

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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June 8, 2016

Rosemary Chiavetta, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

Re: Petition of Duquesne Light Company for
Approval of a Default Service Plan for the
Period from June 1, 2017 through May 31,
2021
Docket Nos. P-2016-2543140

Dear Secretary Chiavetta:

Attached for electronic filing please find the Office of Consumer Advocate's Prehearing Memorandum in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Kristine E. Marsilio

Kristine E Marsilio
Assistant Consumer Advocate
PA Attorney I.D. #316479

Attachment

cc: Honorable Conrad A. Johnson, ALJ
Certificate of Service

221989

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

| | | |
|--------------------------------------|---|----------------|
| Petition of Duquesne Light Company | : | |
| For Approval of Default Service Plan | : | P-2016-2543140 |
| For the Period June 1, 2017 | : | |
| Through May 31, 2021 | : | |

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa.C.S. Section 333, and in response to the May 23, 2016 Prehearing Conference Order issued in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. PROCEDURAL HISTORY

On May 2, 2016, Duquesne Light Company (Duquesne Light or the Company) filed a Petition with the Pennsylvania Public Utility Commission (Commission) for approval of its eighth default service plan (DSP) for the period June 1, 2017 through May 31, 2021, as well as approval of the Company's (i) Time-of-Use (TOU) Program, (ii) Standard Offer Program (SOP), (iii) Customer Assistance Program (CAP), and other approvals required for the implementation of the DSP.

The Petition was assigned to the Office of Administrative Law Judge and was further assigned to Administrative Law Judge Conrad A. Johnson (ALJ Johnson) for investigation and the scheduling of hearings. On May 23, 2016, ALJ Johnson issued a Prehearing Conference Order indicating that an Initial Prehearing Conference was scheduled for June 10, 2016. This Order also detailed the parties' obligations with respect to the Prehearing Conference.

On June 6, 2016, the OCA filed an Answer in response to the Company's Petition and its Notice of Intervention and Public Statement. The OCA submits this Prehearing Memorandum in accordance with the Prehearing Conference Order in this matter.

II. ISSUES AND SUB-ISSUES

Based upon a preliminary analysis of the Company's Petition, the OCA has compiled a list of issues that it anticipates will be included in its investigation of the DSP. It is anticipated that other issues will arise and may be pursued as discovery proceeds.

The OCA has identified several issues that may require further review as follows:

- Procurement Methodology: The OCA will examine the Company's proposed procurement method of acquiring all residential supply through a combination of 12-month and 24-month, laddered supply contracts to ensure that the procurement methodology adopted in this proceeding is consistent with the Public Utility Code and is designed to provide the least cost reliable supply, taking into account price stability for customers over time.
- Contingency Plan: In the event that an RFP fails to attract a sufficient volume of bidders, or the Commission does not approve the submitted bids, or an accepted supplier defaults, the Company proposes to procure supply on an interim basis through purchases in the PJM spot market and to recover all costs from the applicable customer class. The OCA will review the Company's contingency plan to ensure that it does not rely too heavily on spot market purchases.
- Rate Design and Cost Recovery: The OCA intends to carefully examine the reasonableness of the Company's proposals relating to rate design and cost recovery, the necessity of waiver of 52 Pa. Code Section 54.187, and the impacts of the Company's proposals on consumers. Additionally, the OCA will review the Company's proposed modifications and adjustments to cost recovery, including the Company's proposal to move the recovery of cash working capital costs and other costs related to default service from base rates to DSS rates.
- Supplier Master Agreement: The OCA will review the Company's supplier master agreement to ensure its compliance with the Public Utility Code and to ensure that such a plan does no harm to default service customers or the retail competitive market.
- Standard Offer Referral Program: The Company proposes to continue to offer its current SOP to residential customers. The OCA will examine the Standard Offer Referral Program and the costs that may arise from the continuation of such a

referral program to ensure that such a program is still reasonable, cost-justified, and that the costs are allocated appropriately.

- Time of Use Rates: The Company proposes to continue to offer its current Time of Use (TOU) rate program to residential customers through May 31, 2017. The OCA will review the TOU proposal to ensure that it continues to meet the needs of ratepayers while maintaining compliance with existing laws and the Commission's regulations.

III. WITNESSES

The OCA intends to present the direct, rebuttal, and surrebuttal testimony, as may be necessary, of its witnesses. The OCA's witnesses will present testimony in written format and will also attach various exhibits, documents, and explanatory information which will assist in the presentation of the OCA's case. In order to expedite the resolution of this proceeding, the OCA requests that copies of all interrogatories, testimony, and answers to interrogatories be mailed directly to the OCA's witnesses at the below addresses, as well as mailing a copy to counsel for the OCA. The OCA's witnesses are as follows:

Procurement and Rate Design Issues:

Dr. Steven Estomin
Exeter Associates, Inc.
10480 Little Patuxent Parkway
Suite 300
Columbia, MD. 21044
E-mail: sestomin@exeterassociates.com

Retail Market Enhancement and Consumer Protection Issues:

Barbara Alexander
Consumer Affairs Consultant
83 Wedgewood Drive
Winthrop, ME 04364
E-mail: barbalex@ctel.net

The OCA specifically reserves the right to call additional witnesses, as necessary. As soon as the OCA has determined whether an additional witness or witnesses will be necessary for any portion of its case, the OCA will promptly notify ALJ Johnson and all parties of record.

IV. SERVICE ON OCA

The OCA will be represented in this case by Senior Assistant Consumer Advocate Aron J. Beatty and Assistant Consumer Advocate Kristine E. Marsilio. Two copies of all documents should be served on the OCA as follows:

Kristine E. Marsilio
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut St., 5th Floor, Forum Place
Harrisburg, PA 17101-1923
Telephone: (717) 783-5048
Fax: (717) 783-7152
Email: kmarsilio@paoca.org

As a courtesy, the OCA requests that all electronic correspondence be additionally copied to Aron J. Beatty (abeatty@paoca.org) and Rebecca L. Nace (rnace@paoca.org).

V. DISCOVERY

Because the time period for discovery and preparation of testimony is limited, the OCA supports a shortened discovery response time in this proceeding, consistent with the modifications approved in numerous other default service proceedings. The OCA, therefore, requests the following modifications to the discovery regulations:

- A. Answers to written interrogatories be served in-hand within ten (10) calendar days of service of the interrogatories.
- B. Objections to interrogatories be communicated orally within three (3) calendar days of service; unresolved objections be served to the ALJ in writing within five (5) calendar days of service of interrogatories.

- C. Motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) calendar days of service of written objections.
- D. Answers to motions to dismiss objections and/or direct the answering of interrogatories be filed within three (3) calendar days of service of such motions.
- E. Responses to requests for document production, entry for inspection, or other purposes be served in-hand within ten (10) calendar days.
- F. Requests for admission be deemed admitted unless answered within ten (10) calendar days or objected to within five (5) days of service

VI. PROPOSED SCHEDULE

The OCA will work with the parties to develop a mutually agreeable litigation schedule in this proceeding.

VII. EVIDENCE

The OCA will rely on the direct, rebuttal and surrebuttal testimony of its expert witnesses as well as the testimony of the other parties to the proceeding. The OCA will present relevant exhibits to support its own testimony, including but not limited to, materials obtained from the Company through discovery and cross-examination.

VIII. PUBLIC INPUT HEARINGS

At present, the OCA has not received any requests for a public input hearing. The OCA will promptly notify ALJ Johnson and request a public input hearing should circumstances warrant.

IX. SETTLEMENT

The OCA is willing to participate in settlement discussions.

Respectfully Submitted,

/s/ Kristine E. Marsilio
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Senior Assistant Consumer Advocate

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Assistant Consumer Advocate

Counsel for:
Tanya J. McCloskey
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Dated: June 8, 2016

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CERTIFICATE OF SERVICE

Petition of Duquesne Light Company :
For Approval of Default Service Plan : P-2016-2543140
For the Period June 1, 2017 :
Through May 31, 2021 :

I hereby certify that I have this day served a true copy of the foregoing document, the Office of Consumer Advocate's Prehearing Memorandum, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code §1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 8th day of June 2016.

SERVICE BY E-MAIL and INTEROFFICE MAIL

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Pennsylvania Public Utility Commission
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SERVICE BY E-MAIL and FIRST CLASS MAIL

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Duquesne Light Company

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Duquesne Light Company
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Pittsburgh, PA 15219

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RESA

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