



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

Anthony D. Kanagy

akanagy@postschell.com
717-612-6034 Direct
717-731-1985 Fax
File #: 2267/126934

December 16, 2008

BY HAND

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

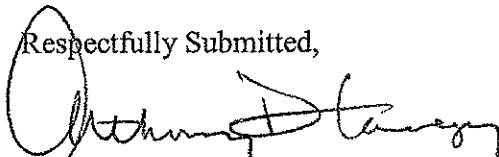
RE: Petition of Duquesne Light Company For Special Permission To File A Tariff Supplement To Become Effective On Less Than Sixty Days Notice
Docket No. P-

Dear Secretary McNulty:

Enclosed, for filing on behalf of Duquesne Light Company ("Duquesne") are an original and three (3) copies of a Petition For Special Permission to File a Tariff Supplement To Become Effective on Less Than Sixty Days Notice. The Petition relates to Tariff Supplement No. 17 which is being filed under separate cover. Duquesne is filing Tariff Supplement No. 17 in order to clarify Rider No. 20 – Market Price Adjustment Rate Multiplier to reflect the separate components of capacity and energy in the market price adjustment for Rate GS/GM and GMH customers with monthly metered demand of 25 kW or greater.

Please direct any questions regarding this matter to the undersigned.

Respectfully Submitted,



Anthony D. Kanagy

ADK/jl
Enclosures

ALLENTOWN HARRISBURG LANCASTER PHILADELPHIA PITTSBURGH PRINCETON WASHINGTON, D.C.

A PENNSYLVANIA PROFESSIONAL CORPORATION

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James J. McNulty
December 16, 2008
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cc: Certificate of Service
Robert F. Young
Robert F. Wilson
Paul T. Diskin

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing 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 E-MAIL AND FIRST CLASS MAIL

Johnnie E. Simms
Office of Trial Staff
PO Box 3265
Commonwealth Keystone Building
400 North Street, 2nd Floor West
Harrisburg, PA 17105-3265

Tanya J. McCloskey
David T. Evrard
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Daniel J. Clearfield
Kevin J. Moody
Wolf Block Schorr & Solis-Cohen LLP
213 Market Street, 9th Floor
Harrisburg, PA 17108-0865

Gary Jack
Duquesne Light Company
411 Seventh Avenue, Mail Drop 8-2
Pittsburgh, PA 15219

David I. Fein
Constellation Energy Group, Inc.
550 West Washington Blvd., Ste 300
Chicago, IL 60661

Divesh Gupta
Constellation Energy Group, Inc.
111 Market Place, 5th Floor
Baltimore, MD 21202

William R. Lloyd, Jr.
Sharon Webb
Office of Small Business Advocate
Commerce Building
300 North Second Street, Suite 1102
Harrisburg, PA 17101

Pamela C. Polacek
Adam L. Benshoff
McNees Wallace & Nurick
PO Box 1166
100 Pine Street
Harrisburg, PA 17108-1166

Erin Creahan
Strategic Energy
Two Gateway Center
Pittsburgh, PA 15222-1458

George Jugovic, Jr.
Senior Attorney
PennFuture
425 Sixth Avenue, Suite 2770
Pittsburgh, PA 15219

John E. McCaffrey
Stinson Morrison Heckler LLP
1150 Eighteenth Street, N.W.
Suite 800
Washington, DC 20036-3816

Brian Knipe
Buchanan Ingersol & Rooney, PC
One South Market Square
213 Market Street, 3rd Floor
Harrisburg, PA 17101-2121

Todd S. Stewart, Esquire
Hawke, McKeon, Sniscak & Kennard LLP
100 N. 10th Street
PO Box 1778
Harrisburg, PA 17101

Kathy J. Kolich
FirstEnergy Service Company
Legal Department
76 South Main Street
Akron, OH 44308

Nicholas A. Pasciullo
5435 Pocusset Street
Pittsburgh, PA 15217

Paul F. Forshay
Sutherland, Asbill & Brennan, LLP
1275 Pennsylvania Avenue, N.W.
Washington, DC 20004

Kent D. Murphy
Adrian D. Newall
Legal Department
Exelon Business Services Company
PO Box 8699
2301 Market Street, S23-1
Philadelphia, PA 19101-8699

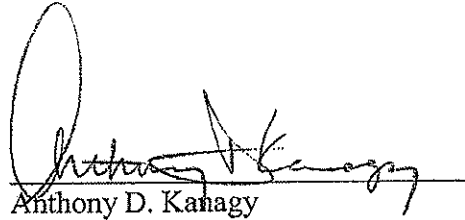
Date: December 16, 2008

Ronald J. Shaffer
Fox Rothschild LLP
2000 Market Street, 10th Floor
Philadelphia, PA 19103-3291

Steven S. Goldenberg
Fox Rothschild LLP
Princeton Pike Corporate Center
997 Lenox Drive Bldg. 3
Lawrenceville, NJ 08648-2311

Gary Jeffries
Dominion Retail, Inc.
Suite 400, 501 Martindale Street
Pittsburg, PA 15212-5817

Brian Kalcic
Excel Consulting
225 S. Meramec Avenue, Suite 720-T
St. Louis, MO 63105



Anthony D. Kahagy

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company For :
Special Permission To File A Tariff :
Supplement To Become Effective On Less : Docket No. P-
Than Sixty Days Notice :
:

**PETITION OF DUQUESNE LIGHT COMPANY
FOR SPECIAL PERMISSION TO FILE A TARIFF SUPPLEMENT
TO BECOME EFFECTIVE ON LESS THAN SIXTY DAYS NOTICE**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Duquesne Light Company (“Duquesne”) hereby files this Petition, pursuant to 52 Pa. Code §§ 53.101 and 53.102, seeking special permission to file a Tariff Supplement to become effective on or after January 1, 2009, that implements revisions to the provisions in Rider 20 of its Tariff for calculating market adjustments to Provider of Last Resort (POLR) rates for customers with demands of 25kW and above under rates GS/GM and GMH. As explained in greater detail below, Duquesne seeks special permission to file and make effective Supplement No. 17 on less than sixty days notice so that it can become effective in time for the scheduled January 1, 2009 adjustments of such rates under Rider 20. In support of this Petition, Duquesne states as follows:

1. Duquesne is a public utility as that term is defined under Section 102 of the Public Utility Code, 66 Pa.C.S. § 102. Duquesne is certificated by the Pennsylvania Public Utility Commission (“Commission”) and provides electric service to approximately 587,000 customers in the City of Pittsburgh, and in Allegheny and Beaver Counties, Pennsylvania.

2. On December 1, 2008, Duquesne filed for Commission approval tariff Supplement No. 16 to its tariff adjusting the POLR supply rates for its customers with monthly

metered demand of 25 kW or greater taking service on Rate Schedules GS/GM and GMH. The adjustments, which are designed to more closely align the POLR supply rates to market prices for these commercial and industrial customers, are to be made every six months, beginning January 1, 2009 with the final change becoming effective July 1, 2010 as described in Rider No. 20 of the tariff. These changes to occur January 1, 2009, were approved by the Commission.

3. On December 4, 2008, the Office of Small Business Advocate (OSBA) filed a complaint against Supplement No. 16 contending the adjustment of POLR rates to reflect increased capacity costs is not consistent with Rider 20.

4. Simultaneous with the filing of this Petition, Duquesne filed, on sixty days notice, Supplement No. 17 to Tariff Electric Pa PUC No. 24 ("Supplement No. 17) to revise Rider 20 to reflect a clarification for adjusting rates under Rider 20 to properly reflect market prices. Duquesne explained the basis for such changes in the cover letter and supporting data for Supplement No. 17, which are incorporated herein by reference.

5. In summary, rates under Rider 20 for customers with monthly metered demands of 25 kW or greater taking service on Rate Schedules GS/GM and GMH were specifically designed to adjust with changes in market prices on six-month intervals beginning January 1, 2009. Rider No. 20 was designed to reflect an adjustment to energy and capacity prices contained in POLR rates based upon changes in the PJM Northern Illinois Hub ("NIHUB") electricity prices.

6. The NIHUB adjustment is reasonable if energy prices and capacity prices move in tandem. For example, if both energy prices and capacity prices increase by 20%, applying the NIHUB adjustment to the POLR rate would create an increase in capacity prices of 20%.

7. However, after the POLR IV proceeding, PJM's new RPM capacity model caused significant and entirely unpredictable increases in capacity prices. The result is that the market price adjustment contained in Duquesne's tariff no longer reflects market pricing.

8. Duquesne believes that this result is contrary to the intent of Rider 20 and is concerned that it will have a significant affect on the competitive market for these customers and could reverse the significant progress Duquesne has made in promoting the competitive market for these customers.

9. As noted in the letter accompanying the filing, approximately 25% of customers over 25 kW are shopping with EGSs. If Duquesne is not able to charge POLR rates that reflect market prices to customers with demands of 25 kW or greater over the next two years, competitive shopping levels for these customers could be significantly reduced.

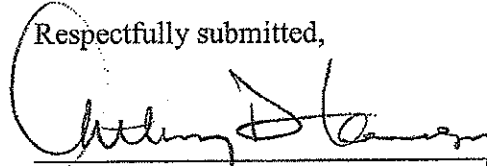
10. Therefore, Duquesne requests that the Commission grant permission to file Supplement No. 17 attached hereto as Appendix "A" to become effective for service rendered on or after January 1, 2009, or as soon thereafter as practicable.

11. Duquesne requests that the modifications to Rider 20 be implemented as soon as possible to provide for adjustments that appropriately reflect market prices to the GS/GM and GMH rates for customers with monthly metered demands of 25kW and greater as explained in the letter and supporting data accompanying the filing of Supplement No. 17.

12. Duquesne notes that it does not intend to implement any change in rates under Rider 20 until it has received an Order or Secretarial Letter authorizing it to do so.

WHEREFORE, Duquesne Light Company requests special permission that tariff supplement No. 17 filed simultaneously with this Petition and attached hereto as Appendix "A" be effective on less than 60 days notice, and specifically that it be effective for service rendered on, and after January 1, 2009.

Respectfully submitted,



Michael W. Gang (ID # 25670)
Anthony D. Kanagy (ID # 85522)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: mgang@postschell.com
E-mail: akanagy@postschell.com

Gary A. Jack (ID # 95066)
Duquesne Light Company
411 Seventh Avenue Mail Drop 8-2
Pittsburgh, PA 15219
Phone: 412-393-1541
Fax: 412-393-1418
E-mail: gjack@duqlight.com

Of Counsel:

Post & Schell, P.C.

Date: December 16, 2008

Counsel for Duquesne Light Company

APPENDIX A

SUPPLEMENT NO. 17
TO ELECTRIC – PA. P.U.C. NO. 24



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

Morgan K. O'Brien
President and Chief Executive Officer

ISSUED: December 16, 2008

EFFECTIVE: February 14, 2009

Issued to provide language to clarify the Market Price Adjustment Rate Multiplier approved at Docket No. P-00072247.

NOTICE

THIS TARIFF SUPPLEMENT MAKES CHANGES TO AN EXISTING RIDER

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 20 - Market Price Adjustment Rate Multiplier

Third Revised Page No. 109
Cancelling Second Revised Page No. 109

This modification provides additional language to clarify the methodology used to calculate the rate multiplier described in Rider No. 20 - Market Price Adjustment Rate Multiplier. This revision supports the proposed rates in Supplement No. 16 to Tariff No. 24 filed December 1, 2008, to become effective January 1, 2009.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 - MARKET PRICE ADJUSTMENT RATE MULTIPLIER – (Continued)

(Applicable to Rates GS/GM and GMH)

MARKET INDEX PRICE – (Continued)

(C)

4. The resulting on and off-peak futures prices at NIHUB for January through June 2009 will then be adjusted by multiplying each price by the corresponding on-peak or off-peak basis differential factor as measured over the most recent twelve (12) calendar months. For either the on-peak or off-peak period, the basis differential factor shall be calculated as the simple average of the day-ahead Duquesne Zone locational marginal energy prices divided by the simple average of the day-ahead NIHUB locational marginal energy prices. For the calculation of the on-peak basis differential factor, all day-ahead locational marginal energy prices during the on-peak period will be used. For the calculation of the off-peak basis differential factor, all day-ahead locational marginal energy prices during the off-peak period will be used.
5. The resulting on and off-peak futures prices will then be weighted by the number of on-peak and off-peak hours during the six (6) month period to obtain the energy component of the Market Index Price for the six month index period; and, the Capacity Price Component will be calculated based on a weighting of the PJM capacity charges in effect for the applicable six month index period identified on the PJM website for each June to May planning year and shall be a part of the Market Index Price. The capacity charge in \$/MW-day will be converted to an equivalent \$/MWh charge using the rate class average load factor of 41.3% for the applicable rate classes.

(C)

The same methodology will be used to determine subsequent Market Index Prices, with applicable dates and months, using the applicable data for each time period.

BASE INDEX PRICE

The wholesale electricity forward prices for calendar years 2009 and 2010 as of January 2007 ("Base Index Price") have been calculated. The Base Index Price for calendar years 2009 and 2010 was calculated using the same methodology as for the Market Index Price, except that futures prices as of the 20 trading days immediately preceding January 11, 2007 were used, and locational marginal energy spot price data from the January 2006 – December 2006 period was used to calculate the basis differential factors.

The Base Index Price for 2009 is \$43.81/MWh and the Base Index Price for 2010 is \$44.49/MWh. The Base Index Price for capacity is \$40.694/MW-day equivalent to \$4.102/MWh based on the GS/GM and GMH rate class load factor.

(C)

RATE MULTIPLIER

The Rate Multiplier for each six (6) month period will be calculated as follows:

$$\text{Rate Multiplier} = (\text{Market Index Price} / \text{Base Index Price})$$