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October 2, 2013

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

**VIA ELECTRONIC FILING**

**RE: Pennsylvania Public Utility Commission v. Duquesne Light Company;  
Docket No. R-2013-2372129**

Dear Secretary Chiavetta:

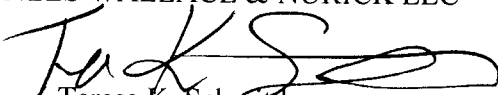
Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the Prehearing Conference Memorandum on behalf of the Duquesne Industrial Intervenors ("DII") in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served with a copy of this document.

Sincerely,

McNEES WALLACE & NURICK LLC

By

  
Teresa K. Schmittberger

Counsel to the Duquesne Industrial Intervenors

TKS/leh  
Enclosures

c: Administrative Law Judge Conrad A. Johnson (via First Class Mail and E-Mail)  
Certificate of Service

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## 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

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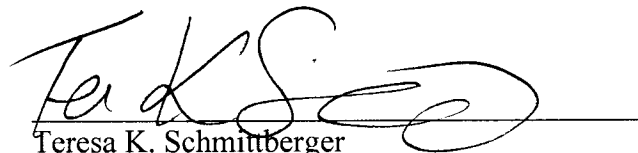
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Teresa K. Schmittberger  
Counsel to the Duquesne Industrial Intervenors

Dated this 2<sup>nd</sup> day of October, 2013, at Harrisburg, Pennsylvania

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission, <i>et al.</i>	:	
	:	
v.	:	Docket No. R-2013-2372129, <i>et al.</i>
	:	
Duquesne Light Company	:	

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**PREHEARING MEMORANDUM  
OF THE DUQUESNE INDUSTRIAL INTERVENORS**

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As requested by Administrative Law Judge ("ALJ") Conrad A. Johnson in the September 26, 2013, 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 August 2, 2013, Duquesne Light Company ("Duquesne" or "Company") filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") Supplement No. 81 to Tariff Electric – PA P.U.C. No. 24 ("Supplement No. 81") proposed to become effective on October 1, 2013. By this filing, Duquesne requests a distribution rate increase of approximately \$76.3 million, and a proposed return on equity of 8.36%. If approved, the Company's distribution rate increase request would produce an overall rate increase of approximately 10.6%. In support of Supplement No. 81, Duquesne has filed and served supporting testimony that purports to validate the Company's claim for a \$76.3 million distribution rate increase and the other elements of the Company's proposal.

DII filed a Complaint in this proceeding on September 27, 2013. A description of DII is set forth in Paragraph 6 of DII's Complaint. A Prehearing Conference has been scheduled in this proceeding for October 4, 2013.

## **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;
- (e) Whether the 8.36% return on equity proposed by Duquesne and other aspects of the Company's proposal result in a fair 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 ALJ 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 ALJ 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 

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Counsel to the Duquesne Industrial Intervenors

Dated: October 2, 2013