



**Duquesne Light**  
Our Energy...Your Power

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**Gary A. Jack**  
Assistant General Counsel

June 20, 2011

**VIA E-FILING**

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, 2<sup>nd</sup> Floor  
400 North Street  
Harrisburg, PA 17120

**Re: Petition of Duquesne Light Company for Approval of Smart Meter  
Technology Procurement and Installation Plan  
Docket No. M-2009-2123948**

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Dear Secretary Chiavetta:

Enclosed for filing is Duquesne Light Company's Supplement No. 48 to its Tariff Pa PUC No. 24 updating its quarterly smart meter recovery charge to be effective for electric service rendered on and after July 1, 2011. This surcharge and the filing of the Supplement on less than statutory notice were authorized by Commission by its Opinion and Order issued May 11, 2010 in this proceeding. The new surcharge rate of \$0.61/meter/month is to be effective for three months.

Attachment 1 is the proposed tariff and Attachment 2 provides the calculation of the Smart Meter Charge rate. Should you have any questions, please do not hesitate to contact me or Bill Pfrommer, Manager of Rates.

Sincerely yours,



Gary A. Jack

Enclosures

c: Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

DUQUESNE LIGHT COMPANY :  
Smart Meter Procurement and : Docket No. M-2009-2123948  
Installation Program :

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the surcharge filing in the above-referenced proceeding has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

**VIA EMAIL AND US MAIL**

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Dated June 20, 2011



# SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Pages No. 4 and 5)

Issued By

**DUQUESNE LIGHT COMPANY**

411 Seventh Avenue  
Pittsburgh, PA 15219

**Richard Riazzi**

**President and Chief Executive Officer**

ISSUED: June 21, 2011

EFFECTIVE: July 1, 2011

Issued in compliance with Commission Order dated May 11, 2010,  
at Docket No. M-2009-2123948.

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# NOTICE

**THIS TARIFF SUPPLEMENT INCREASES A RATE WITHIN AN EXISTING RIDER**

**See Page Two**

LIST OF MODIFICATIONS MADE BY THIS TARIFF

INCREASE

Rider No. 20 – Smart Meter Charge

Ninth Revised Page No. 108  
Cancelling Eighth Revised Page No. 108

The Smart Meter Charge has been adjusted as required by the provisions of the Rider.

**STANDARD CONTRACT RIDERS - (Continued)****RIDER NO. 20 – SMART METER CHARGE****(Applicable to Rates RS, RH, RA, GS/GM, GMH, GL, GLH, L, HVPS and AL)****PURPOSE**

The Smart Meter Charge ("SMC") is instituted as a cost recovery mechanism to recover all costs to implement the Company's Smart Meter Procurement and Implementation Plan ("Plan"). The SMC has been added per Commission Order at Docket No. M-2009-2123948. Act 129 ("Act") became effective November 14, 2008, requiring all Pennsylvania electric distribution companies ("EDCs") with more than 100,000 customers to implement smart meters. Act 129 set forth the timeline for implementation, the definition of smart meters and the provisions for full and current cost recovery of all costs incurred by EDCs to install and make fully functional a smart meter system defined in and required by Act 129. The Company filed its Plan on August 14, 2009, in compliance with the Act, including this Charge and provisions for cost recovery. This Charge shall be updated as described below to recover all costs associated with implementing the Plan.

The SMC is a non-bypassable charge and shall be applicable to the monthly bill of all metered customers based on the number of meters installed at the premise.

**ELIGIBLE COSTS**

The SMC recovers all eligible costs incurred by the Company to implement smart meter technology and the supporting infrastructure. Eligible costs, described in 66 Pa.C.S. § 2807(f), include capital and expense items relating to all Plan elements, equipment and facilities, as well as all related administrative costs. Plan costs include, but are not limited to, capital expenditures for any equipment and facilities that may be required to implement the Plan, as well as depreciation, operating and maintenance expenses, a return component based on the EDC's weighted cost of capital and taxes. In general, eligible administrative costs include, but are not limited to, incremental costs relating to Plan development, cost analysis, measurement and verification and reporting. The costs associated with testing, upgrades, maintenance and personnel training are considered eligible costs.

**MONTHLY SMART METER CHARGE**

<b>Meter Type</b>	<b>Monthly Charge Per Meter</b>
Single-Phase	\$0.61
Poly-Phase	\$0.61

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The SMC, calculated independently for each meter type, shall be applied to all applicable customers served under the Tariff. Customers will be billed based on the number of meter types installed at their premise. Customers with multiple meters will incur multiple charges. The SMC shall be determined in dollars and cents per month per meter in accordance with the formula described in the "Calculation of Charge" section and shall be applied to all applicable customers served during any part of a billing month.

Duquesne Light Company  
Smart Meter Cost Recovery Charge  
Calculation of Smart Meter Charge Rates  
Tariff Rider No. 20  
Effective July 1, 2011

<u>Line</u>	<u>Common Plant</u>	<u>Single Phase Meters</u>	<u>Poly Phase Meters</u>
1 Average Projected Smart Meter Plant In Service	\$0	\$0	\$0
2 Annual Depreciation (years)	10	15	15
3 Annual Depreciation	\$0	\$0	\$0
4 Accrued Depreciation	\$0	\$0	\$0
5 Weighted Average Pre-Tax Rate of Return (PTRR)(page 2)	11.99%	11.99%	11.99%
<u>Formula and Calculation</u>			
6	$SMC = [(( NPIS * PTRR/4) + Dep/4 + O\&M - S + e/4) / M] * (1/(1-T))$		
7	$(Plant-accrued\ depreciation-ADIT)*Return + Depreciation + O\&M - Savings + e-Factor$		
8	$Meters\ per\ Quarter * (1-Gross\ Receipts\ Tax)$		
9 Smart Meter Plant In Service	\$0	\$0	\$0
10 Less Accrued Depreciation	\$0	\$0	\$0
11 Less Accumulated Deferred Income Taxes	\$0	\$0	\$0
12 <u>Net Plant</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
13 Weighted Rate of Return/4	3.00%	3.00%	3.00%
14 Return	\$0	\$0	\$0
15 Depreciation/4	\$0	\$0	\$0
16 O&M Expense (Projected for Quarter)	\$1,050,000	\$0	\$0
17 Savings	\$0	\$0	\$0
18 e-Factor	\$0	\$0	\$0
19 <u>Smart Meter Revenue Requirement (SMRR)</u>	<u>\$1,050,000</u>	<u>\$0</u>	<u>\$0</u>
20 Meters		589,289	21,937
21 Share of Total Meters		96.4%	3.6%
22 Allocated Common Plant SMRR Based on Meters		\$1,012,315	\$37,685
23 Total Revenue Requirement by Meter Type for Upcoming Quarter		\$1,012,315	\$37,685
24 Current Meter Count		589,289	21,937
25 Projected Meter Count for Quarter for Billing Purposes		1,767,867	65,811
26 Monthly Charge per Meter for Upcoming Quarter		\$0.57	\$0.57
27 Pennsylvania Gross Receipts Tax Rate (PA GRT)		5.9%	5.9%
28 <b>Monthly Smart Meter Charge Including GRT (\$/month/meter)</b>		<b>\$0.61</b>	<b>\$0.61</b>

Duquesne Light Company  
Smart Meter Cost Recovery Charge  
Weighted Average Cost of Capital  
Tariff Rider No. 20  
Effective July 1, 2011

LinePre-Tax Weighted Average Cost of Capital

	<u>Weight</u>	<u>Cost</u>	<u>Weighted Average Cost</u>	<u>Gross Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Average Cost</u>
1 Debt (1)	47.21%	7.29%	3.44%		3.44%
2 Preferred Equity (2)	6.79%	5.89%	0.40%	1.70921	0.68%
3 Common Equity (3)	<u>46.00%</u>	10.00%	<u>4.60%</u>	1.70921	<u>7.86%</u>
4 Total Return	100.00%		8.44%		11.99%

Calculation of Gross Revenue Conversion Factor

	<u>Rate</u>	
5 Gross Revenue Charge		100.00%
6 Less: State Income Taxes	9.99%	<u>9.99%</u>
7 Income Before Federal Income Taxes		90.01%
8 Less: Federal Income Taxes	35.00%	<u>31.50%</u>
9 Income After Income Taxes		58.51%
10 Gross Revenue Conversion Factor		1.70921

## Notes:

- 1/ Debt ratio of capitalization is the residual share based on preferred equity and common equity ratios.  
Cost of debt per Company's First Quarter 2010 Financial Report filed with the PA PUC.
- 2/ Preferred equity ratio and cost of preferred equity per Company's First Quarter 2010  
Quarterly Financial Report filed with the PA PUC.
- 3/ Common equity ratio and cost of common equity determined in accordance with Commission's Order  
entered May 11, 2010 in the Company's Smart Meter Plan filing at Docket No. M-2009-2123948.  
Common equity ratio based on the Company's most recent base case proceeding at Docket No. R-2010-2179522,  
in accordance with Commission's Order entered February 24, 2011.  
Cost of common equity based on the Company's most recent base case proceeding at Docket No. R-2010-2179522,  
in accordance with Commission's Order entered February 24, 2011.