.org

Scott J. Rubin, Esq.
333 Oak Lane
Bloomsburg, PA 17815
scott.j.rubin@gmail.com

Charles Daniel Shields, Esq.
Adeolu A. Bakare, Esq.
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
Office of Trial Staff
P.O. Box 3265
Harrisburg, PA 17105-3265
chshields@state.pa.us
abakare@state.pa.us

Sharon E. Webb, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101
swebb@state.pa.us

Gary A. Jack, Esq.
Duquesne Light Company
411 Seventh Ave. 16-1
Pittsburgh, PA 15219
gjack@duqlight.com

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Pamela C. Polacek

Counsel to the Duquesne Industrial Intervenors

Dated this 23 day of September, 2010, at Harrisburg, Pennsylvania.