



The I&E fax number is (717) 772-2677. Senior Prosecutor Shields can be contacted directly by telephone at (717) 783-6151 and by electronic mail at *chshields@pa.gov*.

Per the Prehearing Order, the Prehearing Conference is scheduled for 10:00 a.m. on Friday, October 4, 2013, with Your Honor presiding telephonically from Pittsburgh and the Harrisburg parties participating from Hearing Room 4 in the Keystone Building.

## **I. INTRODUCTION**

On August 2, 2013, Duquesne Light Company ("DLC" or "Company") filed Supplement No. 81 to Electric-PA. P.U.C. No. 24 to become effective October 1, 2013, containing proposed changes in rates, rules, and regulations calculated to produce \$76.3 million (17.6%) in additional annual revenues. On August 9, 2013, I&E filed its Notice of Appearance at this docket.<sup>1</sup> The Office of Small Business Advocate ("OSBA") and the Office of Consumer Advocate ("OCA") have each filed a Formal Complaint against the rate hike request. A number of protests and Petitions to Intervene have also been filed.

By Order entered September 26, 2013, the Commission suspended the filing and instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations. Pursuant to 66 Pa. C.S. §1308(d), the filing will be

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<sup>1</sup> The generally used and preferred colloquial reference for the Bureau of Investigation and Enforcement is "I&E" rather than "BIE."

suspended by operation of law until May 1, 2014, unless permitted by Commission Order to become effective at an earlier date.

Said Order provided that the case be assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision. I&E will fully participate in the Prehearing Conference and any settlement discussions and has already submitted several sets of discovery to DLC seeking additional information regarding the many issues involved in a base rate case filing.

## **II. ISSUES**

The following list represents I&E's preliminary determination of the potential major issues in this case. The listing is as complete as can be produced at this time. I&E specifically reserves the right to address other issues, as it deems appropriate when any such relevant issues arise. The present list of potential issues is as follows:

### **Rate of Return**

- Overall Rate of Return
- Capital Structure
- Cost of Common Equity
- Cost of Debt

### **Expenses**

- Salaries & Wages
- Pension & Benefits
- Uncollectible Expense
- Membership Dues
- Miscellaneous General Expenses-Other

Outside Service Expenses  
Rate Case Expense  
Advertising Expense  
Charitable & Civic Contributions  
Administrative Services Charged to Affiliates  
Amortization Information Technology Costs  
Taxes Other Than Income  
Income Taxes

**Rate Base**

Plant in Service  
Materials and Supplies  
Annual Depreciation Expense  
Contribution in Aid of Construction  
PennVest Funded Property  
Fully Projected Future Test Year Plant Additions  
Fully Projected Future Test Year Customer Count  
Fully Projected Future Test Year Usage Projections  
Fully Projected Future Test Year Retirements  
Fully Projected Future Test Year Accumulated Depreciation  
Fully Projected Future Test Year Materials and Supplies  
Smart Meter Surcharge Costs  
Unrecovered Adjustment for Amortization  
Cash Working Capital

**Revenues**

Present Rate Revenue  
Weather Normalization Adjustment  
Proposed Rates  
Scale Back of Rates

**III. WITNESSES**

It is currently expected that I&E may call any or all of the following expert witnesses, without being limited thereto:

- **Jeremy B. Hubert, Fixed Utility Valuation Engineer**

- **Christine S. Wilson, Fixed Utility Financial Analyst Supervisor**
- **Emily Sears, Fixed Utility Financial Analyst**
- **Susan Daub, Fixed Utility Financial Analyst**
- **Kokou Apetoh, Fixed Utility Valuation Engineer**

I&E reserves the right to call additional witnesses or delete the names of the technical staff expert witnesses listed above. The above listing is provided without the benefit of complete discovery or analysis of the positions of any other party who may be active in this proceeding. Prepared testimony and brief additional live direct testimony may be submitted by any or all of the I&E witnesses in her or his area(s) of responsibility.

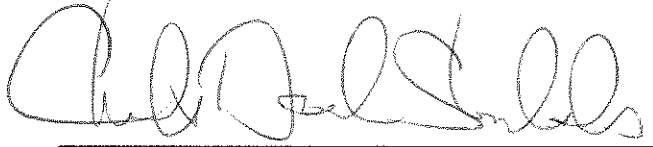
In addition to the testimony and exhibits presented by I&E witnesses and the evidence adduced through cross-examination of witnesses for the Company, I&E intends to rely upon the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, and other relevant documents and reports.

#### **IV. CONCLUSION**

I&E represents that we will make a good faith effort to successfully resolve this matter through settlement discussions. In the event any such settlement discussions fail to result in a full and complete resolution of the matter, I&E is prepared to fully litigate all relevant and outstanding base rate issues. Following discussions with counsel, I&E can

agree to the proposed litigation schedule to be attached to the Company's Prehearing Memorandum.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Charles Daniel Shields", written in black ink on a white background. The signature is positioned above a horizontal line.

Charles Daniel Shields  
Senior Prosecutor  
PA Attorney I.D. No. 29363

Bureau of Investigations and Enforcement  
Pennsylvania Public Utility Commission  
Post Office Box 3265  
Harrisburg, Pennsylvania 17105-3265  
(717) 783-6151

Docket No. R-2013-2372129

Dated: October 2, 2013