

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Pennsylvania Public Utility Commission</b>	:	
	:	
v.	:	<b>Docket Nos. R-2018-3000124</b>
	:	<b>C-2018-3001152</b>
<b>Duquesne Light Company</b>	:	

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**DUQUESNE LIGHT COMPANY'S  
REVISED MOTION TO DISMISS OBJECTIONS AND TO COMPEL  
ANSWERS TO INTERROGATORIES (SET III) NOS. 2, 52-54, 58 AND 62**

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Pursuant to 52 Pa. Code § 5.342(g) and the Administrative Law Judge's June 1, 2018 directives and her further directives of July 18, 2018, Duquesne Light Company ("DLC" or "Company") files this Revised Motion to dismiss the Objections of Peoples Natural Gas Company LLC ("PNG") and to compel answers to DLC's Interrogatories (Set III) Nos. 2, 52-54, 58 and 62. A copy of DLC's Interrogatories (Set III), which were served on July 3, 2018, is provided as **Appendix A** to this Motion. PNG's Objections to Nos. 2, 52-54, 58 and 62 of DLC's Interrogatories (Set III) were served after 4:00 p.m. on July 9, 2018 and, therefore, were deemed served on July 10, 2018. A copy of PNG's Objections is provided as **Appendix B** to this Motion.

For the reasons set forth hereafter, PNG's Objections should be dismissed and PNG should be compelled to answer all of the Interrogatories in DLC Set III.

**I. CHRONOLOGY**

Pursuant to the procedural schedule established for this case, with the modifications made to accommodate PNG, PNG served its direct testimony, consisting of Peoples Statement Nos. 1 through 4, with accompanying exhibits, appendices and attachments, on June 25, 2018. As

explained below, DLC issued interrogatories with regard to PNG's direct testimony, and PNG served Objections to six of the interrogatories in DLC Set III. The chronology of relevant dates and actions and other information required to be provide for a decision on PNG's Objections are set forth below:

- **July 3, 2018** – As noted above and in PNG's Objections (pp. 1 and ¶ 9), DLC served its Interrogatories (Set III) on PNG prior to noon on July 3, 2018. As also noted above, a complete copy of DLC's Interrogatories (Set III) is attached to this Motion as **Appendix A**. A Word version of DLC's Interrogatories (Set III) was provided to the Administrative Law Judge via e-mail on July 18, 2018.
- As stated in PNG's Objections (p. 3, ¶¶ 11-12), the Prehearing Order requires an objecting party to communicate its anticipated objections within three days of service of discovery requests.
- **July 6, 2018** – As stated in PNG's Objections (p. 3, ¶ 12), on July 6, 2018, counsel for PNG orally communicated to DLC's counsel PNG's objections to DLC Interrogatory (Set III) Nos. 2, 52-54, 58 and 62.
- **July 6, 2018** – As noted in PNG's Objections (p. 3, ¶ 12), also on July 6, 2018, DLC's counsel spoke to PNG's counsel to attempt to resolve the dispute by, among other things, possible modification of the interrogatories at issue. A resolution was not achieved.
- The Prehearing Order provides that written objections are to be served within seven days of the date of service of interrogatories.
- **July 9, 2018** – PNG served its Objections on DLC and other parties and filed a Certificate of Service with the Secretary of the Pennsylvania Public Utility

Commission (“PUC” or the “Commission”). Because service occurred after 4:00 p.m., the deemed service date would be July 10, 2018 (Prehearing Order, p. 4).

As noted above, a complete copy of PNG’s Objections is attached to this Motion as **Appendix B**. DLC did not receive a Word version of PNG’s Objections, which were served electronically as a pdf. However, DLC used a conversion program to convert the PNG pdf to a Word document, which will be furnished to the Administrative Law Judge with this Revised Motion to Compel.

- **July 13, 2018** – PNG served on DLC and other parties responses to those interrogatories in DLC’s Set III to which PNG had not objected.
- The Prehearing Order provides that a Motion to Compel may be filed five days after service of written objections. DLC’s Motion to Compel, therefore, was due on Monday, July 16, 2018 (*see* 52 Pa. Code §1.12(a)).
- **July 16, 2018** – DLC filed and served its Motion to Compel.
- **July 18, 2018** – Administrative Law Judge Dunderdale directed DLC to refile its Motion to Compel containing the information set forth in the Prehearing Order, the Commission’s regulations pertaining to Motions to Compel, and her July 18, 2018 e-mails.
- **July 19, 2018** – DLC files this Revised Motion to Compel.

## II. OVERVIEW

PNG objects to DLC interrogatories that inquire into areas directly relevant to the issues in this proceeding – which PNG does not dispute – and that:

- Request information within the custody and control of PNG that, contrary to PNG's contentions (Objections ¶¶ 14-15), is *not* available to DLC (Interrogatory (Set III) No. 2);
- Ask PNG witness Scripps, whom PNG presented for the express purpose of modeling electric distribution companies' ("EDC") stand-by charges, to run the same model reflecting a limited number of realistic and directly-relevant operational scenarios, to compare the bill impact of DLC's current and proposed Rider No. 16 and, in that way, to test the validity of PNG's hypothesis that proposed changes in Rider No. 16 would create alleged disincentives for the development of combined heat and power ("CHP") projects in DLC's service area (Interrogatory (Set III) Nos. 52-54);
- Asks PNG witness Scripps to provide the inputs she used in her modeling of the bill impact of DLC's Rider No. 16 and define the peak and off-peak periods she assumed for purposes of her model ((Interrogatory (Set III) No. 58); and
- In light of PNG witness Kefer's contentions that CHP is a "long-term investment" and the alleged "uncertainty" of stand-by rates "can be a barrier to" to those who make such investments, DLC asked her: (a) whether the factors CHP owners who are retail customers of EDCs ("retail" generators) consider before making such a "long-term investment" differ from the factors considered by those who develop

generation to produce electricity for resale (“wholesale” generators)<sup>1</sup>; and (b) (which follows-up on (a)) whether regulatory intervention should alter the competitive market for electricity to compensate “retail” generators differently from “wholesale” generation developers, given that they are both in the business of generating electricity (Interrogatory (Set III) No. 62).

**III. PNG’S OBJECTIONS SHOULD BE DISMISSED AND  
PNG SHOULD BE COMPELLED TO ANSWER ALL  
OF THE INTERROGATORIES IN DLC SET III**

**A. DLC Interrogatory (Set III) No. 2.**

1. In Peoples Statement No. 1, PNG witness Nehr described the 35 kilowatt CHP project he testified PNG is developing at its Etna Field Shop; noted that PNG may develop other CHP projects; stated that the cost of electricity (including back-up service that PNG may receive) is recoverable in rates PNG charges to customers; and alleged that DLC’s proposed changes to Rider No. 16 may affect PNG’s costs to furnish natural gas utility service and, therefore, may have a material adverse effect on PNG’s customers.

2. In Interrogatory (Set III) No. 2 a., DLC asked PNG to provide (for a five-year period) the annual electric charges for electric service from DLC that PNG incurred for its “utility operations,” showing separately its supply charges, transmission charges and distribution charges. In subpart b. of that Interrogatory, DLC asked PNG to provide, for the same period, the kWh with respect to service from DLC that PNG used “in Peoples’ utility operations” and to show the for supply volumes and, if different from supply, distribution service volumes.

Specifically, DLC Interrogatory (Set III) No. 2, states, as follows:

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<sup>1</sup> Ms. Kefer is the Executive Director of a trade association that includes companies that develop generation on behalf of end-users and companies that are, themselves, end-use, retail customers of EDCs.

2. Referring to Peoples Statement No. 1, page 3, lines 19 through 21 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Because Peoples takes service from Duquesne for use in its utility operations, the cost of electric service is included in the rates that Peoples charges to customers."

a. For each year, 2012 through 2017, provide in dollars the annual total charges for electric service in Duquesne Light's service territory that Peoples incurred in connection with its utility operations, broken out by annual total electric supply charges, annual total electric transmission charges, and annual total electric distribution charges.

b. For each year, 2012 through 2017, provide in kWh the annual total supply volumes and annual total distribution service volumes (if different) for service that Peoples received from Duquesne (or other electric generation supplier(s) (EGSs) operating in Duquesne Light's service territory) for use in Peoples' utility operations.

3. The gravamen of PNG's Objection to Interrogatory (Set III) No. 2 is set forth in Paragraph Nos. 14-16 of PNG's Objections, which state as follows:

14. Peoples objects to both subparts of Data Request 2. Since Peoples purchases its electricity from Duquesne, these Data Requests seek information that is largely already in the possession of Duquesne. 52 Pa. Code § 5.361(a)(2) prohibits discovery that would cause unreasonable annoyance, embarrassment, oppression, burden or expense to a party. Considering that the usage and cost information is already in Duquesne's possession, it is unreasonable to ask Peoples to incur the expense of going through its records from 2012 through 2017 to locate and produce the requested information.<sup>1</sup>

15. Additionally, 52 Pa. Code § 5.361(d) states:

(d) In rate proceedings, discovery is not limited under subsection (a) solely because the discovery request requires the compilation of data or information which the answering party does not maintain in the format requested, in the normal course of business, or because the discovery request requires that the answering party make a special study or analysis, *if the study or analysis cannot reasonably be conducted by the party making the request.*

16. Peoples objects to Data Request No. 2 because Duquesne, as the electric company supplying Peoples with electricity and billing Peoples for that electricity, has the wherewithal to perform the requested study or analysis.

<sup>1</sup> While there may be limited situations in which Peoples obtains electric generation supply from an electric generation supplier (“EGS”) and the EGS bills Peoples separately for generation, Duquesne is capable of identifying such situations through its billing system and could have narrowly tailored its interrogatories to the generation costs incurred by Peoples for those specifically-identified accounts. Duquesne already has the usage information. By asking its interrogatories in such a broad-brush manner, Duquesne is attempting to shift the burden of assembling the information from itself to Peoples.

4. PNG alleges that the information DLC requests “is *largely* in the possession of Duquesne” (emphasis added). The “largely” qualifier was added by PNG because it concedes (see Objections, p. 4, n.1, quoted above) that information about generation supply charges PNG incurs from electric generation suppliers (“EGS”) (and the related kWh sales data) are *not* available to DLC. Consequently, the fundamental basis for PNG’s Objection is undercut by PNG’s own concession.

5. Additionally, and unmentioned by PNG, DLC’s Interrogatory (Set III) No. 2 asks for the portion of PNG’s distribution, transmission and supply charges “incurred in connection with [PNG’s] *utility* operations” (subpart a.) and related kWh sales “use[d] in Peoples’ *utility* operations” (subpart b.) (emphasis added).<sup>2</sup> DLC does not have the data or information to separately identify the portions of PNG’s total annual charges and kWh sales volumes that relate solely to its “utility” operations – as compared to non-utility uses, such as non-regulated lines of business or competitive services. Consequently, PNG’s contention that DLC’s interrogatory is too “broad” and should have been limited – in some manner not specified by PNG – to a subset

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<sup>2</sup> DLC’s request for information specifically related to PNG’s “utility” operations is tailored to Mr. Nehr’s direct testimony which, as previously explained, contends that proposed changes in Rider No. 16 would allegedly have an adverse effect on PNG’s customers because PNG’s costs for electricity used in its natural gas *utility* function are passed-through to those customers.

of DLC's requested information (Objections, p. 4, n.1) is incorrect and should be rejected. Furthermore, because PNG concedes that some of the information requested in Interrogatory (Set III) No. 2 is *not* available to DLC (in fact, none of it is), PNG had a legal obligation to furnish the information it agrees DLC could not otherwise obtain. It did not do even that.

**B. DLC Interrogatory (Set III) Nos. 52-54**

6. PNG witness Scripps presented the results of an analysis she performed using a model she developed to try to compare the cost of back-up service across various utilities based on scenarios she selected (Peoples St. 3; Peoples Exhibit JWS-1). Ms. Scripps presented the results of her model in support of her opinion that:

The Rider No. 16 charges *proposed* by Duquesne Light Company would have a dramatic effect on the economics of CHP systems going forward. In a case such as this, it is particularly important to assess whether a utility's *proposed* rate design is fair and reasonable, aligns with best practices for standby design and promotes other policy goals. (Emphasis added.)<sup>3</sup>

7. As previously noted, it was Ms. Scripps who selected the scenarios she chose to model and couched her testimony in terms of the alleged adverse effects (within the context of her chosen scenarios) that would flow from the "proposed" changes to Rider No. 16. In other words, Ms. Scripps chose the scenarios offered in support of her stated position and excluded other possible – and realistic – scenarios. Therefore, the scenarios that were not addressed in PNG's direct case have not been examined to assess whether they would support or contradict the opinions expressed in Ms. Scripps' testimony. Additionally, although Ms. Scripps alleges that changes in Rider No. 16 that DLC "proposed" would have "a dramatic effect on the

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<sup>3</sup> Peoples St. 3, p. 25.



economics of CHP systems,” Ms. Scripps did not model the *existing* Rider No. 16 at all.

Therefore, she did not – indeed could not – assess whether there is a meaningful difference in the impact of “proposed” changes versus the existing terms of Rider No. 16 on the “economics of CHP systems.”

8. DLC’s Interrogatory (Set III) Nos. 52-54, which are quoted in their entirety below, were issued to fill the voids in Ms. Scripps’ analysis that were left by her failure to model certain realistic scenarios and her failure to model any scenarios based on the existing terms of Rider No. 16 (notwithstanding her opinion that there is a differential impact on the “economics of CHP systems” between Rider No. 16’s existing and proposed terms). DLC’s interrogatories are highly relevant to the positions Ms. Scripps and other PNG witnesses have taken in their direct testimony and do nothing more than ask Ms. Scripps to run a limited number of additional scenarios under the existing and proposed terms of Rider No. 16 to test her (and other PNG witnesses’) hypothesis about the potential effect of proposed changes in Rider No. 16 on the “economics” of CHP. Thus, Interrogatory Nos. 54 a. through c. ask Ms. Scripps to model scenarios under the *current* Rider No. 16 for a customer without CHP, a customer with CHP that elects service under Rider No. 16 and net metering (under DLC Rider No. 21), and a customer with CHP that does not elect service under Rider No. 16 but does elect net metering. Interrogatory Nos. 54 d. through f. ask for the same information as subparts a. through c., but under *proposed* Rider No. 16. Interrogatory Nos. 53 and 54 ask Ms. Scripps to run her model for scenarios she did model, but with slightly different assumptions (i.e., with and without on-site generation).

9. DLC's Interrogatory (Set III) No. 52 states as follows:

52. Referring to Peoples Statement No. 3, page 25, lines 3 through 5 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "The Rider No. 16 changes proposed by Duquesne Light Company would have a dramatic effect on the economics of CHP systems going forward."

a. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer did not own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and current rates. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

b. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and current rates (and with electing Rider No. 16 and net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

c. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and current rates (without electing Rider No. 16 but electing net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

d. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer did not own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

e. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates (with electing Rider No. 16 and net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

f. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates (without electing Rider No. 16 but electing net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

10. DLC's Interrogatory (Set III) No. 53 states as follows:

53. Referring to Peoples Exhibit JWS-1, provide the total charges (with supply, transmission and distribution charges broken out separately) in dollars for the identical sample customer used in her analysis in Exhibit JWS-1 for each utility, assuming the customer has the same exact consumption pattern but did not own any on-site generation and received supply and delivery services

from the utility. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

11. DLC's Interrogatory (Set III) No. 54 states as follows:

54. Referring to Peoples Exhibit JWS-1, provide the total utility charges (with supply, transmission and distribution charges broken out separately) in dollars for the identical sample customer used in her analysis in Exhibit JWS-1 for each utility and outage scenario, assuming the customer has the same exact consumption pattern but owns on-site generation and received back-up, supplemental, and any other required utility services for supply and delivery services from the utility. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

12. The gravamen of PNG's Objections to DLC Interrogatory (Set III) Nos. 52-54 is set forth in Paragraph Nos. 18-20, which state as follows:

18. Peoples objects to Data Requests No. 52, 53, 54 and 58 in their entirety, based on 52 Pa. Code § 5.361(d) (quoted above). Peoples has provided, or will be providing in response to discovery requests, Duquesne with detailed information concerning Ms. Scripps' methodology. Consequently, Duquesne has, or will have, the ability to perform the requested studies/analyses itself and at its own time and expense.

19. The Pennsylvania Commonwealth Court ("Commonwealth Court") has construed Section 5.361(d) as limiting the scope of discovery by prohibiting discovery that would cause an unreasonable burden, expense or investigation by a participant. Consequently, the Commonwealth Court has held that the "Commission" can properly limit discovery, where the requesting party is technically and financially able to conduct the investigation/analysis itself. *City of Pittsburgh v. Pa. Pub. Util. Comm'n*, 526 A.2d 1243 (1987), *appeal denied* 538 A.2d 880 (Pa. 1988).

20. Peoples respectfully submits that Data Requests Nos. 52, 53, 54 and 58 request Peoples and its witnesses to make a special study or analysis that Duquesne can reasonably conduct itself and at its own expense. Duquesne is a large, sophisticated party, with the information, technical ability, and financial ability

to perform the requested studies/analyses. Under these circumstances, it would be an unreasonable burden and expense for Peoples to undertake the requested studies and analyses for Duquesne.

13. PNG objects to DLC Interrogatory Nos. 52-54 (PNG Objections ¶¶ 18 and 20) because it claims DLC could do the same analysis itself if PNG were to provide DLC the model Ms. Scripps used. PNG also claims that asking its expert to run her model to reflect a limited number of additional scenarios (which she chose not to run and provide in PNG's direct case) is tantamount to asking PNG to "make a special study or analysis" and, under the terms of 52 Pa. Code § 5.361(d), PNG should not have to do so because "Duquesne can reasonably conduct" that "study or analysis" itself (PNG Objections ¶¶ 20-21).

14. PNG's Objection is meritless for several reasons. At the outset, at the time its Objections were served, PNG had not provided Ms. Scripps' model to DLC in live Excel form with formulas and functions intact. Moreover, *it is Ms. Scripps' model*, and PNG presented Ms. Scripps as an "expert" witness in this case precisely because of her alleged expertise in developing, manipulating and running *that model*. Nonetheless, PNG contends that, if it were simply to provide Ms. Scripps' model to DLC, then DLC – having never seen or used the model previously – should be able immediately to use it with exactly the same facility as Ms. Scripps herself. Clearly, that position doesn't say much about the allegedly "expert" status of PNG's witness.

15. Additionally, it is entirely appropriate that the person or entity that developed a model should be asked to make a reasonable number of additional "runs" of that model with different inputs. (Obviously, such requests should be reasonable in scope and number, and DLC's request certainly satisfies those criteria.). Only in that way can there be a baseline

assurance that any material analytical differences revealed by the different model “runs” are, in fact, attributable to the different inputs and are not the result of an undiscovered difference (e.g., “operator error”) in how the model itself was used. Thus, having Ms. Scripps run her model for a limited number of additional scenarios, as DLC has requested, will potentially eliminate disputes about the validity of the results that are produced by those runs. And, contrary to PNG’s contentions, there is no reason to assume, at this point, that Ms. Scripps’ model is so simple, intuitive and user-friendly that anyone can use it as readily as Ms. Scripps. In short, there is absolutely no basis for PNG’s assertion that DLC is asking PNG to do a “special study or analysis” that could just as well be done by DLC.

**C. DLC Interrogatory (Set III) No. 58**

16. In Interrogatory (Set III) No. 58, DLC simply asked Ms. Scripps to provide the actual inputs to her model for the scenarios she did run and to specify the time periods she actually used as “peak and “off-peak” for purposes of her analysis. In short, DLC is asking for the input data that underlies the runs of Ms. Scripps’ model that she performed and is relying upon as the basis for her testimony in this case. DLC Interrogatory (Set III) No. 58 states in its entirety as follows:

58. Referring to Peoples Exhibit JWS-2:

a. Ms. Scripps states that for Duquesne Light she assumes a “GL – General Service Large customer with generation equal to 2,000 kW based on its nameplate capacity rating and a contract maximum limit of 5,000 kW (i.e., 3000) kW of supplemental service).” What is the customer’s total generation in kWh for the month during the on-peak and off-peak periods? What is the supplemental supply obtained from Duquesne Light in kWh for the month during on-peak and off-peak periods? What is the backup supply obtained from Duquesne Light in kWh for the month during the on-peak and off-peak periods? What is the total

electricity consumption of the customer in kWh for the month during on-peak and off-peak periods?

b. Ms. Scripps uses average day-ahead LMP, on-peak and off-peak period prices in her analysis. How does she define on-peak and off-peak periods?

17. The gravamen of PNG's Objections to DLC Interrogatory (Set III) Nos. 58 is set forth in Paragraph Nos. 18-20, which were previously quoted in their entirety, above.

18. PNG has objected to DLC Interrogatory (Set III) No. 58 on the same grounds it objected to Nos. 52-54 – i.e., that DLC is allegedly asking PNG to do a “special study or analysis” that DLC could just as easily perform itself. That contention is false on its face. DLC is not asking for any “special study or analysis;” it is simply asking Ms. Scripps to tell it what she did in her own study. There is nothing even remotely objectionable about this interrogatory, and PNG's objection should, therefore, be summarily and forcefully rejected.

**D. DLC Interrogatory (Set III) No. 62**

19. PNG witness Kefer provided direct testimony (Peoples St. No. 4), which addresses, among other things, alleged “Barriers to CHP Deployment”) (pp. 8-11). A principal part of Ms. Kefer's testimony discusses the alleged impact of EDC's “stand-by” rates on the process that CHP developers purportedly use to decide whether to invest in CHP, which Ms. Kefer notes is “a long-term investment.” *Id.* Thus, Ms. Kefer is testifying about, and has put directly at issue, the mode of analysis used by investors in “long-term” generation projects and, specifically, the impact on that an analysis of one cost element – “stand-by” rates charged by EDCs to customers with on-site generation that want to be able to lean on EDCs' distribution system when their generation is not available.

20. DLC asked Interrogatory (Set III) No. 62 to determine whether Ms. Kefer has an opinion on a matter directly relevant to her testimony, namely, the analysis developers use to decide whether to invest in new generation and whether that analysis should be relevant to how they are compensated for the generation they produce. DLC Interrogatory (Set III) No. 62 states in its entirety as follows:

62. Referring to Peoples Statement No. 4, page 8, lines 20 through 21 of Ms. Kefer's direct testimony, where Ms. Kefer states that, "Additionally, deploying CHP is a long-term investment for the user. The uncertainty of standby rates can be a barrier preventing consumers from making such an investment."

a. In Ms. Kefer's opinion, what [d]o developers of wholesale generation plants consider when deciding the economic viability to develop a generation plant at the wholesale level?

b. In Ms. Kefer's opinion, should prospective generators at the wholesale and retail levels be treated similarly in terms of compensation? If not, how should the market compensation differ between a kWh generated at the wholesale level and at the retail level (i.e., how should the value provided by a kWh generated at the retail level be adjusted)?

21. In No. 62 a., quoted above, DLC has asked Ms. Kefer to identify the factors she believes developers of generation (i.e., customers considering CHP as well as developers of other forms of generation, including generation sold into the grid) consider when deciding to make a "long-term investment," since they are all developing plant and equipment for generating electricity. DLC's question is highly relevant to testing Ms. Kefer's fundamental hypothesis by ascertaining her opinion (or, alternatively, to discern whether she has considered the issue sufficiently to have an opinion) about whether the mode of economic analysis used by a long-term investor differs if the investor is an end-use retail customer of an EDC or a developer of wholesale (sale-for-resale) generation.



22. No. 62, b. seeks to ascertain Ms. Kefer's opinion (or, alternatively, to discern whether she has considered the issue sufficiently to have an opinion) about whether "retail" generators (end-users that own generation for their own use) should be compensated differently from "wholesale" generators (who develop generation for sale to end-users) given that both are generating electricity in a competitive market and are subject to the same market forces. Obviously, the answer to this question is highly relevant to whether regulatory initiatives to incentivize CHP development, like those discussed by Ms. Kefer and other PNG witnesses, are, as they contend, necessary, economically justified or in the public interest.

23. The gravamen of PNG's Objections to DLC Interrogatory (Set III) No. 62 is set forth in Paragraph No. 22, which states as follows:

22. Peoples objects to Data Request No. 62 on the grounds that it goes beyond the scope of Ms. Kefer's testimony. Ms. Kefer's testimony addressed combined heat and power and other forms of distributed generation that provide electricity to the owner of the distributed generation (e.g., customer generation). Ms. Kefer did not discuss generators who provide electricity to wholesale or retail customers. It would be an unreasonable burden and expense for Ms. Kefer to answer discovery questions regarding topics that she did not discuss in her direct testimony.

24. PNG claims that DLC Interrogatory (Set III) No. 62 "goes beyond the scope of Ms. Kefer's testimony" (PNG Objections ¶ 22). PNG's assertion that Ms. Kefer did not explicitly "discuss" the investment decision-making process of generation developers other than potential CHP owners (*Id.*) is precisely the reason why DLC's question is highly relevant to a core element of Ms. Kefer's testimony. DLC should be permitted to explore: (1) whether Ms. Kefer has developed an opinion about the factors end-use generators consider in their "long-term investment" analysis and whether different factors are considered by investors in other forms of

generation (No. 62. a.); and (2) if such differences exist, whether they can (or should) impact how investors are compensated, considering that such investors are all participating in a competitive market for generation supply and Ms. Kefer (as well as other PNG witnesses) are advocating regulatory initiatives that may alter their compensation based on who owns the generation. DLC Interrogatory (Set III) No. 62 clearly inquires into an area that is at the heart of Ms. Kefer's testimony and is directly relevant to the bases on which she tried to justify her stated conclusions. According, PNG's Objection is meritless and should be dismissed.

#### IV. CONCLUSION

For the reasons set forth above, the Objections of PNG to DLC Interrogatory (Set III) should be dismissed and PNG should be directed to answer DLC Interrogatory (Set III) Nos. 2, 52-54, 58 and 62.

Respectfully submitted,



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Dated: July 19, 2018

*Counsel for Duquesne Light Company*

**APPENDIX A**

**DLC INTERROGATORIES (SET III)**

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	Docket No.	R-2018-3000124
Office of Consumer Advocate	:		C-2018-3001029
Jason Dolby	:		C-2018-3001074
Peoples Natural Gas Co. LLC	:		C-2018-3001152
Office of Small Business Advocate	:		C-2018-3001566
	:		
v.	:		
	:		
Duquesne Light Company	:		

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**INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS PROPOUNDED BY  
DUQUESNE LIGHT COMPANY ON  
PEOPLES NATURAL GAS, LLC – SET III**

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Pursuant to 66 Pa.C.S. § 333 and 52 Pa. Code §§ 5.341 *et seq.*, Duquesne Light Company (“Duquesne Light”), propounds the following Interrogatories and Requests for Production of Documents on Peoples Natural Gas, LLC (“Peoples”) – Set III.

**INSTRUCTIONS AND DEFINITIONS**

1. The “Responding Party,” “you,” or “your” means the party to which these interrogatories and requests for production of documents are propounded and/or all agents, affiliates, employees, consultants, and representatives acting on behalf of the Responding Party.
2. “Commission” means the Pennsylvania Public Utility Commission.
3. To “identify” a natural person means to state that person’s full name, title or position, employer, last known address, and last known telephone number.

4. To "identify" a business entity means to state the full name of such business, the form of the business, and its location or address.

5. To "identify" a "document" means to provide all of the following information irrespective of whether the document is deemed privileged or subject to any claim of privilege:

- a. The title or other means of identification of each such document;
- b. The date of each such document;
- c. The author, preparer or signer of each such document; and
- d. A description of the subject matter of such document sufficient to permit an understanding of its contents and importance to the testimony or position being examined and the present or last known location of the document. The specific nature of the document should also be stated (*e.g.*, letter, business record, memorandum, computer print-out, etc.).

In lieu of "identifying" any document, it shall be deemed a sufficient compliance with these interrogatories to attach a copy of each such document to the answers hereto and reference said document to the particular interrogatory to which the document is responsive.

6. "Document" means the original and all drafts of all written and graphic matter, however produced or reproduced, of any kind or description, whether or not sent or received, and all copies thereof which are different in any way from the original (whether by interlineation, date-stamp, notarization, indication of copies sent or received, or otherwise), including without limitation, any paper, book, account, photograph, blueprint, drawing, sketch, schematic, agreement, contract, memorandum, press release, circular, advertising material, correspondence, letter, telegram, telex, object, report, opinion, investigation, record, transcript, hearing, meeting, study, notation, working paper, summary, intra-office communication, diary, chart, minutes, index sheet, computer software, computer-generated records or files, however stored, check, check stub, delivery ticket, bill of lading, invoice, record or recording or summary of any telephone or other conversation, or of any interview or of any conference, or any other written, recorded, transcribed,

punched, taped, filmed, or graphic matter of which the Responding Party has or has had possession, custody or control, or of which the Responding Party has knowledge.

7. "Communication" means any manner or form of information or message transmission, however produced or reproduced, whether as a document as herein defined, or orally or otherwise, which is made, distributed, or circulated between or among persons, or data storage or processing units.

8. "Date" means the exact day, month, and year, if ascertainable, or if not, the best approximation thereof.

9. Items referred to in the singular include those in the plural, and items referred to in the plural include those in the singular.

10. Items referred to in the masculine include those in the feminine, and items referred to in the feminine include those in the masculine.

11. The answers provided should first restate the question asked and identify the person(s) supplying the information.

12. In answering these interrogatories, the Responding Party is requested to furnish all information that is available to the Responding Party, including information in the possession of the Responding Party's attorneys, agents, consultants, or investigators, and not merely such information of the Responding Party's own knowledge. If any of the interrogatories cannot be answered in full after exercising due diligence to secure the requested information, please so state and answer to the extent possible, specifying the Responding Party's inability to answer the remainder, and stating whatever information the Responding Party has concerning the unanswered portions. If the Responding Party's answer is qualified in any particular, please set forth the details of such qualification.

13. If the Responding Party objects to providing any document requested on any ground, identify such document by describing it as set forth in Instruction 5 and state the basis of the objection.

14. If the Responding Party objects to part of an interrogatory and refuses to answer that part, state the Responding Party's objection and answer the remaining portion of that interrogatory. If the Responding Party objects to the scope or time period of an interrogatory and refuses to answer for that scope or time period, state the Responding Party's objection and answer the interrogatory for the scope or time period that the Responding Party believes is appropriate.

15. If, in connection with an interrogatory, the Responding Party contends that any information, otherwise subject to discovery, is covered by either the attorney-client privilege, the so-called "attorneys' work product doctrine," or any other privilege or doctrine, then specify the general subject matter of the information and the basis to support each such objection.

16. If any information is withheld on grounds of privilege or other protection from disclosure, provide the following information: (a) every person to whom such information has been communicated and from whom such information was learned; (b) the nature and subject matter of the information; and, (c) the basis on which the privilege or other protection from disclosure is claimed.

17. These interrogatories are continuing and the Responding Party is obliged to change, supplement and correct all answers given to conform to new or changing information.

**INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO  
PEOPLES NATURAL GAS, LLC – SET III**

Peoples Statement No. 1

1. Referring to Peoples Statement No. 1, page 3, lines 19 through 21 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Because Peoples takes service from Duquesne for use in its utility operations, the cost of electric service is included in the rates that Peoples charges to customers."

- a. Does Peoples recover the full cost of electric service (including generation, transmission, and distribution charges) in its rates that Peoples charges to customers?
- b. Does Peoples have revenue decoupling to allow it to recover its costs if gas sales are lower than anticipated and Peoples' charges to customers are lower than estimated in its last rate case?

2. Referring to Peoples Statement No. 1, page 3, lines 19 through 21 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Because Peoples takes service from Duquesne for use in its utility operations, the cost of electric service is included in the rates that Peoples charges to customers."

- a. For each year, 2012 through 2017, provide in dollars the annual total charges for electric service in Duquesne Light's service territory that Peoples incurred in connection with its utility operations, broken out by annual total electric supply charges, annual total electric transmission charges, and annual total electric distribution charges .
- b. For each year, 2012 through 2017, provide in kWh the annual total supply volumes and annual total distribution service volumes (if different) for service that Peoples received from Duquesne (or other electric generation supplier(s) (EGSS) operating in Duquesne Light's service territory) for use in Peoples' utility operations.



3. Referring to Peoples Statement No. 1, page 4, lines 13 through 14 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Peoples is currently constructing a CHP project to provide baseload electricity to its Etna field shop."

- a. For each year, 2012 through 2017, provide in dollars the annual total electric supply charges, annual total electric transmission charges, and annual total electric distribution charges that Peoples paid for use in its Etna field shop.
- b. For each year, 2012 through 2017, provide in kWh the annual total supply volumes and annual total distribution service volumes (if different) for service that Peoples received from Duquesne for use in its Etna field shop.

4. Referring to Peoples Statement No. 1, page 5, lines 3 through 5 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Peoples anticipates installing the CHP equipment at Etna by end of August 2018 and starting the CHP electricity generation by the end of this year, pending approvals by Duquesne for interconnection and net metering." Provide a list of the factors that Peoples considered when making its decision to install the CHP equipment at Etna?

5. Referring to Peoples Statement No. 1, page 5, lines 8 through 9 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Peoples is installing CHP to provide efficient delivery of electricity and heating, lower emissions for the benefit of the environment, and cost savings."

- a. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that calculates the estimated cost savings by year related to the electricity generated for the Etna CHP project. Show the estimated kWh generated and the estimated costs of the generation, as well any anticipated reduction in Duquesne Light/EGS charges, separating out any savings in Duquesne Light/EGS charges for supply, transmission and/or distribution.
- b. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that calculates the estimated payback period for this investment.

6. Referring to Peoples Statement No. 1, page 5, lines 8 through 9 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Peoples is installing CHP to provide efficient delivery of electricity and heating, lower emissions for the benefit of the environment, and cost savings."

- a. In Mr. Nehr's opinion, when would it be economic for a customer to install a CHP system?
- b. When would it not be economic for a customer to install a CHP system?
- c. Provide any estimates of the benefits and costs that Peoples quantified when deciding the economics of installing CHP.

7. Referring to Peoples Statement No. 1, page 5, lines 17 through 22 of Mr. Nehr's direct testimony, where Mr. Nehr states that even with its own CHP electricity generation, "Peoples will require electricity from Duquesne, however, when the CHP system is off-line for planned maintenance or any other reason. At such times, Peoples will purchase electricity from Duquesne for the shop."

- a. Has Peoples considered shopping for supply with an EGS? If so, provide any analysis it has conducted demonstrating that it will require electricity from Duquesne. If not, explain why not.
- b. Explain why Peoples expects that it will require electricity from Duquesne even with its own CHP electricity generation.
- c. Has Peoples considered disconnecting from the Duquesne Light grid? If not, why not?

8. Referring to Peoples Statement No. 1, page 6, lines 15 through 17 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "According to Peoples' interpretation of Duquesne's tariff, back-up service is available to Peoples under Rider 16 for the installed CHP electricity generating capacity at Etna." Is Mr. Nehr aware of any other way of obtaining

electricity supply and delivery of that supply besides under Duquesne Light's Rider 16 for times when the customer CHP generating plant at Etna is unavailable? If so:

- a. Did Peoples consider those alternatives?
- b. List any alternatives that Peoples considered.
- c. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that evaluates those alternatives to receiving back-up service under Duquesne Light's Rider No. 16.

9. Referring to Peoples Statement No. 1, page 7, lines 13 through 16 of Mr. Nehr's direct testimony, where Mr. Nehr shows the Etna project impact costs:

- a. Describe the term Estimated Etna Annual Usage. Does this include self-generation, supplemental supply, back-up supply, total estimated load needed for the Etna field shop?
- b. What is the estimated annual generation in kWh for the CHP facility?
- c. What is the estimated annual need in kWh for supplemental power?
- d. What is the estimated annual need in kWh for back-up supply?
- e. Describe how the estimated CHP annual fuel cost was calculated.
- f. Is the back-up service contract demand assumed to equal 35 kW in the Rider 16 analysis?
- g. Describe what is included in CHP costs.
- h. Describe the estimated CHP annual heat offset cost and what it represents.

10. Referring to Peoples Statement No. 1, page 7, lines 13 through 16 of Mr. Nehr's direct testimony, where Mr. Nehr shows the Etna project impact costs:

- a. Provide the workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that support the figures shown in the table for each year of the 10-year period.
- b. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that calculates the estimated cost savings by year

related to the electricity generated for the Etna CHP project. Show the estimated kWh generated and the estimated costs of the generation, as well any anticipated reduction in Duquesne Light charges, separating out any estimated savings in Duquesne Light charges for supply, transmission and/or distribution.

- c. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that calculates the estimated payback period for this investment.

Peoples Statement No. 2

11. Referring to Peoples Statement No. 2, page 2, lines 9 through 10 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Some of these DG and CHP projects will need back-up distribution service from Duquesne Light Company ("Duquesne" or "DLC" or "Company") under its Rider No. 16- Service to Non-Utility Generating Facilities ("Rider 16")." Is Mr. Daniel offering an expert opinion in this proceeding about the distribution service rates included in Duquesne Light's general applicable rate schedules (e.g., GS/GM, GL, L, etc.)? If so, please describe

12. Referring to Peoples Statement No. 2, page 2, lines 9 through 10 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Some of these DG and CHP projects will need back-up distribution service from Duquesne Light Company ("Duquesne" or "DLC" or "Company") under its Rider No. 16- Service to Non-Utility Generating Facilities ("Rider 16")." Describe Mr. Daniel's understanding of Peoples' anticipated need for back-up distribution service from Duquesne Light under its Rider 16?

13. Referring to Peoples Statement No. 2, page 7, lines 9 through 11 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Duquesne inappropriately relies on the costs allocated to regular, full requirements customer classes as the basis for its proposed Rider 16 distribution charge." If an existing Duquesne Light customer installs distributed generation on its

system, list and describe the distribution costs that Mr. Daniel believes Duquesne Light can avoid.

14. Referring to Peoples Statement No. 2, page 7, lines 12 through 14 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Duquesne's new, proposed Rider 16 rate calculation methodology that relies on 100% of the costs allocated to full requirements rate classes fails to recognize the demand diversity of DG and CHP back-up service customers."

- a. If Duquesne Light currently has only one Rider 16 customer, explain how demand diversity benefits Duquesne Light's distribution system.
- b. If Duquesne Light currently has only one Rider 16 customer in its future test year, explain how demand diversity benefits Duquesne Light's distribution system.
- c. In Mr. Daniel's opinion, does the location of the DG and CHP on Duquesne Light's distribution system matter when recognizing the value of demand diversity? Explain your answer.
- d. Is it Mr. Daniel's opinion that Duquesne Light should forecast the quantity and/or location of DG and CHP on Duquesne Light's system? If so, explain what resources Duquesne Light should use to make such a forecast.

15. Referring to Peoples Statement No. 2, page 7, lines 21 through 24 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Duquesne's proposed 220% increase in the Rider 16 distribution charge increases barriers to the development of CHP in the Commonwealth contrary to the Commission's Final Policy Statement on Combined Heat and Power (CHP). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that supports this statement.

16. Referring to Peoples Statement No. 2, page 8, lines 1 through 5 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "As an alternative to Duquesne's Rider 16 demand-based distribution charge per kW, the Commission should approve an energy-based or

per kwh distribution charge, if the Company's full requirements customers costs are approved by the Commission for developing distribution charges for partial requirements back-up service customers."

- a. Explain why distribution charges should be energy-based or per kwh charges from a cost-causation standpoint.
- b. If an existing Duquesne Light customer installs distributed generation on its system, list and describe the distribution costs that Mr. Daniel believes Duquesne Light can avoid and explain how they vary with customer usage.

17. Referring to Peoples Statement No. 2, page 8, lines 6 through 8 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Duquesne improperly proposes to apply the Rider 16 distribution demand charge to a DG or CHP customer's back-up service contract demand rather than to their actual monthly demand." Is it Mr. Daniel's opinion that customers would be better served if Duquesne Light eliminated Rider 16 altogether and allowed partial requirements (DG and CHP) customers to receive delivery services and any needed supply on their applicable rate schedules? Explain your answer.

18. Referring to Peoples Statement No. 2, page 2, lines 9 through 10 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Duquesne improperly proposes to apply the same Rider 16 distribution demand charge to both planned and unplanned back-up service and to on-peak and off-peak periods." Is it Mr. Daniel's opinion that all of Duquesne Light's distribution service customers should have on-peak and off-peak demand charges? Is it Mr. Daniel's opinion that Rider 16 customers should be treated differently than other distribution service customers? If so, explain why?

19. Referring to Peoples Statement No. 2, page 8, lines 14 through 16 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "Duquesne's grid resiliency arguments in support

of its proposal for cost recovery of the Woods Run microgrid from all customers similarly supports customer cost sharing for some of the Company's DG back-up service costs.”

- a. If Peoples installs on-site generation at one of its locations, is it Mr. Daniel's opinion that other Duquesne Light distribution service customers should pay for and share in the recovery of Duquesne Light's costs of providing back-up service to Peoples? Explain your answer.
- b. Does Mr. Daniel believe that Duquesne Light should be entitled an opportunity to fully recover the revenue requirement for Duquesne Light approved by the Commission in its most recent distribution rate case? If not, explain your answer. If yes, explain how Duquesne Light could do so if many customers install on-site generation (and then take less electricity from Duquesne Light) while Duquesne Light, at the same time, attempts to recover its distribution costs on a per kwh basis, as Mr. Daniel recommends.

20. Referring to Peoples Statement No. 2, page 17, lines 1 through 2 of Mr. Daniel's direct testimony, where Mr. Daniel states that, “Duquesne's proposed 220% increase to its back-up service distribution charge significantly increases this barrier to CHP development.” Has Mr. Daniel done any analysis of customer savings under Duquesne Light's current rates versus Duquesne Light's proposed rates? Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that supports the basis for this conclusion.

21. Referring to Peoples Statement No. 2, page 18, lines 18 through 23 of Mr. Daniel's direct testimony, where Mr. Daniel states that, “Those customers have much different usage patterns and energy requirements than the Rider 16 customers that only need back-up power service when their DG facility is down for scheduled maintenance or due to an unscheduled outage.” If Duquesne Light has two customers located next door to each other and both customers have identical peak demand, consumption load characteristics, time-of-use, etc. and one customer then installs a baseload on-site CHP generating unit, explain how Duquesne Light's distribution delivery service costs (i.e., not supply procurement) would change. Explain

how Duquesne Light's distribution service cost recovery from these two customers would change.

22. Referring to Peoples Statement No. 2, page 22 of Mr. Daniel's direct testimony regarding seasonal on- and off-peak demand charges:

- a. Does Mr. Daniel support time-of-day distribution demand charges? Explain your answer.
- b. Does Mr. Daniel support demand charges that vary by location within Duquesne Light's distribution system? Explain your answer.

23. Referring to Peoples Statement No. 2, page 22 of Mr. Daniel's direct testimony regarding seasonal on- and off-peak demand charges, would Mr. Daniel agree that Duquesne Light must stand ready to provide distribution service in the event of unplanned customer-generator outages, regardless of when they occur? If not, explain your answer.

24. Referring to Peoples Statement No. 2, page 23, lines 18 through 22 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "A distribution charge of \$8.00 per kwh [sic] that is based on the cost of serving full requirements customers treats DG and CHP customers as if they did not generate any of its own electricity requirements and did not take significant load off the grid."

- a. For any DG and/or CHP customer that receives electric supply from Duquesne Light and has on-site generation, has Mr. Daniel calculated the avoided Duquesne Light charges (generation, transmission, and distribution) that result from that customer's on-site generation. If so, provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that shows the reduced bill savings the customer receives from on-site generation.
- b. In Mr. Daniel's opinion, what is the proper basis for determining the market value of a kWh delivered to a retail customer?
- c. In Mr. Daniel's opinion, what is the proper basis for determining the market value of a kWh generated at a customer site?



25. Referring to Peoples Statement No. 2, page 27, lines 11 through 12 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "DG facilities do provide increased electric system resilience benefits." Explain how behind-the-meter DG facilities owned and/or controlled by the customer can provide distribution system benefits to other Duquesne Light distribution service customers. In addition, explain how Duquesne Light can rely on customer-owned DG when it has no operational control of the facility.

26. Referring to Peoples Statement No. 2, page 2, lines 9 through 10 of Mr. Daniel's direct testimony, where Mr. Daniel states that, "There is no cost sharing of the back-up service costs provided to DG facilities despite the benefits that these facilities provide." Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that supports the basis for this conclusion.

People Statement No. 3

27. Provide any related workpapers, analysis, support, and models/spreadsheets (with electronic formulas intact) supporting the figures shown in Peoples Exhibit JWS-1.

28. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting the figures shown in Peoples Exhibit JWS-2.

29. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting the figures shown in Peoples Exhibit JWS-3.

30. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting the figures shown in Peoples Exhibit JWS-4.

31. Referring to Peoples Statement No. 3, page 9, line 9, through page 4, line 2, of Ms. Scripps' direct testimony, provide copies of Ms. Scripps' presentations on standby rates that she cites.

32. Referring to Peoples Statement No. 3, page 5, lines 1 through 5 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "To date, I have examined 14 utility standby tariffs using this "apples to apples" methodology, including those of Minnesota Power; Xcel Energy (MN); Otter Tail Power; Dakota Electric; Duquesne Light Company; DTE Electric; Consumers Energy; UPPCO; UMERG; PECO Energy (PA); PPL Electric (PA); Duke Energy (OH); AEP (OH); and Dayton Power & Light."

- a. For the 14 utility standby tariffs that Ms. Scripps examined, identify the utilities in Exhibit JWS-1 where the utility standby rate is mandatory for applicable partial requirements customers with on-site generation.
- b. For the 14 utility standby tariffs that Ms. Scripps examined, identify the utilities where the utility standby tariffs for applicable partial requirements customers with on-site generation is voluntary at the option of the customer (i.e., where a customer can elect to receive any needed supply and/or delivery services) without being subject to the standby tariffs that she analyzed in Exhibit JWS-1 through Exhibit JWS-4.

33. Referring to Peoples Statement No. 3, page 5, line 21 through page 6, line 2 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "Over the past few years, Minnesota policymakers and regulators have engaged in an extensive stakeholder process around standby rates and required utilities to file revised standby tariffs to better reflect best practices, including transparency and flexibility, as well as the ability to promote economically efficient consumption and accurately account for all relevant value streams including both costs and benefits."

- a. In Ms. Scripps opinion, how should standby rates be designed to promote economically efficient consumption?
- b. In Ms. Scripps opinion, how should standby rates be designed to accurately account for all relevant value streams including both costs and benefits? Identify whether Ms. Scripps believes these costs and benefits should be evaluated from the customer's perspective, from the utility's perspective, or from society's perspective when establishing standby rates.
- c. To date, how long has this stakeholder process taken in Minnesota to accurately account for all relevant value streams including both costs and benefits and to get standby rates right?
- d. Is this process in Minnesota completed at the current time? If yes, provide the values that have been quantified and the methodology used to quantify those value streams for each of the Minnesota utilities.

34. Referring to Peoples Statement No. 3, page 6, lines 6 through 9 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "As further evidence of the interest in and complexity of getting standby rates right for customers with cogeneration, once the initial time period allocated to the workgroup had passed, the staff allotted extra time to explore CHP-specific issues related to standby rates." In Ms. Scripps opinion, why is it so complex to get standby rates right?

35. Referring to Peoples Statement No. 3, page 6, lines 6 through 9 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "As further evidence of the interest in and complexity of getting standby rates right for customers with cogeneration, once the initial time period allocated to the workgroup had passed, the staff allotted extra time to explore CHP-specific issues related to standby rates." Does Ms. Scripps have an opinion as to what it means to "get standby rates right"? If so, explain.

36. Referring to Peoples Statement No. 3, page 6, lines 17 through 19 of Ms. Scripps' direct testimony, where Ms. Scripps states that the Indiana Utility Regulatory Commission is

required to, “review the backup, maintenance, and supplemental power rates; identify the extent to which the rates are cost based, nondiscriminatory, and do not result in the subsidization of costs within or among customer classes...” Has Ms. Scripps done any analysis of the extent to which Duquesne Light’s Rider No. 16 rates are cost based? If so, provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

37. Referring to Peoples Statement No. 3, page 6, lines 17 through 19 of Ms. Scripps’ direct testimony, where Ms. Scripps states that the Indiana Utility Regulatory Commission is required to, “review the backup, maintenance, and supplemental power rates; identify the extent to which the rates are cost based, nondiscriminatory, and do not result in the subsidization of costs within or among customer classes...” Has Ms. Scripps done any analysis of the extent to which Duquesne Light’s Rider No. 16 rates result in the subsidization of costs within or among customer classes? If so, provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

38. Referring to Peoples Statement No. 3, page 7, lines 4 through 9 of Ms. Scripps’ direct testimony, where Ms. Scripps states that, “Conversations with regulatory staff in Ohio have indicated an interest in gaining a better understanding of how standby rates affect potential owners of cogeneration systems. There, AEP and Dayton Power & Light both have CHP incentive programs, so there is particular interest in understanding the range of incentives and barriers facing customers interested in installing CHP systems.”

- a. Describe Ms. Scripps’ understanding of how standby rates affect potential owners of cogeneration?
- b. In Ms. Scripps opinion, do general utility rates (i.e., non-standby rates) affect potential owners of cogeneration? If so, explain how.

- c. Would Ms. Scripps agree that the potential customer savings in Duquesne Light charges without on-site generation as compared to Duquesne Light charges with on-site generation would, in general, affect a customer's decision whether to install a cogeneration system? If not, explain why not.
- d. If the answer to (c) above is yes, has she done such an analysis? Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).
- e. If the answer to (c) above is yes, does Ms. Scripps believe it would be appropriate to include all Duquesne Light charges (including distribution, transmission, and generation) in the potential customer savings analysis? Explain your answer.

39. Referring to Peoples Statement No. 3, page 7, lines 19 through 21 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "...there is a recognition that any serious effort to promote CHP must be done in the context of a fair, cost-based approach to standby rate design."

- a. What does Ms. Scripps consider to be a fair, cost-based approach to standby rate design?
- b. In Ms. Scripps opinion, what is a fair, cost-based distribution service charge(s) for a general service Duquesne Light customer on rate schedule GL without any on-site generation? How would she determine this customer's fair share of distribution charges?
- c. In Ms. Scripps opinion, what is a fair, cost-based distribution service charge for the same identical Duquesne Light customer on rate schedule GL once that customer installs on-site generation? How would she determine this customer's fair share of distribution charges?
- d. Does Ms. Scripps believe that any costs related to providing back-up or supplemental distribution service should be partially or wholly socialized through the distribution rate base? If yes, explain why.
- e. Has Ms. Scripps evaluated Duquesne Light's costs in this case. If so, provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

40. Referring to Peoples Statement No. 3, page 8, line 1 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "I assume a General Service customer served at the Primary Distribution Level."

- a. Why does Ms. Scripps assume a customer is at the Primary Distribution Level?
- b. Has Ms. Scripps done any analysis for customers at the Secondary or any other distribution level for the utilities presented in JSW-1? If so, provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

41. Referring to Peoples Statement No. 3, page 8, lines 4 through 16 of Ms. Scripps' direct testimony, where Ms. Scripps describes the CHP outage scenarios she considered:

- a. Did Ms. Scripps consider all of these cases assuming the customer elected Duquesne Light's Rider No. 16 under the proposed Rider No. 16 rates?
- b. If so, did she calculate the total Duquesne Light charges (supply, distribution, and transmission) for her sample customer under the proposed Rider No. 16 rates? Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).
- c. In her analysis of Duquesne Light and other utility charges and how they might impact CHP development, did Ms. Scripps consider any other rate scenarios or customer choices besides those described in (a) above? If so, provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

42. Referring to Peoples Statement No. 3, page 9, lines 9 through 16 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "At the time, I received feedback from utility representatives and believed that I had arrived at a reasonable interpretation of the published tariffs... In the spring of 2018, I concluded that the "apples to apples" standby analyses as to PECO and PPL should be revised to reflect my clarified understanding of the tariffs." Provide a copy of the feedback from utility representatives that Ms. Scripps relied on in her analysis in this proceeding and provide a summary of the changes Ms. Scripps made to her calculations in words and their impact on her final results in terms of dollars.

43. Referring to Peoples Statement No. 3, page 9, lines 16 through 22 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "Specifically, in the case of PECO, I concluded that since we only look at standby-related charges in the "apples to apples" comparison,

estimated charges related to the reference to supplemental power in the PECO Capacity Reservation Rider (CRR) should be lifted out as those charges would more appropriately be reflected on the supplemental side of a customer's bill. This reduced my estimate of PECO's standby-related charges and I think more fairly and accurately presents PECO's standby approach in the overall comparison."

- a. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) that shows the basis for Ms. Scripps' change to PECO's stand-by related charges and quantifies its impact in dollars.
- b. If Duquesne Light were to eliminate all distribution service charges in Rider No. 16 and replace it with a Capacity Reservation Rider, similar to PECO's, but design the CRR to recover the same revenue requirements as Duquesne Light has proposed in this case, explain how this change would impact her Ms. Scripps' comparison found in Exhibit JWS-1. If Ms. Scripps does not have sufficient information to quantify this difference, explain conceptually the impact it would have based on the methodology used by Ms. Scripps.

44. Referring to Peoples Statement No. 3, page 9, lines 22 through 24 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "Additionally, because transmission-related charges had been included for the other states in the "apples to apples" analysis, I concluded that I should include transmission-related charges for PECO and PPL."

- a. Explain why Ms. Scripps generally believes it is appropriate to include transmission-related charges in her comparison for other states and in Pennsylvania.
- b. Does Ms. Scripps believe that a customer's ability to avoid transmission-related charges should be considered or not be considered by a customer when deciding whether to install CHP?

45. Referring to Peoples Statement No. 3, page 10, lines 5 through 7 of Ms. Scripps' direct testimony, where Ms. Scripps states that not all 14 of these analyses have been verified by utility representatives, provide a complete list of all the utilities that have not verified her analyses.

46. Referring to Peoples Statement No. 3, page 16, lines 18 through 22 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "This assumption violates best practices identified by the Regulatory Assistance Project: 'Standby rate design should not assume that all forced outages of on-site generators occur simultaneously, or at the time of the utility system peak.' This also violates a federal regulation that implements the Public Utility Regulatory Policies Act (PURPA)." In Ms. Scripps opinion, are Duquesne Light's distribution service costs more closely linked to the individual customer's load coincident with the utility system peak or with the individual customer's maximum peak load independent (or non-coincident) with the utility system peak. Explain your answer.

47. Referring to Peoples Statement No. 3, page 18, lines 18 through 21 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "As it is a fixed monthly fee based on contract capacity and applied in a 'no outage' month regardless of whether backup power is used, the distribution demand charge as applied under Rider No. 16 acts as a kind of Reservation Fee for Duquesne Light Company customers." Based on Ms. Scripps' understanding, does PECO recover distribution service costs in its Capacity Reservation Rider (CRR) that effectively acts as a fixed monthly fee regardless of the timing, frequency, and scheduling of customer-generator outages? Explain your answer.

48. Referring to Peoples Statement No. 3, page 19, lines 1 through 2 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "This further links the use of standby to the price paid to reserve such service creating a strong price signal for customers to run most efficiently."

- a. In Ms. Scripps opinion, what price signal should be used for customer decisions whether to run their generation in an efficient manner? How or what process would Ms. Scripps use to quantify this figure?



- b. In Ms. Scripps opinion, what price signal should be used for customer decisions whether to invest in on-site generation in an efficient manner? How or what process would Ms. Scripps use to quantify this figure?
- c. Does Ms. Scripps believe the Commission should promote CHP generation no matter what or just when it is economically efficient to do so?

49. Referring to Peoples Statement No. 3, pages 18 through 21 of Ms. Scripps' direct testimony, where Ms. Scripps describes the results of her CHP outage scenarios, answer the following:

- a. If an existing Duquesne Light customer installs distributed generation on its system, list and describe the distribution system costs that Ms. Scripps believes Duquesne Light can avoid.
- b. If that same existing Duquesne Light customer who installs distributed generation on its system experiences an outage, list and describe the distribution system costs that Ms. Scripps believes Duquesne Light can avoid.
- c. If that same existing Duquesne Light customer who installs distributed generation on its system experiences no outages, list and describe the distribution system costs that Ms. Scripps believes Duquesne Light can avoid.
- d. What information would Ms. Scripps need to quantify the difference in utility distribution service costs in (b) and (c) above?

50. Referring to Peoples Statement No. 3, page 22, lines 5 through 8 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "Standby charges for unscheduled outages should be based on cost of service, so while it is concerning when unscheduled outage charges are extremely high, it is also concerning when a utility makes no distinction between scheduled and unscheduled outages in their rate design." Would Ms. Scripps agree that Duquesne Light must stand ready to provide distribution service in the event of unplanned customer-generator outages, regardless of when they occur? If not, explain your answer.

51. Referring to Peoples Statement No. 3, page 23, lines 13 through 16 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "Standby rates should be transparent,

concise and easily understandable. Potential CHP customers should be able to accurately predict future standby charges in order to assess their financial impacts on CHP feasibility.”

- a. In Ms. Scripps opinion, do prospective generators at the wholesale level have a transparent, concise and easily understandable benchmark to assess their financial impacts on generation feasibility? If yes, describe.
- b. If the answer to (a) is yes, also explain whether Ms. Scripps believes prospective generators at the retail level should have the same transparent, concise and easily understandable benchmark to assess their financial impacts on CHP feasibility. (If the answer to (b) is “no”, then explain what differences should be applied to the benchmark for retail generators as compared to wholesale generators.
- c. If the answer to (a) is no, explain why prospective generators at the retail level, unlike wholesale generators, should have a transparent, concise and easily understandable benchmark to assess their financial impacts on CHP feasibility.

52. Referring to Peoples Statement No. 3, page 25, lines 3 through 5 of Ms. Scripps’ direct testimony, where Ms. Scripps states that, “The Rider No. 16 changes proposed by Duquesne Light Company would have a dramatic effect on the economics of CHP systems going forward.”

- a. Using Ms. Scripps’ methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer did not own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light’s applicable general service rate schedules (e.g., GL) and current rates. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.
- b. Using Ms. Scripps’ methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light’s applicable general service rate schedules (e.g., GL) and current rates (and with electing Rider No. 16 and net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

- c. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and current rates (without electing Rider No. 16 but electing net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.
- d. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer did not own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.
- e. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates (with electing Rider No. 16 and net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.
- f. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates (without electing Rider No. 16 but electing net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

53. Referring to Peoples Exhibit JWS-1, provide the total charges (with supply, transmission and distribution charges broken out separately) in dollars for the identical sample customer used in her analysis in Exhibit JWS-1 for each utility, assuming the customer has the same exact consumption pattern but did not own any on-site generation and received supply and

delivery services from the utility. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

54. Referring to Peoples Exhibit JWS-1, provide the total utility charges (with supply, transmission and distribution charges broken out separately) in dollars for the identical sample customer used in her analysis in Exhibit JWS-1 for each utility and outage scenario, assuming the customer has the same exact consumption pattern but owns on-site generation and received back-up, supplemental, and any other required utility services for supply and delivery services from the utility. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

55. Referring to Peoples Exhibit JWS-1 and JWS-4, does Ms. Scripps include Supplemental Service Charges for Duquesne Light and other utilities shown in the table? If not, why not?

56. Referring to Peoples Exhibit JWS-1 and JWS-4, explain why Ms. Scripps excludes an analysis of the FirstEnergy utilities located in Pennsylvania.

57. Referring to Peoples Exhibit JWS-1 and JWS-4, based on Ms. Scripps' analysis and overall research, is it Ms. Scripps opinion that customers in Duquesne Light's service area would be better off if Duquesne Light eliminated Rider No. 16 from its retail tariff all together. Explain your answer.

58. Referring to Peoples Exhibit JWS-2:

- a. Ms. Scripps states that for Duquesne Light she assumes a "GL – General Service Large customer with generation equal to 2,000 kW based on its nameplate capacity rating and a contract maximum limit of 5,000 kW (i.e., 3000) kW of supplemental service)." What is the customer's total generation in kWh for the

month during the on-peak and off-peak periods. What is the supplemental supply obtained from Duquesne Light in kWh for the month during on-peak and off-peak periods? What is the backup supply obtained from Duquesne Light in kWh for the month during the on-peak and off-peak periods? What is the total electricity consumption of the customer in kWh for the month during on-peak and off-peak periods?

- b. Ms. Scripps uses average day-ahead LMP, on-peak and off-peak period prices in her analysis. How does she define on-peak and off-peak periods?

#### Peoples Statement No.4

59. Referring to Peoples Statement No. 4, page 3, lines 9 through 11 of Ms. Kefer's direct testimony, where Ms. Kefer states that, "Specifically, I will discuss the benefits of CHP, the status of CHP deployment in Pennsylvania, the barriers to CHP deployment, and best practices for utility tariffs to encourage CHP deployment." As a matter of public policy:

- a. Does Ms. Kefer believe the Commission should adopt policies that would make otherwise uneconomic decisions regarding CHP economic? If yes, explain why.
- b. Does Ms. Kefer believe that customers who own CHP should be permitted to bypass and shift distribution costs to other Duquesne Light distribution service customers who do not own CHP? If yes, explain why.
- c. Does Ms. Kefer believe CHP incentives or subsidies should be used to favor CHP generation over other forms of generation or energy efficiency programs? If yes, explain why.

60. Referring to Peoples Statement No. 4, page 4, line 17 of Ms. Kefer's direct testimony, where Ms. Kefer states that, "CHP produces electricity at the point of use. As a result, line losses associated with transmission and distribution are eliminated."

- a. Does Ms. Kefer have an opinion about the market value of electricity at the point of use at any given point in time and customer location within Duquesne Light's system? If so, describe.
- b. Is Ms. Kefer aware of an appropriate benchmark to measure this market value or market-based cost? If so, describe.
- c. From a public policy perspective, does Ms. Kefer believe it would be appropriate to pay a customer more than the market value of electricity at the point of use? If

so, explain why and how that value should be calculated to encourage efficient customer investment and generation decisions?

- d. From a public policy perspective, does Ms. Kefer believe it would be appropriate to pay a customer more than the incremental cost that Duquesne Light would incur to supply and deliver that electricity at the point of use? If so, explain why and how that value should be calculated to encourage efficient customer investment and generation decisions?

61. Referring to Peoples Statement No. 4, page 4, lines 17 through 20 of Ms. Kefer's direct testimony, where Ms. Kefer states that, "This increases the reliability of the grid and helps reduce the need for additional investment in generation and transmission facilities and equipment, thereby keeping costs down for all energy consumers."

- a. Explain how CHP will reduce Duquesne Light's investment in generation.
- b. Explain how CHP will reduce Duquesne Light's investment in transmission and discuss in what timeframe (e.g., 1, 5, 10 years) Ms. Kefer anticipates Duquesne Light could reduce its investment in transmission.

62. Referring to Peoples Statement No. 4, page 8, lines 20 through 21 of Ms. Kefer's direct testimony, where Ms. Kefer states that, "Additionally, deploying CHP is a long-term investment for the user. The uncertainty of standby rates can be a barrier preventing consumers from making such an investment."

- a. In Ms. Kefer's opinion, what do developers of wholesale generation plants consider when deciding the economic viability to develop a generation plant at the wholesale level?
- b. In Ms. Kefer's opinion, should prospective generators at the wholesale and retail levels be treated similarly in terms of compensation? If not, how should the market compensation differ between a kWh generated at the wholesale level and at the retail level (i.e., how should the value provided by a kWh generated at the retail level be adjusted)?

63. Referring to Peoples Statement No. 4, page 2, lines 9 through 10 of Ms. Kefer's direct testimony, where Ms. Kefer states that, "Depending on a project's size, the economic recovery period for a CHP plant can be seven to ten years. Burdensome and unpredictable

standby rates lengthen this payback period and make it less likely that projects will pencil out.”

Has Ms. Kefer done any economic analysis demonstrating the impact of Duquesne Light’s proposed rates and to what extent they may lengthen the payback period? If so, provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting this conclusion.

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**APPENDIX B**

**PNG'S OBJECTIONS TO DLC INTERROGATORY (SET III)  
NOS. 2, 52-54, 58 AND 62**



**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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**Administrative Law Judge Katrina L. Dunderdale**

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Docket Nos. R-2018-3000124  
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**OBJECTIONS OF PEOPLES NATURAL GAS COMPANY LLC TO  
CERTAIN QUESTIONS IN DATA REQUEST SET III  
PROPOUNDED BY DUQUESNE LIGHT COMPANY**

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AND NOW COMES, Peoples Natural Gas Company LLC ("Peoples"), by and through its counsel, Cozen O'Connor, pursuant to 66 Pa. C.S. § 333(d), 52 Pa. Code § 5.342, and the modified discovery rules adopted by Administrative Law Judge ("ALJ") Katrina L. Dunderdale in her Prehearing Order dated May 8, 2018, to file these Objections ("Objections") to Certain Questions in Data Request Set III Propounded by Duquesne Light Company ("Duquesne"), which discovery was served by Duquesne at approximately 11:50am via electronic mail on July 3, 2018. Specifically, Peoples objects to Data Requests Nos. 2, 52, 53, 54, 58 and 62. In support whereof, Peoples states as follows:

**I. BACKGROUND**

1. On March 28, 2018, Duquesne Light Company ("Duquesne") filed Supplement No. 174 to Tariff Electric Pa. P.U.C. No. 24 to become effective May 29, 2018. The Tariff Supplement requested a general increase in electric distribution rates of approximately \$133.8 million and proposed various other changes to Duquesne's tariff.

2. On April 10, 2018, Peoples filed the Formal Complaint of Peoples Natural Gas Company LLC to Proposed General Rate Increase ("Complaint") against Duquesne's proposed rate increase.

3. On May 8, 2018, the ALJ issued a Prehearing Order which, among other things, modified the Commission's standard rules pertaining to discovery. In pertinent part, the modified rules require objections to interrogatories to be communicated orally within three calendar days of service and unresolved objections are to be served on the ALJ in writing within five days of service of the interrogatories. Answers to written interrogatories are to be served in-hand within ten calendar days of service.

4. On May 1, 2018, Duquesne filed Respondent's Motion for Partial Judgment on the Pleadings, seeking a ruling that Peoples lacks standing to address any issues related to Rider No. 16 (which includes the rate for Back-Up Service). Peoples filed an Answer on May 11, 2018, explaining why it has standing to address issues related to Rider No. 16.

5. On May 22, 2018, the ALJ issued an Interim Order Granting Respondent's Motion for Partial Judgment on the Pleadings ("Interim Order").

6. On May 22, 2018, Peoples filed a Petition for Interlocutory Review and Answer to Material Questions on an Expedited Basis ("Petition for Interlocutory Review") with the Pennsylvania Public Utility Commission ("PUC" or "Commission").

7. On May 25, 2018, Peoples filed an Amended Complaint, averring additional facts to more clearly establish its standing to raise issues pertaining to Rider No. 16.

8. On June 14, 2018, the Commission ruled on People's Petition for Interlocutory Review. The Commission reversed the Interim Order and found that Peoples has standing to fully participate in this proceeding.

## **II. OBJECTIONS TO DATA REQUESTS**

9. On July 3, 2018 at approximately 11:50am, Duquesne served Data Request Set III on Peoples. A true and correct copy of this discovery is attached as **Appendix A**.

10. 52 Pa. Code § 5.342(c) permits a party to object to discovery requests.
11. The Prehearing Order requires a party objecting to discovery to orally convey its objections to the propounding party within three days of the date the discovery is served.
12. On the afternoon of July 6, 2018, David P. Zambito and Jonathan P. Nase, Counsel for Peoples, telephoned Michael Zimmerman, Counsel, Regulatory, for Duquesne to object orally to Data Requests 2, 52, 53, 54, 58 and 62. Mr. Zimmerman contacted Mr. Zambito later that afternoon by telephone to discuss further the objections. Counsel were unable to resolve Peoples' objections.
13. Peoples objects to Data Request No. 2, which states:
  2. Referring to Peoples Statement No. 1, page 3, lines 19 through 21 of Mr. Nehr's direct testimony, where Mr. Nehr states that, "Because Peoples takes service from Duquesne for use in its utility operations, the cost of electric service is included in the rates that Peoples charges to customers."
    - a. For each year, 2012 through 2017, provide in dollars the annual total charges for electric service in Duquesne Light's service territory that Peoples incurred in connection with its utility operations, broken out by annual total electric supply charges, annual total electric transmission charges, and annual total electric distribution charges.
    - b. For each year, 2012 through 2017, provide in kWh the annual total supply volumes and annual total distribution service volumes (if different) for service that Peoples received from Duquesne (or other electric generation supplier(s) (EGSs) operating in Duquesne Light's service territory) for use in Peoples' utility operations.
14. Peoples objects to both subparts of Data Request 2. Since Peoples purchases its electricity from Duquesne, these Data Requests seek information that is largely already in the possession of Duquesne. 52 Pa. Code § 5.361(a)(2) prohibits discovery that would cause unreasonable annoyance, embarrassment, oppression, burden or expense to a party. Considering that the usage and cost information is already in Duquesne's possession, it is unreasonable to ask

Peoples to incur the expense of going through its records from 2012 through 2017 to locate and produce the requested information.<sup>1</sup>

15. Additionally, 52 Pa. Code § 5.361(d) states:

(d) In rate proceedings, discovery is not limited under subsection (a) solely because the discovery request requires the compilation of data or information which the answering party does not maintain in the format requested, in the normal course of business, or because the discovery request requires that the answering party make a special study or analysis, *if the study or analysis cannot reasonably be conducted by the party making the request.*

16. Peoples objects to Data Request No. 2 because Duquesne, as the electric company supplying Peoples with electricity and billing Peoples for that electricity, has the wherewithal to perform the requested study or analysis.

17. Peoples also objects to Data Requests 52, 53, 54 and 58, which state:

52. Referring to Peoples Statement No. 3, page 25, lines 3 through 5 of Ms. Scripps' direct testimony, where Ms. Scripps states that, "The Rider No. 16 changes proposed by Duquesne Light Company would have a dramatic effect on the economics of CHP systems going forward."

a. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer did not own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and current rates. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

b. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and current rates (and with

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<sup>1</sup> While there may be limited situations in which Peoples obtains electric generation supply from an electric generation supplier ("EGS") and the EGS bills Peoples separately for generation, Duquesne is capable of identifying such situations through its billing system and could have narrowly tailored its interrogatories to the generation costs incurred by Peoples for those specifically-identified accounts. Duquesne already has the usage information. By asking its interrogatories in such a broad-brush manner, Duquesne is attempting to shift the burden of assembling the information from itself to Peoples.

electing Rider No. 16 and net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

c. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and current rates (without electing Rider No. 16 but electing net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

d. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer did not own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

e. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates (with electing Rider No. 16 and net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

f. Using Ms. Scripps' methodology, for the one identical sample customer used in her analysis in Exhibit JWS-1 and for each CHP outage scenario evaluated by Ms. Scripps, calculate and show separately the average monthly and total annual Duquesne Light supply, transmission, and distribution charges assuming the customer does own CHP and received all of its supply and delivery services from Duquesne Light in accordance with Duquesne Light's applicable general service rate schedules (e.g., GL) and proposed rates (without electing Rider No. 16 but electing net metering Rider No. 21). Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact) supporting her results.

53. Referring to Peoples Exhibit JWS-1, provide the total charges (with supply, transmission and distribution charges broken out separately) in dollars for

the identical sample customer used in her analysis in Exhibit JWS-1 for each utility, assuming the customer has the same exact consumption pattern but did not own any on-site generation and received supply and delivery services from the utility. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

54. Referring to Peoples Exhibit JWS-1, provide the total utility charges (with supply, transmission and distribution charges broken out separately) in dollars for the identical sample customer used in her analysis in Exhibit JWS-1 for each utility and outage scenario, assuming the customer has the same exact consumption pattern but owns on-site generation and received back-up, supplemental, and any other required utility services for supply and delivery services from the utility. Provide any related workpapers, analysis, support, and spreadsheets (with electronic formulas intact).

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58. Referring to Peoples Exhibit JWS-2:

a. Ms. Scripps states that for Duquesne Light she assumes a "GL – General Service Large customer with generation equal to 2,000 kW based on its nameplate capacity rating and a contract maximum limit of 5,000 kW (i.e., 3000) kW of supplemental service." What is the customer's total generation in kWh for the month during the on-peak and off-peak periods. What is the supplemental supply obtained from Duquesne Light in kWh for the month during on-peak and off-peak periods? What is the backup supply obtained from Duquesne Light in kWh for the month during the on-peak and off-peak periods? What is the total electricity consumption of the customer in kWh for the month during on-peak and off-peak periods?

b. Ms. Scripps uses average day-ahead LMP, on-peak and off-peak period prices in her analysis. How does she define on-peak and off-peak periods?

18. Peoples objects to Data Requests No. 52, 53, 54 and 58 in their entirety, based on 52 Pa. Code § 5.361(d) (quoted above). Peoples has provided, or will be providing in response to discovery requests, Duquesne with detailed information concerning Ms. Scripps' methodology. Consequently, Duquesne has, or will have, the ability to perform the requested studies/analyses itself and at its own time and expense.

19. The Pennsylvania Commonwealth Court ("Commonwealth Court") has construed Section 5.361(d) as limiting the scope of discovery by prohibiting discovery that would cause an

unreasonable burden, expense or investigation by a participant. Consequently, the Commonwealth Court has held that the "Commission" can properly limit discovery, where the requesting party is technically and financially able to conduct the investigation/analysis itself. *City of Pittsburgh v. Pa. Pub. Util. Comm'n*, 526 A.2d 1243 (1987), *appeal denied* 538 A.2d 880 (Pa. 1988).

20. Peoples respectfully submits that Data Requests Nos. 52, 53, 54 and 58 request Peoples and its witnesses to make a special study or analysis that Duquesne can reasonably conduct itself and at its own expense. Duquesne is a large, sophisticated party, with the information, technical ability, and financial ability to perform the requested studies/analyses. Under these circumstances, it would be an unreasonable burden and expense for Peoples to undertake the requested studies and analyses for Duquesne.

21. Finally, Peoples objects to Data Request No. 62, which states:

62. Referring to Peoples Statement No. 4, page 8, lines 20 through 21 of Ms. Kefer's direct testimony, where Ms. Kefer states that, "Additionally, deploying CHP is a long-term investment for the user. The uncertainty of standby rates can be a barrier preventing consumers from making such an investment."

a. In Ms. Kefer's opinion, what to [sic] developers of wholesale generation plants consider when deciding the economic viability to develop a generation plant at the wholesale level?


b. In Ms. Kefer's opinion, should prospective generators at the wholesale and retail levels be treated similarly in terms of compensation? If not, how should the market compensation differ between a kWh generated at the wholesale level and at the retail level (i.e., how should the value provided by a kWh generated at the retail level be adjusted)?

22. Peoples objects to Data Request No. 62 on the grounds that it goes beyond the scope of Ms. Kefer's testimony. Ms. Kefer's testimony addressed combined heat and power and other forms of distributed generation that provide electricity to the owner of the distributed generation (e.g., customer generation). Ms. Kefer did not discuss generators who provide electricity to wholesale or retail customers. It would be an unreasonable burden and expense for Ms. Kefer to answer discovery questions regarding topics that she did not discuss in her direct testimony.

**IV. CONCLUSION AND REQUEST FOR RELIEF**

For all of the reasons set forth above, Peoples respectfully requests that its objections be granted, and further requests that Data Requests Nos. 2, 52, 53, 54, 58 and 62 in Duquesne's Set III be stricken.

Respectfully submitted,

  
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