

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Docket No. R-2010-2179522

Duquesne Light Company

Statement No. 13

Direct Testimony of Howard S. Gorman

1 **Q. Please state your name and occupation.**

2 A. My name is Howard Gorman. I am the President of HSG Group, Inc., a
3 consulting firm that I started.

4 **Q. Please summarize your educational background and professional experience.**

5 A. My educational background, professional experience and summary of testimony
6 are outlined in Attachment A.

7 **Q. On whose behalf are you testifying in this proceeding?**

8 A. I am testifying on behalf of Duquesne Light Company (“DLC” or “Company”) in
9 this proceeding before the Pennsylvania Public Utility Commission
10 (“Commission”).

11 **Q. What is the scope of your testimony in this proceeding?**

12 A. My testimony describes the unbundled, fully allocated class cost of service studies
13 (the “CCOSS” or “Studies”) which I have prepared for DLC to comply with the
14 Commission’s Data Filing Requirements (“DFR”), specifically DFR IV-E-1, for
15 the purpose of assigning, on a cost-causation basis, the total distribution revenue
16 requirement of DLC among the rate classes in its Tariff. Separate studies were
17 prepared for the year ending March 31, 2010, the Historic Test Year (“HTY”), and
18 for the year ending March 31, 2011, the Future Test Year (“FTY”) being used by
19 the Company in this proceeding. In the FTY CCOSS, the FTY revenue
20 requirement resulting from the CCOSS for each rate class was compared to the
21 revenue produced by the present Tariff rates, and this information was used for
22 guidance by DLC in designing the rates it is proposing in this proceeding. The

1 Historic Period CCOSS was not used for the purpose of determining cost-based
2 class revenue requirements, revenue allocation or rate design.

3 **Q. How is your testimony organized?**

4 A. First, I will provide an overview of Cost of Service Studies. Then, I will identify
5 and discuss the exhibits included with my testimony. Next, I will discuss in detail
6 the FTY Class Cost of Service Study. Finally, I will discuss the Historic Test
7 Year Class Cost of Service Study.

8 **OVERVIEW OF COST OF SERVICE STUDIES**

9 **Q. Please describe what a CCOSS is and how it is prepared.**

10 A. The Company's filing is based on its investments and costs incurred to provide
11 distribution delivery service to its Pennsylvania jurisdictional customers. A
12 CCOSS directly assigns or allocates among the rate classes each element of the
13 utility's total revenue requirement, including plant and other investments,
14 operating expenses, depreciation and taxes, to determine the cost of providing
15 service to each rate class. Each element of the total revenue requirement must be
16 analyzed and assigned to or allocated among the rate classes, so that the utility can
17 establish rates that, based on assumptions such as sales volumes and the number
18 of customers, provide it with a fair opportunity to recover its costs and to earn an
19 appropriate return.

20 A three-step process is traditionally used to analyze each element of the revenue
21 requirement. The first step is Functionalization of each element; for DLC these
22 functions are Primary Distribution, Secondary Distribution and Billing.

1 The second step is Classification of each functionalized cost element as Demand,
2 Energy or Customer.

3 The final step, Class allocation, is the allocation of each functionalized, classified
4 cost element among the rate classes.

5 The results of the CCOSS, that is, the amount of the revenue requirement
6 determined for each rate class, are compared to the revenue produced by the
7 present Tariff rates; this information was used for guidance by DLC in designing
8 the rates it is proposing in this proceeding.

9 **Q. How did you determine the FTY revenue requirement?**

10 A. The FTY Pennsylvania jurisdictional Distribution revenue requirement was
11 determined by DLC witness Crowley to be \$473.6 million. The exhibits that I am
12 sponsoring show the composition of the Distribution revenue requirement by
13 FERC account.

14 **Q. How did you determine the revenue that would be produced under current
15 rates in the Future Test Year?**

16 A. The revenue that would be produced under current rates for the FTY was
17 computed by Company witness Pfrommer, as shown on Attachment DFR IV-A
18 Future.

19 **Q. What rate classes are represented included in the CCOSS?**

20 A. The CCOSS includes the following rate classes:

21 Residential (RS)
22 Residential Heating (RH)
23 Residential Add-on Heat (RA)
24 General Service (GS No demand)
25 General Medium<25 (GM<25)
26 General Medium>25 (GM>25)
27 General Medium Heating<25 (GMH<25)

- 1 General Medium Heating>25 (GMH>25)
- 2 General Large (GL)
- 3 General Large Heating (GLH)
- 4 Large (L)
- 5 High-Voltage Power Service (HVPS)
- 6 Street Lighting Energy (SLE)
- 7 Street Lighting (SLM)
- 8 Unmetered Service (UMS)

9 **Q. Are these the rate classes that are currently in the Tariff?**

10 A. Yes, with the following exceptions:

- 11 1. The current Tariff class GSGM was split into three classes in the CCOSS
12 for evaluation purposes: a) GS No Demand; b) GM Demand under 25 kW
13 (GM<25) and c) GM Demand 25 kW and greater (GM>25); and the
14 current Tariff class GMH was split into two classes in the COSS for
15 evaluation purposes: a) GMH Demand under 25 kW (GMH<25) and b)
16 GMH Demand 25 kW and greater (GMH>25)
17 Pursuant to the Settlement in Docket R-00061346, at Section III 17(h), as
18 part of its submission in this proceeding, the Company has evaluated the
19 potential to separate the existing GSGM rate class. In addition, the
20 Company evaluated the potential to separate the existing GMH rate class.
21 Therefore, the Company split the GSGM class into three classes and the
22 GMH class into two classes in the CCOSS for evaluation purposes.
- 23 2. The CCOSS rate class Street Lighting (SLM) includes four Tariff rate
24 classes: Street Lighting Municipal (SLM), Street Lighting Highway (SLH),
25 Private Area Lighting (PAL) and Architectural Lighting (AL). SLM, SLH
26 and PAL have the same load and usage profiles. AL is very small and was

1 included for convenience in performing the CCOSS. The current Lighting
2 classes will remain separate classes in the Tariff.

3 **Q. What did the Company's evaluation of the potential to separate the existing**
4 **GSGM rate class and the existing GMH rate class show?**

5 A. The Company determined that it is appropriate to split the current GSGM rate
6 class into three classes identified above (GS No Demand, GM<25 and GM>25)
7 and has proposed to do so in this proceeding. The Company also determined that
8 current GMH customers should remain as one class.

9 **Q. Why is it appropriate to create a separate tariff class for current GS No**
10 **Demand customers?**

11 A. The usage profiles and costs for GS No Demand customers are very different from
12 GM<25 and GM>25 customers. GS No Demand customers average annual usage
13 is 3,900 kWh, which is less than the average Residential customer; GM<25
14 customers average 31,700 kWh and GM>25 customers average 226,100 kWh.
15 GS No demand customer-related costs (Exhibit HSG-1B), Customer-charge costs
16 (Exhibit HSG-1C) and Meter-related costs (Exhibit HSG-6E) are all close to
17 Residential costs for these items, and significantly smaller than costs for GM<25
18 and GM>25.

19 In addition, at present, the rates for GS No demand customers are different from
20 the rates for GM<25 and GM>25 customers.

21 Therefore it is appropriate to create a separate rate class for GS No Demand
22 customers, and this can be accomplished with no disruption to customers.

1 **Q. Why is it appropriate to create separate tariff classes for current GM<25 and**
2 **GM>25 customers?**

3 A. The returns on rate base at present rates differ substantially for GM<25 and
4 GM>25 (Exhibit HSG-1, line 11) and so do the increases needed to achieve full
5 cost of service (Exhibit HSG-1, line 29). In addition, GM<25 average annual
6 usage is 31,700 kWh and GM>25 is 226,100 kWh. Therefore, to facilitate
7 revenue allocation and rate design, the Company proposes to create separate tariff
8 classes for GM<25 and GM>25.

9 **Q. Why is it not appropriate to create separate tariff classes for current**
10 **GMH<25 and GMH>25 customers?**

11 A. The returns on rate base at present rates for GMH<25 and GMH>25 are both
12 somewhat below average (Exhibit HSG-1, line 11). While the GMH<25 average
13 annual usage is 23,100 kWh and GMH>25 is 223,600 kWh, the groups are fairly
14 small (each is approximately one-tenth of its GM<25 / GM>25 counterpart in
15 terms of number of customers and kWh). On balance, a reasonable and fair
16 revenue allocation and rate design can be achieved by keeping these customers in
17 one tariff class.

18 **Q. Please describe the different functions that you analyzed in the CCOSS.**

19 A. The functions analyzed are Primary Distribution, Secondary Distribution and
20 Billing. The distribution system, which comprises Primary Distribution and
21 Secondary Distribution, moves power from distribution substations to the
22 Company's customers. The distribution system includes operating facilities rated
23 below 69kV; *Primary Distribution* includes assets rated 4kV through 23kV and
24 *Secondary Distribution* includes all other distribution assets related to moving

1 power to customers, including service drops and excluding meters. *Billing*
 2 includes metering, billing and customer accounting and service.

3 **Q. Did you prepare the Company's class cost of service study in its prior rate**
 4 **case before this Commission, Docket R-00061346?**

5 A. Yes.

6 **Q. Are there any changes in the methodology used to prepare the present**
 7 **CCOSS, compared to the class cost of service study in Docket R-00061346?**

8 A. I used the same methodology to prepare this CCOSS as I did to prepare the
 9 CCOSS in Docket R-00061346.

10 **IDENTIFICATION AND DISCUSSION OF EXHIBITS**

11 **Q. Please identify the exhibits that are included with your testimony.**

12 A. My testimony includes the following Exhibits:

<u>Future Test Year</u>	
13 Exhibit HSG-1	Summary of results
14 Exhibit HSG-1A	Revenue requirement by rate class
15 Exhibit HSG-1B	Revenue requirement by functional classification
16	
17 Exhibit HSG-2	Functionalization
18 Exhibit HSG-3	Classification for Secondary Distribution function
19	
20	
21 Exhibit HSG-4A	Class allocation - Primary Distribution Demand
22 Exhibit HSG-4B	Class allocation- Secondary Distribution Demand
23 Exhibit HSG-4C	Class allocation - Secondary Distribution Customer
24 Exhibit HSG-4D	Class allocation - Billing customer
25	
26 Exhibit HSG-5A	Assignment or Allocator Used for Each Account
27 Exhibit HSG-5B	Allocator values - Functionalization
28 Exhibit HSG-5C	Allocator values- Classification
29 Exhibit HSG-5D	Allocator values - Class allocation
30	
31 Exhibit HSG-6	Development of external allocator values
32	
33 Exhibit HSG-7	Distribution ROR at Proposed Revenue Allocation
34	
35	

Historic Test Year

Exhibit HSG-8	Summary of results
Exhibit HSG-8A	Revenue requirement by rate class
Exhibit HSG-8B	Revenue and physical class allocators

Q. Please describe Exhibits HSG-1 through HSG-1C.

A. Exhibit HSG-1 presents, for each rate class, the return on rate base at present rates for the FTY, and the FTY revenue requirement assuming each class provides the rate of return on rate base requested by the Company in this proceeding, 8.78%.

The exhibit shows revenue at present rates (lines 1-4), expenses (line 6), net income (line 7) and rate base (line 9) for each rate class, and computes return on rate base at present rates (line 11). The revenue requirement for each rate class to produce a rate of return of 8.78% is on line 13, and the corresponding net income and rate of return for each rate class are computed on lines 15-26. The increase or decrease in distribution revenue for each class to produce the 8.78% return is on line 28, and the percent of present rate distribution revenue that the increase or decrease represents is on line 29.

The exhibit demonstrates that to produce the return on rate base of 8.78% an increase in distribution revenue of \$87.3 million, or 22.61%, is needed.

Exhibit HSG-1A shows the development of the FTY distribution revenue requirement by component for each rate class; the distribution revenue requirement for each rate class is shown on line 217.

The exhibit shows the allocation of each element of rate base (lines 1-72), operating expenses (lines 74-130), depreciation expense (lines 132-147) and taxes (lines 149-165) among the rate classes. Revenues (lines 169-175) are compared to

1 total expenses (line 167, also line 177) to compute net income at present rates
2 (line 178, also line 196) and return on rate base (line 199). This information is
3 summarized on lines 180-199.

4 The revenue requirement for each class is computed on lines 201-217. The
5 revenue requirement is the sum of allocated operating expenses, depreciation
6 expense and general taxes, return on allocated rate base, related income tax
7 expense and gross receipts tax.

8 The amounts on line 217 are the revenues required for each class to pay its full
9 cost of service. They are the same as the amounts on Exhibit HSG-1, line 13, and
10 include both Tariff revenues and other revenues attributed to each class.

11 Exhibits HSG-1B summarizes the Distribution revenue requirement by functional
12 classification.

13 **Q. Please describe Exhibit HSG-2.**

14 A. Exhibit HSG-2 shows how each element of the FTY revenue requirement has been
15 allocated among the Functions: Primary distribution, Secondary Distribution and
16 Billing. The schedule shows the allocator selected for each element, and the result
17 of the allocation. The line references are the same as for Exhibit HSG-1A.

18 **Q. Please describe Exhibit HSG-3.**

19 A. Exhibit HSG-3 shows how each element of the Secondary Distribution function
20 has been classified to either Demand or Customer. Classification schedules are
21 not needed for Primary Distribution because it is classified 100% to Demand or
22 for Billing because it is classified 100% to Customer. Exhibit HSG-3 shows the

1 classification allocator selected for each element, and the result of the allocation.

2 The line references are the same as for Exhibit HSG-1A.

3 **Q. Please describe Exhibits HSG-4A through 4D.**

4 A. Exhibits HSG-4A through 4D shows how each element of the functionalized,
5 classified costs has been allocated among the rate classes. Exhibits HSG-4A
6 through 4D show Primary Distribution Demand, Secondary Distribution Demand,
7 Secondary Distribution Customer and Billing Customer, respectively. The totals
8 for Primary Distribution Demand and Billing Customer are from Exhibit HSG-2
9 (Functionalization), and the totals for Secondary Distribution Demand and
10 Secondary Distribution Customer are from Exhibit HSG-3 (Classification-
11 Secondary distribution). Each exhibit shows the allocation factor selected to
12 allocate each element among the rate classes, and the result of the allocation. The
13 line references are the same as for Exhibit HSG-1A.

14 **Q. Please describe Exhibits HSG-5A through 5D.**

15 A. Exhibit HSG-5A shows the allocator used for each account. The exhibit includes
16 Functionalization; Classification of Secondary Distribution; and Class Allocation
17 of Primary Distribution Demand; Secondary Distribution Demand; Secondary
18 Distribution Customer; and Billing Customer.

19 Exhibits HSG-5B through 5D show the allocator values for Functionalization,
20 Classification and Class Allocation, respectively.

21 **Q. Please describe Exhibit HSG-6.**

22 A. Exhibit HSG-6 shows the development of the external allocator values. I will
23 discuss each exhibit in detail later in my testimony.

1 **Q. Please describe Exhibit HSG-7.**

2 A. Exhibit HSG-7 computes the Distribution Rate of Return in total and for each rate
3 class assuming the revenue allocation proposed by Mr. Pfrommer. The revenue
4 that would be produced under proposed rates for the FTY was computed by Mr.
5 Pfrommer, as shown on Attachment DFR IV-A Future.

6 **Q. Please describe Exhibits HSG-8, HSG-8A and HSG-8B.**

7 A. Exhibit HSG-8 presents, for each rate class, the return on rate base at present rates
8 for the HTY, and the HTY revenue requirement assuming each class provides the
9 rate of return on rate base requested by the Company in this proceeding, 8.78%.
10 The line captions on Exhibit HSG-8 are the same as on Exhibit HSG-1.

11 Exhibit HSG-8A shows the development of the fully allocated HTY costs for each
12 rate class by component of cost.

13 Exhibit HSG-8B shows the revenue and physical class allocators used in the HTY.

14 **FUTURE TEST YEAR CLASS COST OF SERVICE STUDY**

15 **Q. Please explain what is meant by "direct assignment."**

16 A. The term "direct assignment" means identifying plant investments or costs
17 incurred exclusively to serve a specific customer or group of customers. Direct
18 assignments best reflect the cost causation of serving particular customers or rate
19 classes. Therefore, direct assignments should be used whenever possible. Where
20 necessary data are available, special studies can directly assign plant and expenses
21 to particular customers or rate classes.

1 **Q. Please define External allocators and Internal allocators.**

2 A. Two types of allocation bases, or allocators, are used in performing a CCOSS:
3 external allocators and internal allocators. *External allocators* are based on
4 special studies derived from the utility's accounting, operating and other records.
5 For example, the allocator "NCP-Primary" measures each class' peak, not
6 necessarily coincident with the system peak, and is used to allocate certain
7 demand costs. Other examples of external allocators are the number of customers
8 in each rate class, meter costs for each rate class and historical bad debt
9 experience for each rate class.
10 *Internal allocators* are based on some combination of external allocators,
11 previously directly assigned costs and other internal allocators. For example, the
12 allocators for property insurance costs are based on plant investments; it is
13 necessary to allocate plant investments before property insurance costs can be
14 assigned. Both external and internal allocators are used in each of the
15 functionalization, classification and allocation steps.

16 **Q. How did you determine the appropriate allocators for functionalizing,**
17 **classifying and allocating the components of the revenue requirement?**

18 A. Selection of the appropriate approach for functionalizing, classifying and
19 allocating each component of the revenue requirement was based on careful
20 consideration of cost causality, as well as prior DLC methodology, Commission
21 precedent and utility practice as stated in the Electric Utility Cost Allocation
22 Manual (January 1992) of the National Association Of Regulatory Utility
23 Commissioners ("NARUC Manual"). Cost causality means the cause and effect

1 relationships between customer requirements, load profiles and usage
2 characteristics on one hand, and the costs incurred to serve those requirements on
3 the other hand.

4 **Q. Please describe the functionalization step of a CCOSS.**

5 A. In the functionalization step, costs are separated by the utility's basic service
6 functions; for DLC, these are Primary Distribution, Secondary Distribution and
7 Billing. There are separate functions for Primary Distribution and Secondary
8 Distribution because some customers take service at Primary voltages; therefore it
9 is necessary to separate the assets so that only the customers that use each portion
10 of the system are allocated the costs attributed to that portion. Billing refers to
11 activities starting at the meter on the customer's premises, and includes metering
12 activities and customer care.

13 **Q. Were any assets refunctionalized?**

14 A. For the most part, functionalization follows costs as recorded in the FERC
15 Uniform System of Accounts. The CCOSS excludes assets and costs related to
16 Transmission (moving power at voltages 69kV and above), which were separated
17 in the Jurisdictional Separation Study prepared by DLC witness Crowley.
18 However, some accounts were split into more than one cost element. For
19 example, a portion of Station Equipment (Account 362) representing assets used
20 to serve customers in the downtown network was split out, based on the
21 Company's accounting and operating records, to allocate the cost among the
22 appropriate rate classes.

1 Underground Conduits (Account 366) and Underground Conductors (Account
2 367) were split into separate components representing three different portions of
3 the underground system- Radial; Network; and Underground Residential
4 Development ("URD"), based on Company engineering estimates and judgments.
5 Exhibit HSG-2 shows the amount for each FERC account and other element
6 included in the revenue requirement (in the column "Balance"), the functional
7 allocator used for each (in the column "Allocator"), and the amounts assigned to
8 each function (in the columns "Primary Distribution" and "Secondary
9 Distribution" and "Billing"). The revenue requirement for each function is shown
10 on line 217. Exhibit HSG-5B shows the values for each functional allocator.

11 **Q. How were assets and costs assigned or allocated among the functions?**

12 A. Many assets and costs can be directly assigned to a function, and this was done
13 whenever possible. For example, Customer accounts and service (Accounts 901-
14 908) were assigned to the Billing function. Costs related directly to particular
15 assets, such as Maintenance of Station Equipment (Account 592), were allocated
16 in proportion to the assets. Certain items, such as general plant and administrative
17 and general expenses, are related to more than one function. Each cost was
18 analyzed and allocated among the functions, using an appropriate allocation basis.

19 **Q. How were assets functionalized between the Primary Distribution and**
20 **Secondary Distribution functions?**

21 A. DLC's Primary Distribution system operates at voltages of 4kV up to 23kV. In
22 recent years, DLC has converted much of the 4kV system to 23kV, and has
23 expanded the 23kV portion of the system.

1 Structures (Account 361) and Station Equipment (Account 362) are part of the
2 Primary Distribution system.

3 Overhead Conductors and Devices (Account 365) was functionalized between
4 Primary Distribution and Secondary Distribution based on Company engineering
5 estimates and judgments, information obtained from DLC's 1996 filing, Docket
6 R-00974104 and an analysis of activity for the past 10 years. Poles, Towers and
7 Fixtures (Account 364) were allocated proportionately to the Overhead
8 Conductors and Devices which they support.

9 Each component (Radial, Network, and URD) of Underground Conduits (Account
10 366) and Underground Conductors (Account 367) was allocated between Primary
11 Distribution and Secondary Distribution based on Company engineering estimates
12 and judgments, information obtained from DLC's 1996 filing, Docket R-
13 00974104 and an analysis of activity for the past 10 years.

14 Line Transformers (Account 368) has subaccounts for Overhead, Radial, Network
15 and URD. Almost all transformers are part of the Secondary Distribution system,
16 except for some of the larger Overhead transformers which are part of the Primary
17 Distribution system.

18 Services (Account 369) are also part of the Secondary Distribution system, and
19 Meters (Account 370) and Meter Communications Equipment (Account 370.1)
20 are part of the Billing function. Street Lighting Equipment (Account 373) is part
21 of the Secondary Distribution system.

1 Exhibit HSG-6B summarizes the results of the functionalization of distribution
2 assets (accounts 360-373 in the USA) between Primary Distribution and
3 Secondary distribution. Exhibit HSG-6C shows the supporting calculations.

4 **Q. Please describe the classification step of a CCOSS.**

5 A. In the classification step, the previously functionalized accounts are separated into
6 Customer, Energy or Demand, according to the system design or operating
7 characteristics that cause them to be incurred.

8 Customer-related costs are incurred to attach a customer to the distribution
9 system, to meter usage and to maintain both facilities and the customer's account.

10 They are primarily a function of the number of customers served and continue to
11 be incurred whether or not a particular customer uses any electricity, and typically
12 do not vary with usage or load profile. They include capital costs associated with
13 the customer portion of the distribution system, services and meters, and operating
14 costs such as customer service, field service, billing and accounting.

15 Energy-related costs vary with the electricity sold to or delivered to customers. In
16 these CCOSS, no costs or assets have been classified as energy.

17 Demand-, or capacity-, related costs are associated with plant that is designed,
18 constructed and operated to meet system peak demand or non-coincident class
19 peak demand.

20 **Q. How were assets and costs classified?**

21 A. Most assets and costs fit into one of the three classifications, but some are split
22 between Demand and Customer based upon special studies or based on the
23 classification of related assets or other related costs.

1 On the DLC system, Primary Distribution plant is designed to meet localized peak
2 demands; these functions are classified 100% to Demand. The Billing function is
3 classified 100% to Customer.

4 Secondary Distribution plant has two purposes- to connect the customer in order
5 to carry electricity to the customer regardless of use, and to meet localized peak
6 demands. Most Secondary Distribution assets (i.e., Overhead Conductors;
7 Underground Conduits; Underground Conductor; and Line Transformers) were
8 classified as Demand or Customer using a Minimum System Study. The
9 Minimum System Study estimated the cost of the minimum size of each of the
10 Secondary Distribution assets necessary to provide reliable distribution service.
11 Because the utility must incur the minimum costs simply to connect the customer,
12 regardless of usage or load profile, the cost of the Minimum System is properly
13 classified as Customer. The balance of each Secondary Distribution asset account
14 is classified as Demand.

15 Investments in Poles, Towers and Fixtures are classified as Customer
16 proportionately to Overhead Conductors. Services, Meters and Meter
17 Communications Equipment, and Street Lighting assets are classified as
18 Customer.

19 Secondary Distribution costs that are related to particular assets were classified in
20 proportion to those assets. For example, Maintenance of Overhead Lines
21 (Account 593) was classified using the same classification allocator as Overhead
22 Lines. Other costs, such as general plant and administrative and general expenses,

1 are related to more than one function. Therefore each other cost was analyzed to
2 determine the appropriate classification allocator.

3 Exhibit HSG-2 shows the classification of each element in the Secondary
4 Distribution function by FERC account. Primary Distribution is classified 100%
5 to Demand and Billing is classified 100% to Customer, so there is no need to
6 show the classification by FERC account. Exhibit HSG-5C shows the values for
7 each classification allocator.

8 **Q. Please describe the Minimum System Study.**

9 A. A Minimum System Study was performed for the following Secondary
10 Distribution assets: Line Transformers; Overhead Conductors; and Underground
11 Conductors.

12 For Line Transformers, DLC has detailed historical records by size and by cost for
13 each of Overhead transformers (Account 368.1), Underground Radial
14 transformers (Account 368.3), Underground Network transformers (Account
15 368.5) and URD transformers (Account 368.7). For each of these accounts, the
16 ratio of (X) the cost of the minimum size transformer to (Y) the average cost of all
17 transformers, using recent costs, was computed. This ratio represents the
18 Customer component of cost, and is mathematically equal to dividing (a) what the
19 account balance would be if all units in the account were equivalent to the
20 minimum size unit, by (b) the total account balance.

21 For Overhead Conductors and Underground Conductors, historical information by
22 size and by cost was not available. Therefore the minimum sizes were determined
23 using recent cost data. For each item, the ratio of (X) the estimated current cost if

1 the minimum size unit would be installed to (Y) the estimated average current
2 cost of all units, was computed, and this ratio equals the Customer component of
3 cost. Separate computations were made for Overhead Conductors and each
4 component of Underground Conductor (Radial, Network and URD).

5 Exhibit HSG-6A summarizes the results of the functionalization of distribution
6 assets (Accounts 360-373 in the FERC USA) between Primary Distribution and
7 Secondary Distribution and the Minimum System Study, and Exhibit HSG-6B
8 shows the calculations.

9 **Q. Please describe the class allocation step of a CCOSS.**

10 A. In the class allocation step, the functionalized, classified costs are allocated among
11 the rate classes, based on causal relationships. These relationships are determined
12 by analyzing the Company's system design and operations, its accounting records
13 and its system and customer load data. Based on those analyses, direct
14 assignments of costs, as well as cost allocators, can be chosen for each asset and
15 cost.

16 **Q. How were assets and costs in the Distribution revenue requirement allocated**
17 **among the rate classes?**

18 A. After directly assigning assets whenever possible, demand-related assets were
19 allocated based on the appropriate demand allocator. Generally, demand-related
20 costs were allocated using class non-coincident peak ("NCP") allocators. Exhibit
21 HSG-6C, page 1, presents a table identifying the demand allocator selected for the
22 demand component of each type of asset (Distribution Substations; Poles, Tower
23 and Fixtures and Overhead Conductors; Underground Conduits and Underground

1 Conductors; and Line Transformers). Separate allocators were developed for the
2 Radial, Network and URD components of Underground Conduits and
3 Underground Conductors and Line Transformers.

4 Customer-related assets were allocated based on the number of customers
5 applicable to the asset.

6 Other assets and costs related directly to particular assets were classified in
7 proportion to the assets. For example, the portion of Intangible assets (Account
8 303) that is used to maintain and operate the Distribution plant was allocated
9 among the rate classes in the same proportion as the plant assets. As another
10 example, Maintenance of Overhead Lines (Account 593) was allocated among the
11 rate classes in the same proportion as Overhead Conductors.

12 For certain assets and costs, special studies were performed. For example, Meters
13 (Account 370) was allocated based on a study of the number and types of meters
14 used by each rate class. Maintenance of Meters (Account 597) was allocated
15 based on the number of meters weighted by an estimated labor time factor
16 reflecting the relative complexity of different types of meters.

17 Customer records and collection expense (Account 903) was analyzed to
18 determine its components, and each component was allocated based on the
19 appropriate causal relationship. Examples of some components are:

- 20 • The cost of inbound calls was allocated based on types of inbound calls
21 (e.g., Credit - Residential; Credit- Commercial; Verify payment).
- 22 • The cost of credit and collection activities was allocated based on
23 delinquencies by customer group and rate class.

- 1 • The cost of field services was allocated based on number of customers
2 excluding lighting classes.

3 Other costs, such as general plant and administrative and general expenses, were
4 allocated based on the activities to which they relate, including in certain cases
5 plant and / or labor costs.

6 Each of Exhibits HSG-4A through HSG-4D shows the allocator used for each
7 element of assets or costs.

8 **Q. How were the allocators developed?**

9 A. Exhibit HSG-6, comprising HSG-6 through HSG-6L, shows the development of
10 the external allocators used in the CCOSS.

11 **Q. Please describe Exhibit HSG-6A.**

12 A. Exhibit HSG-6A shows the allocator values for each external class allocator. The
13 allocator values are developed in the remaining pages of Exhibit HSG-6.

14 **Q. Please describe Exhibit HSG-6B and Exhibit HSG-6C.**

15 A. Exhibit HSG-6B summarizes the results of the functionalization of distribution
16 assets (accounts 360-373 in the FERC USA) between Primary Distribution and
17 Secondary Distribution and the Minimum System Study.

18 Exhibit HSG-6C shows the calculations for the functionalization of distribution
19 assets between Primary Distribution and Secondary Distribution and the
20 Minimum System Study.

21 **Q. Please describe Exhibit HSG-6D and Exhibit HSG-6E.**

22 A. Exhibit HSG-6D, page 1, presents a table identifying the demand allocator
23 selected for the demand component of each type of asset (Distribution

1 Substations; Poles, Tower and Fixtures and Overhead Conductors; Underground
2 Conduits and Underground Conductors; and Line Transformers). Separate
3 allocators were developed for the Radial, Network and URD components of
4 Underground Conduits and Underground Conductors and Line Transformers. The
5 balance of Exhibit HSG-6D discusses how each demand allocator was developed.
6 Exhibit HSG-6E presents the values for the demand allocators.

7 **Q. Please describe Exhibit HSG-6F.**

8 A. Exhibit HSG-6F presents the values for revenue and physical (MWh) allocators as
9 shown on Attachment DFR IV-A Future, page 6.

10 **Q. Please describe Exhibit HSG-6G.**

11 A. Exhibit HSG-6G presents the calculation of service costs based on current
12 installed costs for Residential and commercial type services.

13 **Q. Please describe Exhibit HSG-6H.**

14 A. Exhibit HSG-6H presents the calculation of the meter cost allocator and related
15 allocators, based on the number of meters by meter type and by rate class and
16 information as to meter maintenance costs.

17 **Q. Please describe Exhibit HSG-6I.**

18 A. Exhibit HSG-6I presents the allocation of Customer Accounts and Service
19 Expense, based on the activities reflected in Supervision (account 901), Meter
20 reading (account 902) and Customer records and collections (account 903). There
21 is a supporting analysis of Call Center activity.

1 **Q. Please describe Exhibit HSG-6J, Exhibit HSG-6K and Exhibit HSG-6L.**

2 A. Exhibit HSG-6J, Exhibit HSG-6K and Exhibit HSG-6L allocate among the rate
3 classes, Write-offs; Number of delinquencies and Delinquency amounts; and
4 Customer deposits, respectively, based on historical information.

5 **Q. How did you develop the revenue requirements for each class?**

6 A. The revenue requirements for each class are computed in the same manner as that
7 used by witness Mr. O'Brien to compute the overall revenue requirement for 2010
8 and by Mr. Crowley to calculate the jurisdictional revenue requirements. Class
9 revenue requirements are the sum of each class' allocated operating expenses,
10 depreciation expense, general taxes, required return and the income tax and gross
11 receipts tax. Distribution service revenue requirements for each rate class are
12 shown on line 217 for Functionalization (Exhibit HSG-2), Classification
13 (Secondary Distribution- Exhibit HSG-3), Functionally Classified (Exhibits HSG-
14 4A to 4D), and in total (Exhibit HSG-1A).

15 **Q. How did you determine the revenue deficiency for each rate class?**

16 A. The class revenue deficiency is computed by comparing the revenue requirements
17 for each class to the revenue that is forecast at present rates for that class. This is
18 the same method used by Mr. O'Brien and Mr. Crowley with respect to the
19 revenue requirement numbers they address in their respective testimonies.

20 **HISTORIC TEST YEAR CLASS COST OF SERVICE STUDY**

1 **Q. Please describe how the Historic Test Year CCOSS was performed.**

2 A. First, it should be noted that the HTY CCOSS was not used for the purpose of
3 determining cost-based class revenue requirements, revenue allocation or rate
4 design.

5 The HTY CCOSS was performed in the same manner as the FTY CCOSS. The
6 only changes made were to the Distribution revenue requirement and its
7 components, the values used for the revenue allocators, and the values for internal
8 allocators that changed as a result of the first two changes. There were no changes
9 in the functionalization, classification or rate class allocator assigned to any cost
10 or asset or to the methodology used.

11 **Q. How did you determine the revenue requirements for the HTY?**

12 A. The Distribution revenue requirement for the HTY was determined by DLC
13 witness Larry Crowley to be \$448.9 million, based on the HTY rate base and the
14 8.78% rate of return requested by the Company.

15 **Q. What changes did you make in the allocator values for the HTY?**

16 A. The values for the revenue allocators, were changed to reflect revenue at actual
17 current rates using actual billing units for the year ended March 31, 2010. Exhibit
18 HSG-8B shows the revenue allocators used in the HTY. Allocator for numbers of
19 customers and MWh sales were set to equal actual values for the HTY. No
20 changes were required to the values for demand allocators, because they were
21 developed for the period 2005- 2009.

1 Internal allocator values were re-computed by the model, and some of these
2 allocator values changed due to changes to assets and costs in the Distribution
3 revenue requirement.

4 **Q. Have you summarized the results of the HTY CCOSS?**

5 A. Yes, Exhibits HSG-8 and HSG-8A present the results of HTY CCOSS. I
6 described these exhibits previously in my testimony.

7

8 **Q. Does this conclude your direct testimony at this time?**

9 A. Yes.

10

HOWARD S. GORMAN

SUMMARY

Mr. Gorman has more than 20 years of experience in the energy industry, and more than 30 years of professional experience in accounting, finance and rate and regulatory matters. Mr. Gorman specializes in the development of revenue requirements, accounting systems, fully allocated and unbundling cost of service studies, rate design, financial modeling, forecasting and analysis, and competitive practices.

Mr. Gorman has testified on matters pertaining to revenue requirements, class cost of service, unbundling, as well as competitive service back-out credits, and utility financial performance. He has testified as an expert witness before the Massachusetts Department of Public Utilities, New Jersey Board of Public Utilities, New York State Public Service Commission, Ontario Energy Board, Pennsylvania Public Utility Commission, Philadelphia Gas Commission, and Rhode Island Public Utilities Commission.

PROFESSIONAL EMPLOYMENT

2010 - Present	HSG Group, Inc. <i>President</i>
1997 - 2010	Black & Veatch Corporation (R.J. Rudden Associates, Inc. before 2005) <i>Principal Consultant</i>
1995 - 1997	<i>Independent Consultant</i>
1987 - 1995	Trigen Energy Corporation 1987-1993 <i>Corporate Controller</i> ; Trigen was formed in 1987 1993-1995 <i>Treasurer</i> ; Trigen had IPO with NYSE listing in 1994
1982 - 1987	Coleco Industries, Inc. <i>Director, Treasury</i>
1976 - 1979	Touche Ross & Co. <i>Staff Accountant</i>

PROFESSIONAL EXPERIENCE

Utility Accounting and Costing

Mr. Gorman has extensive experience in financial accounting as well as cost accounting. He specializes in the development of revenue requirements, accounting systems, fully allocated and unbundling cost of service studies, rate design, financial modeling, forecasting and analysis, and competitive practices. As controller of Trigen Energy Corporation, he founded and built the finance and accounting function; developed reports, procedures and management tools; and managed subsidiary controllers across North America.

In addition, he has performed numerous electric and gas costing assignments, including preparing unbundled, fully allocated cost of service studies; developing revenue requirements and identifying customer class cross-subsidizations for a gas LDC; designing rate structures; unbundling and allocating costs for two regional transmission organization; intervention in unbundled rate cases; and budgeting and costing for a regional transmission organization. These assignments included development of test year data under the regulatory basis, review and

documentation of operations, establishment of cost causality, selection of allocation bases, development of allocators, and implementation of billing determinants for rate design.

Financial Management and Related Areas

Mr. Gorman has developed, sourced and procured competitive contracts for loans as well as for energy, both as principal and on behalf of clients.

He has bought and sold derivative contracts in the course of business transactions for the purposes of managing interest rate risk and currency risk. This included interest rate forwards and options in connection with financings; and currency swaps and forwards in connection with intercompany transfers and international procurement.

He managed the corporate insurance portfolios and the benefit plans for Trigen Energy Corporation and for Coleco Industries.

Energy Project Financing and Analysis

Mr. Gorman has successfully completed numerous energy asset financing transactions as a principal and has also supported the financing of many other energy assets.

He has negotiated and completed transactions including construction and term loans, tax-exempt bonds, taxable bonds, subordinated debt, asset-backed (receivables and inventory) revolving credit facilities and other instruments. The borrowers have included corporations, joint ventures, special purpose entities and partnerships. He has worked successfully with lenders and borrowers to source and structure transactions, and has been instrumental in the negotiation of the loan documents and in the design of power sale contracts and supply procurement contracts to be financable.

These projects have included independent power plants, combined heat and power facilities, other cogeneration facilities including plants which were Qualifying Facilities under PURPA, district heating and cooling systems, and regulated and unregulated entities.

Mr. Gorman has performed analysis of several energy projects in connection with due diligence for financing, including contract review, financial modeling, supply analysis, forward price projections, and economic valuation with cash flow forecasting, and the identification, assessment and mitigation of financial and operating risks for the project and its investors.

Energy Asset Valuations, Acquisitions and Divestitures

Mr. Gorman has participated both as principal and consultant in the valuation of energy assets, and also in the subsequent acquisition or divestiture. He has performed financial and strategic valuations of power plants, business units, public corporations, private corporations, partnerships and other entities. These valuations included development and review of assumptions, analysis of data, modeling and forecasting, sensitivity testing under various constraints, and forming and supporting an opinion as to valuation.

These valuations were used to support strategic decisions as to which assets to acquire or divest, and what price to pay or accept, as well as the development of post-acquisition strategic alternatives for the acquiror. In the case of acquisitions, the valuations were often used to

support the financing for the assets. Among these activities are valuations of power plants, combined heat and power plants, and energy companies for the purpose of acquisition; valuation and assessment of alternatives for the waste-to-energy assets and other energy assets of a diversified company on behalf of an interested acquiror; valuation of the common stock of a publicly traded multi-jurisdiction utility for the purpose of investment; assessment of strategic fit and valuation for a utility seeking to diversify into energy-related services; and assistance with valuation and preparation for negotiation for a private entity seeking a buyer for energy assets.

Mergers and Related Management and Organizational Matters

In connection with his work in asset valuations and acquisitions, Mr. Gorman has extensive experience integrating newly acquired assets into a company. He has successfully completed the financial integration of several acquisitions, including development of accounting, reporting and control systems, consolidation of functions and procurement. In addition, he has advised clients on the operating implications of transactions under consideration, as well as the financial, regulatory and strategic implications.

Computer Modeling and Decision Support

Mr. Gorman is a highly accomplished modeler with expertise in spreadsheet and database applications, as well as the use of programming tools. He has developed analytical tools to perform valuations, projections and simulations. These models have been applied to financial analysis, cost allocations, rate design and pricing, forecasting revenue requirements, numerous tax and accounting matters, supply modeling and optimizations. Several of these models have contained interactive modules for automated scenario testing and sensitivity analysis.

PUBLICATIONS AND PRESENTATIONS

“What Wall Street Needs From FERC,” published in R. J. Rudden Financial, LLC’s *Energy Capital Markets Report*, September 2002

“A Balanced Look at Balance Sheets,” published in R.J. Rudden Financial, LLC’s *Energy Capital Markets Report*, June 2002

“From Wires To Riches: Shareholder Value Creation In The T&D Business,” April 2002 (co-authored).

“Assessment of Retail Choice Programs,” presented at the American Gas Association Rate and Strategic Issues Committee Conference, March 2002

“Value Creation With Transmission Assets,” quoted in *Electrical World’s Special Edition Quarter 1, 2002*, March 2002

“The Remarkable Story on Enron,” published in Scudder’s *Annual End of Year Issue*, December 2001

EDUCATION

New York University, B.S., Accounting, 1976
Harvard Business School, MBA, 1981

SUMMARY OF TESTIMONY HOWARD S. GORMAN				
JURISDICTION	DOCKET	CLIENT	DATE	SUBJECT MATTER
Pennsylvania	R-2010-2161592	PECO Energy Company (Gas)	March 2010	Gas class cost of service
Pennsylvania	R-2010-2161575	PECO Energy Company (Electric)	March 2010	Electric class cost of service
New York	10-E-0050	Niagara Mohawk Power Corporation	Jan. 2010	Electric class cost of service
Pennsylvania	R-2009-2139884	Philadelphia Gas Works	Dec. 2009	Gas class cost of service
Rhode Island	RIPUC 4065	Narragansett Electric Company dba National Grid	June 2009	Electric class cost of service; revenue allocation; rate design
Massachusetts	DPU 09-39	Massachusetts Electric Company and Nantucket Electric Company dba National Grid	May 2009	Electric revenue requirements; adjustment mechanisms; class cost of service; revenue allocation; rate design
Pennsylvania	R-2008-2028394	PECO Energy Company (Gas)	March 2008	Gas class cost of service
Pennsylvania	R-00072350	Wellsboro Electric Company	April 2007	Electric class cost of service; rate design
Pennsylvania	R-00072348	Citizens' Electric Company of Lewisburg, PA	April 2007	Electric class cost of service; rate design
Pennsylvania	R-00072349	Valley Energy, Inc.	April 2007	Gas class cost of service; rate design
Pennsylvania	R-00061931	Philadelphia Gas Works	Dec. 2006	Gas class cost of service
New York	06-E-0911	Village of Freeport	July 2006	Electric cost of service; rate design
Pennsylvania	R-00061346	Duquesne Light Company	March 2006	Electric class cost of service
Ontario	EB-2005-0378	Hydro One Networks Inc.	Jan. 2006	Electric Transmission and Distribution Cost allocation

SUMMARY OF TESTIMONY HOWARD S. GORMAN				
JURISDICTION	DOCKET	CLIENT	DATE	SUBJECT MATTER
New York	03-E-1568	Village of Rockville Centre	Oct. 2003	Electric class cost of service; rate design; sales forecast
New Jersey	ER0208050 6 et al	Gerdau AmeriSteel aka Co-Steel	Dec. 2002	Electric cost allocation and rate design; industrial rates
New Jersey	ER0205030 3 et al	Gerdau AmeriSteel aka Co-Steel	Oct. 2002	Electric cost allocation and rate design; industrial rates
Pennsylvania	M-00021612	Philadelphia Gas Works	July 2002	Gas rate unbundling
Pennsylvania	R-00017034	Philadelphia Gas Works	Feb. 2002	Gas class cost of service
Pennsylvania	R-00006042	Philadelphia Gas Works	Jan. 2001	Gas class cost of service; recovery of fixed costs

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Docket No. R-2010-2179522

Duquesne Light Company

Statement No. 14

Direct Testimony of William V. Pfrommer

DIRECT TESTIMONY OF WILLIAM V. PFROMMER

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Q. Please state your full name and business address.

A. My name is William V. Pfrommer. My business address is Duquesne Light Company, 411 Seventh Avenue, Pittsburgh, PA 15219.

Q. What is your position at Duquesne Light Company?

A. I am employed by Duquesne Light Company (“Duquesne Light” or “Company”) as the Manager, Rates and Tariff Services.

Q. How long have you worked at Duquesne Light?

A. I have been employed by Duquesne Light Company, Duquesne Holdings or its subsidiaries for 28 years.

Q. What are your current responsibilities?

A. I am responsible for overseeing the Company’s retail rates and wholesale transmission rates, which includes supervising the preparation, development and implementation of the distribution rates proposed in this proceeding. In addition, it is my responsibility to ensure the rates are properly applied to customer bills.

Q. What are your qualifications, work experience and educational background?

A. I received a Bachelor of Science Degree in Mechanical Engineering from Grove City College in 1978 and a Masters in Business Administration from the University of Pittsburgh in 1989. I was employed by Westinghouse Air Brake Company in 1978 and performed various duties as a staff engineer. I began my career at the Company in 1982 as a Project Engineer in the Engineering and Construction Division at the Beaver Valley Power Station. Over the last 28 years, I have held staff, supervisory and managerial positions in engineering, nuclear construction, customer technical services, marketing and rates. In the Rate Department at Duquesne Light, I was responsible for the calculations to unbundle the rates to support the implementation of electric utility restructuring and

1 customer choice in Pennsylvania. As General Manager of Rates at AquaSource,
2 the previous water and wastewater subsidiary of DQE, Inc., I was responsible for
3 providing direction to regional controllers on all regulatory matters, and
4 maintaining the tariffs in the 12 states where AquaSource had utility operations. I
5 have testified on rate design matters before the Pennsylvania Public Utility
6 Commission (“Commission”) and Federal Energy Regulatory Commission
7 (“FERC”). A list of proceedings in which I have submitted testimony is provided
8 in Appendix A. I am a licensed professional engineer in the Commonwealth of
9 Pennsylvania.

10
11 **Q. Are you sponsoring any exhibits, parts of exhibits or responses to the**
12 **Commission’s filing requirements as part of your direct testimony?**

13 A. Yes. I am sponsoring Exhibit WVP-1, which is the proposed tariff supplement to
14 the currently effective Tariff Electric Pa. P.U.C. No. 24 implementing the
15 proposed rates, riders and tariff revisions in this proceeding, Exhibit WVP-2
16 which is a redline version of Exhibit No. 1, and Exhibit WVP-3 the Digest of
17 Proposed Changes contained within Duquesne’s proposed supplement. I am
18 sponsoring Schedule D-5D of Duquesne Light Exhibit 2 (Future) and also
19 sponsoring the Company’s responses to the following filing requirements:

20
21 IV-A 1-4: Summary of Individual Rate Effects

22 IV-B: Description of Proposed Tariff Changes

23 IV-C: Revenue Effects and Billing Analysis for Changed Rates

24 IV-D 1 and 2: Monthly Billing Effects Charts and Data

25 IV-E 2: Comparisons Showing Cost and Proposed Base Rate Revenues for
26 Residential and Demand/Energy Rate Schedules

27
28 **Q. Please explain how these filing requirements were prepared?**

29 A. All filing requirements were prepared either by me or under my direct
30 supervision. They were prepared, to the best of my knowledge, in accordance
31 with Commission requirements and practice.

1 **Q. What is the purpose of your direct testimony regarding Duquesne Light's**
2 **request for increased rates?**

3 A. The purpose of my testimony is to address the following:

- 4 1. The allocation of the proposed revenue increase among the rate classes.
- 5 2. The proposed rate design for distribution charges.
- 6 3. The revenue impact by rate schedule.
- 7 4. The proof of revenue at current and proposed rates.
- 8 5. Proposed tariff changes.

9

10 **Q. How is your testimony organized?**

11 A. My testimony may be summarized as follows. First, I will explain the Company's
12 goals and objectives in allocating the proposed revenue increase. I will show how
13 the proposed revenue increase was allocated among the rate classes and the
14 resulting relative rate class returns. These items are discussed in the "Allocation
15 of Proposed Revenue Increase" section.

16 Second, I will describe the rate design principles and how they were used to
17 determine the proposed rates. I will then discuss how the proposed rates, when
18 applied to forecast billing units, achieves the target allocated revenue for each rate
19 class. These two items are discussed in the "Rate Design" section.

20 Third, I will address the proposed revenue impact by rate schedule and how a
21 proof of revenue at current and proposed rates was developed to demonstrate that
22 the proposed rates produce the target revenue for each class. These items are
23 discussed in two sections, "Revenue Impact by Rate Schedule" and "Proof of
24 Revenue," respectively.

25 Finally, I will discuss the proposed changes to the Company's tariff to implement
26 these new rates, under the heading "Proposed Tariff Changes."

27

28 **Q. Were all of the proposed rate design changes and tariff changes also**
29 **prepared under your direction or supervision?**

30 A. Yes. All of the rate design work and tariff changes were prepared by me or under
31 my direct supervision.

1
2 **I. ALLOCATION OF PROPOSED REVENUE INCREASE**
3

4 **Q. What were the Company's goals and objectives in allocating the revenue**
5 **increase?**

6 A. The Company proposes to continue the objectives it established in its 2006
7 distribution rate case proceeding. The first objective was to move each rate class
8 closer to the full cost to provide service to each rate class, as determined in the
9 class cost allocation study prepared by Mr. Gorman.
10 The second overall objective was to mitigate potentially extreme rate impacts
11 both on rate classes and on individual customer subgroups while continuing to
12 progress to the rate class fully allocated cost of service and reduce the
13 subsidization among classes.

14
15 **Q. Have the revenue impacts to each rate class been calculated using the fully**
16 **allocated class cost of service results?**

17 A. Yes. As described by Mr. Gorman, fundamental cost allocation principles were
18 used to functionalize, classify and allocate the revenue requirement among the
19 rate classes in order to determine the fully allocated cost of service, which set the
20 base parameters for revenue allocation and rate design. The rate class revenue
21 requirements that reflect cost causation and serve as the starting point for revenue
22 allocation and rate design are shown in Exhibit HSG-1, line 28. This Exhibit
23 shows the revenue increases that would be required if rates were set to recover
24 each class' fully allocated cost of service (at the same proposed rate of return for
25 distribution).

26
27 **Q. Please explain how the revenue increase has been allocated across rate**
28 **classes.**

29 A. The proposed distribution revenue increase was considered relative to the
30 settlement results in the Company's 2006 proceeding. At that time, the rate class
31 returns at the then current rates were misaligned due to the length of time between

1 rate cases. The distribution revenue increases among rate classes in the settlement
 2 varied considerably because of this disparity, but resulted in moving all classes
 3 closer to the system average return and full cost of service. The Company
 4 considered moving the classes to the full cost of service in this proceeding, but
 5 did not bring all classes to full cost of service in order to mitigate bill impacts to
 6 customers. At the same time, each rate class' rate of return relative to system
 7 average was moved closer toward the system average rate of return or "unity,"
 8 measured as class distribution rate of return divided by system average
 9 distribution rate of return. The Company has employed gradualism principles, on
 10 a distribution bill basis, and is moving all classes closer to cost of service.

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Q. What is the proposed distribution revenue increase for each rate class in this proceeding?

A. Table No. 1 presents the proposed distribution revenue increase by rate class in this proceeding. The proposed revenue increase is more consistent across customer classes and rate classes than in the settlement, and more evenly distributed than at full cost of service.

Table No. 1 Proposed Distribution System Revenue Increase by Rate Class

Revenue Increase	System Avg.	Residential			Small and Medium C&I				Large C&I				Lighting		
		RS	RH	RA	GS	GM <25	GM =>25	GMH	GL	GLH	L	HVPS	SE	SL	UMS
2006 Settlement	41.8%	31.8%	148.4%	70.5%	27.3%		73.7%	85.3%	189.2%	83.9%	(12.1%)	(0.5%)			
2010 Full Cost of Service	22.6%	29.3%	48.7%	50.8%	53.1%	49.8%	13.8%	33.6%	3.7%	26.9%	0.3%	32.2%	(40.0%)	(38.9%)	(4.7%)
2010 Proposed	22.6%	24.8%	39.9%	41.0%	33.9%	33.9%	20.0%	29.4%	16.4%	28.0%	14.8%	33.6%	(15.1%)	(20.8%)	-

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I note that certain classes are receiving a percentage increase that is higher than what would be necessary to bring them to cost of service. Since Duquesne Light is not moving all classes to full cost of service in order to mitigate rate impacts, it is necessary to give certain classes percentage increases that are above the percentage that would be required to have the class at cost of service. As

1 explained below, however, Duquesne Light is moving all classes closer to cost of
 2 service on a relative rate of return basis.

3
 4 **Q. What are the rate class relative rates of return for the distribution business
 5 at the proposed distribution revenue increase in Table No. 1?**

6 A. Table No. 2 presents the distribution rates of return from the 2006 rate case and
 7 settlement, and compares those results to Mr. Gorman's full cost of service in this
 8 proceeding. Table No. 2 presents information demonstrating the progress the
 9 Company has made in achieving its goals since the 2006 proceeding.

10
 11 Table No. 2 Distribution System Progress to System Average Rate of Return

Relative Returns	Residential			Small and Medium C&I				Large C&I				Lighting		
	RS	RH	RA	GS	GM <25	GM =>25	GMH	GL	GLH	L	HVPS	SE	SL	UMS
Pre 2006 Rate Case	(0.20) x	(4.17) x	(3.38) x		4.48 x		0.54 x	1.90 x	(1.38) x	1.81 x	17.38 x			8.37 x
Settlement 2006	0.56 x	0.04 x	0.03 x		1.69 x		1.00 x	1.72 x	1.01 x	1.65 x	2.72 x	5.74 x	1.61 x	2.99 x
Current - Grouped					0.90 x		0.80 x							
Current 2010	0.80 x	0.48 x	0.42 x	0.41 x	0.27 x	1.24 x	0.80 x	1.54 x	1.04 x	1.64 x	1.04 x	3.63 x	4.30 x	1.80 x
Proposed 2010	0.92 x	0.87 x	0.86 x	0.73 x	0.73 x	1.11 x	0.94 x	1.22 x	1.02 x	1.25 x	1.02 x	1.75 x	1.75 x	1.10 x

12
 13 **Q. Was the Company able to achieve its desired goals?**

14 A. Yes. In 2006, the then current rates and rate class returns were misaligned. The
 15 Company made progress in aligning the returns relative to unity in the 2006 rate
 16 proceeding and continues to do so as proposed. Table No. 1 demonstrates that the
 17 proposed revenue allocation achieves a relatively narrow distribution revenue
 18 increase for all rate classes. Table No. 2 demonstrates each rate class is moving
 19 closer to the desired goal of full cost of service.

20
 21 **Q. Was a schedule prepared showing the proposed targeted revenues for each
 22 rate class resulting from this revenue allocation?**

1 A. Yes. The proposed targeted revenues for each rate class that result from
2 application of the above principles are shown in DFR IV-A, Pages 1-3 and
3 Schedule D-5D (Future).

4 5 **II. RATE DESIGN**

6
7 **Q. Please describe the goals and objectives used in designing the proposed**
8 **distribution rates.**

9 A. The primary goal was to design rates that, when applied to forecast billing
10 determinants, produce the proposed targeted revenues for each rate class. In
11 addition, the Company continued its plan to migrate toward rates that reflect the
12 services provided by a delivery company, and the way in which fixed costs are
13 incurred. To achieve these goals, the Company proposes to maintain its goal of
14 designing rates that emphasize fixed monthly charges and demand based charges,
15 where appropriate, to recover costs. At the same time, the Company recognizes
16 the potential impact on individual customers by eliminating familiar rate
17 structures, and the previous goal to keep rates simple and easy for the customer to
18 understand. Within these parameters, the Company developed rates for each rate
19 class that balances these objectives.

20
21 **Q. Please describe how the overall objectives were implemented for the**
22 **distribution rates for the residential rate classes.**

23 A. The Company proposes to continue to use a combination of fixed and energy-
24 based rates for all of the residential rate classes i.e. Residential Service rate RS,
25 Residential Heating Service rate RH and Residential Service Add-On Heat Pump
26 rate RA. The Company proposes to increase the fixed monthly customer charge
27 to \$8.50 per month which is approximately the proposed Rate RS percentage
28 increase of 24.8 % in Table No. 1 applied to the current fixed monthly charge of
29 \$7.00 per month. Recovery of the remaining revenue (that is, target revenue less
30 the amount recovered through the fixed monthly charge) will be through a flat
31 energy charge per kWh, the same as the current rate design.

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Q. Please describe the rate design for customers on Rate Schedules RH and RA.

A. Rate RH and rate RA are the Company's residential space heating rates. The current rate structures use a combination of fixed and energy-based variable charges similar to rate RS, except that rates RH and RA have a reduced rate for usage greater than 500 kWh during the November to April heating season. Currently, rates RH and RA have the same rate structure as rate RS during the May through October non-heating season. For rates RH and RA, the Company proposes the same fixed monthly customer charge as rate RS and the same energy charge as rate RS during the non-heating months since there is not a material difference in average customer load or usage of these rate classes during those months. The Company recognizes space heating customers use considerably more electricity during the heating season than customers on basic residential service rate RS. Completely eliminating the seasonal rate differential could cause significant bill impacts during the heating season. The proposed rate design replaces the declining block rate structure during the heating season with a flat energy charge per kWh that is lower than the non-heating season energy charge. This reduced distribution energy rate achieves the target revenue, and mitigates significant bill impacts during the heating season particularly for lower consumption customers.

Q. Is there anything else you would like to discuss regarding the rate design for the residential class?

A. Yes. The Company is proposing to recover the costs for its Universal Service and Energy Conservation Programs ("USECP") through a separate charge, the Universal Service Charge Rider ("USC"), which I will discuss later in my testimony. As proposed, the USC is a flat energy charge per kWh and is applicable only to non-customer assistance program ("non-CAP") residential customers.

1 **Q. Does implementing this separate charge affect residential class rate design?**

2 A. No. The proposed residential rate design discussed above maintains the current
3 monthly fixed customer charge and flat energy charge per kWh. The proposed
4 USC is also an energy charge per kWh and does not affect the outcome of the
5 revenue allocation. The residential distribution rates stated in the proposed tariff
6 supplement in Exhibit WVP-1 include recovery of USECP costs. The final
7 residential distribution energy charges will be designed in accordance with
8 disposition of the USC and the final outcome of this proceeding. If the
9 Commission approves the USC rider, an adjustment will be made to the base
10 distribution energy charges to remove the future test year USECP costs
11 determined in this proceeding. The Company will then submit a USC rider to
12 recover projected 2011 USECP costs in accordance with the criteria and timing of
13 the approved rider.

14
15 **Q. Please describe how the rate design objectives were implemented for**
16 **commercial and industrial customers on General Service Small and Medium**
17 **Rate GS/GM.**

18 A. This rate represents a diverse group of over 51,000 commercial and industrial
19 customers. The Company took its first step to address this diversity in designing
20 rates in its 2006 rate case by establishing separate distribution rates for the
21 smallest of customers on rate GS, primarily non-demand metered customers. The
22 rates for these customers in the settlement were based on residential rate RS due
23 to similar load and usage characteristics.

24 In the settlement in that proceeding, the Company agreed to present an evaluation
25 in its next general rate proceeding of the potential for separating the GS/GM rate
26 schedule and, if deemed appropriate, to propose a separation.¹

27 In January 2007, the Company filed its default service plan for the period
28 January 1, 2008 to December 31, 2010.² In that proceeding, the Company
29 proposed to offer different default service supply rates to customers with less than

¹ Paragraph 17h of Joint Petition for Settlement of All Issues, Docket No. R-00061346.

² The Company's POLR IV proceeding filed January 25, 2007 at Docket No. P-00072247.

1 25 kW metered demand and to customers with monthly metered demand equal to
2 or greater than 25 kW. That proposal was approved by the Commission and is in
3 place today.

4 Mr. Gorman conducted an evaluation and has identified the allocated costs
5 assuming this separation of rate GS/GM and rate GMH at 25 kW for distribution
6 rate purposes. As shown in his Exhibit HSG-1, rate GS/GM is separated into rate
7 GS, GM<25 kW and GM=>25 kW, and rate GMH is separated into GMH<25 kW
8 and GMH=>25 kW.

9

10 **Q. Why was 25 kW chosen as the break point for this evaluation?**

11 A. The Company chose 25 kW to be consistent with the previously noted separation
12 of these rate schedules for default service rates. I note that the Commission's
13 default service policy statement recognizes 25 kW as an appropriate breakpoint
14 for acquiring default supplies for customer groups. The customer is assigned to
15 the appropriate class annually based on their maximum monthly metered demand
16 during the preceding 12 months as described in the current tariff. Using this
17 criteria avoids billing issues, simplifies identification of the appropriate rate class
18 based on metered demand, and maintains simplicity in understanding the charges
19 by the customer.

20

21 **Q. What is the result of this evaluation of separating rate GS/GM into separate
22 classes?**

23 A. As discussed by Mr. Gorman, it is appropriate to separate rate schedule GS/GM
24 into rate GS non-demand metered customers and rate GM demand metered
25 customers.

26 Mr. Gorman's evaluation also concludes that it is appropriate to further separate
27 GM demand metered customers because there is a meaningful difference in the
28 fully allocated cost to serve customers less than 25 kW versus those equal to or
29 greater than 25 kW. In keeping with the Company's objective to move all rate
30 classes closer to full cost of service, and at the proposed revenue allocation in
31 Table No. 1, the revenue increase for the group of customers less than 25 kW

1 versus those customers equal to and greater than 25 kW warrants separating this
2 rate class and having different distribution rates.

3

4 **Q. Is the Company proposing to separate rate GMH into separate classes?**

5 A. No. Rate GMH is the complementary electric space heating rate to rate schedule
6 GS/GM and consists of approximately 3,300 electric space heating commercial
7 and industrial customers. Mr. Gorman prepared an evaluation similar to rate
8 GS/GM although there was no obligation to do so per the settlement agreement in
9 the previous base rate proceeding. Mr. Gorman's evaluation did not result in a
10 meaningful difference in costs for rate GMH customers less than 25 kW versus
11 those equal to or greater than 25 kW as it did for rate schedule GS/GM.
12 Therefore, the Company does not propose to separate this rate class.

13

14 **Q. What is the distribution rate design that is being proposed in this proceeding
15 for rate GS non-demand metered customers?**

16 A. For rate GS, the Company is proposing the same rate design as implemented in
17 the previous base rate proceeding. The Company is proposing to bill non-demand
18 metered customers the same fixed monthly charge as residential customers and a
19 flat energy charge similar to how it bills these customers today, to recover the
20 balance of the target revenues.

21

22 **Q. What is the distribution rate design that is being proposed in this proceeding
23 for rate GM demand metered customers?**

24 A. The Company started with the proposed revenue allocation in Table 1 for each
25 group of demand metered customers as the target revenue for rate design
26 purposes. Since some customers will switch between the rate classes as they do
27 today because of their maximum metered billing demand, the Company wanted to
28 design rates to maintain consistency between charges, but also minimize the
29 effects of switching. The Company used Mr. Gorman's demand related and
30 customer related costs identified in exhibit HSG-1B to establish the base customer

1 charge and to recover the same revenue proportionally from demand charges as it
2 does today.

3 For demand metered customers less than 25 kW, the Company is proposing a
4 monthly customer charge based on 50% the customer related costs and demand
5 related costs for the first 5 kW of demand as it does today. The variable demand
6 charge is designed to recover 60% of the remaining target revenue with the
7 balance recovered through a flat energy charge per kilowatt-hour. This will retain
8 approximately the same proportion of revenue from fixed, demand and energy
9 charges as today.

10 For demand metered customers equal to or greater than 25 kW, the Company is
11 proposing the same monthly customer charge as proposed for customers less than
12 25 kW because there is not a material difference in the fixed costs between these
13 two classes. The Company is also proposing the same demand charge for these
14 two groups of customers to minimize issues with customers switching from one
15 class to the other. The energy charge is designed to recover the remaining target
16 revenue for this group of customers.

17 As shown in Exhibit WVP-1, customers will continue to be billed a fixed monthly
18 charge for the first 5 kW of demand, a flat demand charge per kW and a flat
19 energy charge per kWh to achieve the target revenue at the forecast billing
20 determinants for these two groups of customers.

21

22 **Q. What is the distribution rate design that is being proposed in this proceeding**
23 **for Rate Schedule GMH?**

24 A. The Company proposes rate design principles similar to those used in the last base
25 rate proceeding and those used for rate GM in this proceeding. For the non-
26 heating season months (June to September), these customers will be billed the
27 same charges as rate GM customers less than 25 kW.

28 For the heating months (October to May), customers will not be billed for demand
29 and only be billed for energy, similar to today's rate structure. The current
30 variable two-block declining rate structure will be replaced with a flat charge per
31 kWh. This eliminates a rate structure that was a vestige of pre-restructuring rates,

1 simplifies the energy charges, mitigates bill impacts by not implementing a
2 variable demand charge, and is similar to the proposed residential electric space
3 heating rate design.

4
5 **Q. Please describe the current distribution rate design for large commercial and**
6 **industrial customers on Rate Schedules GL, L and HVPS.**

7 A. These rate schedules are applicable to the Company's largest customers and in
8 total consist of approximately 750 customers. Currently, each rate schedule
9 contains a minimum charge based on the customer's contract demand. Rate GL
10 includes a demand charge for each additional kW of demand and a flat energy
11 charge per kWh. Rate L includes declining block demand charges and a flat
12 energy charge per kWh. Rate HVPS includes a demand charge for each
13 additional kW of demand and no energy charges, which was proposed and
14 approved in the 2006 proceeding.

15
16 **Q. What is the distribution rate design that is being proposed for Rate**
17 **Schedules GL and L?**

18 A. For rate GL and rate L, the Company is proposing to maintain a minimum
19 demand charge based on the customer's contract demand, and eliminate the
20 current variable energy per kWh. For rate L, the Company is also proposing to
21 eliminate the current declining block demand charge.
22 Under today's rates for both of these rate classes, approximately seven percent of
23 distribution revenue is from variable energy charges. Eliminating energy charges
24 and simplifying the rate structure is consistent with the goals and objectives to
25 migrate toward rates that reflect the services provided by a delivery company, and
26 the way in which fixed costs are incurred. Moving to demand-based rates for
27 these rate schedules is also consistent with the current transmission rate design
28 approved in the previous base rate proceeding which is demand based only. The
29 monthly demand charges for the first block of demand (300 kW for rate GL and
30 5000 kW for rate L) have been increased by the rate class revenue increase in

1 Table No. 1. The balance of the target revenues are recovered through the
2 additional demand charges.

3
4 **Q. What is the distribution rate design that is being proposed for Rate Schedule**
5 **HVPS?**

6 A. For rate HVPS, the Company is proposing a monthly fixed charge based on the
7 monthly metered billing demand of the customer and to eliminate the variable
8 demand charge. The fixed monthly charge is calculated in relative proportion to
9 the current load for this rate class. The Company is proposing three monthly
10 demand-based fixed charges shown in Exhibit WVP-1 applicable to the customer
11 based on the customer's monthly billing demand.

12
13 **Q. What is the rate design that is being proposed in this proceeding for Rate**
14 **Schedule GLH?**

15 A. Rate GLH is the complementary electric space heating rate to rate GL and
16 consists of approximately 115 customers. The Company proposes rate design
17 principles similar in concept to those used for rate GL and rate GMH in this
18 proceeding. For the non-heating season months (June to September), these
19 customers will be billed the same charges as rate GL.
20 For the heating months (October to May), the Company is proposing to bill a flat
21 energy charge per kilowatt-hour. The Company is also proposing to eliminate the
22 current fixed monthly customer charge during the heating season and recover all
23 costs through the energy charge during those months.

24
25 **Q. What changes are being proposed to the distribution rates of the lighting and**
26 **unmetered rate classes?**

27 A. The Company has aggregated rates AL, SM, SH and PAL for cost of service and
28 revenue allocation purposes. Rate SE and rate UMS (Unmetered Service) are
29 treated individually. The Company has proposed a revenue reduction of 15.1%
30 for rate SE and an overall revenue reduction of 20.8% for the lighting classes.
31 The Company realigned the lighting class rate design in the previous distribution

1 case and is proposing an across the board reduction to the current lighting class
2 distribution rates by the amount shown in Table No. 1.

3 The Company is not proposing a rate change to the current rate UMS charges
4 under the proposed revenue allocation. The proposed rates reflect a slight
5 decrease to current rates by the amount of the current STAS since the STAS is
6 being rolled into base rates.

7
8 **Q. Is the Company proposing any changes to its transmission rates in this
9 proceeding?**

10 A. No. While Mr. Crowley has prepared a jurisdictional separation study and has
11 calculated a transmission revenue requirement, the Company is not proposing to
12 change transmission rates in this proceeding. The Company has adopted the
13 FERC formula rate making process to establish an annual revenue requirement
14 and wholesale network integrated transmission service rate that changes June 1
15 every year. The current wholesale rate is not affected by this proceeding.

16
17 **Q. Is the Transmission Service Charge (“TSC”) changing because of this filing?**

18 A. No. The Company submitted and the Commission approved the TSC in the
19 Company’s 2006 distribution rate case. The Company's retail transmission rates
20 were redesigned to reflect the FERC formula and the method of providing and
21 paying for transmission service through PJM. The TSC is updated June 1 every
22 year in conjunction with the update to the FERC formula. The TSC has worked
23 successfully since it was implemented, and the Company is not proposing changes
24 to the TSC or changes to the TSC retail rates in this proceeding. The DFR’s that I
25 am sponsoring contain the current TSC retail rates.

26
27 **III. REVENUE IMPACT BY RATE SCHEDULE**

28
29 **Q. Have the annual revenue effects of the new proposed rates been calculated?**

30 A. Yes. Schedule D-5D (Future) of Duquesne Light Exhibit No. 2 was prepared in
31 accordance with PA PUC Data Filing Requirement IV-A. The pages in this

1 schedule provide the rate class revenue impact and the overall revenue effect for
2 the future test year period.

3
4 **Q. Please explain Schedule D-5D (Future) for the future test year.**

5 A. Schedule D-5D (Future) page 1 identifies the forecast customers, sales and retail
6 revenue by rate class for transmission, distribution and generation. The
7 customers, sales and revenues are based on the forecast billing determinants
8 provided in Mr. Habberfield's forecast. The residential rate class revenues reflect
9 the CAP revenue credits for customers in those rate classes. Also shown are the
10 forecast revenues the Company plans to collect at current rates through tariff
11 riders for the Act 129 Energy Efficiency and Conservation and Demand Response
12 ("EECDR") Surcharge, the Consumer Education Surcharge ("CES") and the State
13 Tax Adjustment Surcharge ("STAS").

14 The STAS is proposed to be set at 0% with the associated taxes recovered in the
15 proposed distribution charges. The Company is also proposing to roll the current
16 costs under the Consumer Education Surcharge into base rates and to set the
17 charge at zero.

18 Page 2 reflects the forecast revenue at current rates with several adjustments. The
19 distribution revenue on page 2 has been revised to reflect the revenue adjustments
20 described by Mr. O'Brien and identified in DLC Exhibit 2 (Future) Schedule D-5.
21 These include reduction in account 451 purchase of receivable revenues,
22 annualization of revenues for changes in customers, increased CAP revenue
23 credit, and roll-in of the CES and STAS into base rates.

24 Page 3 provides proposed rate revenues assuming the requested distribution rate
25 increase is approved. I note that if the Commission approves the Company's
26 request for a Universal Service Charge Rider, the universal service revenues and
27 costs will be removed from base rates and recovered through the USC rider.

28 For illustrative purposes, pages 4-6 provide similar calculations assuming 100%
29 POLR load.

30

1 **IV. PROOF OF REVENUE**

2
3 **Q. Was a bill frequency analysis or proof of revenue calculation prepared?**

4 A. Yes. Attachment DFR IV-C-Proof was prepared in accordance with PA PUC
5 Data Filing Requirement IV-C and provides the calculation of revenues at current
6 and proposed rates. Attachment DFR IV-C-Proof provides a calculation for each
7 retail tariff rate schedule. For each rate schedule, the first column identifies the
8 type of charge by business segment, i.e. customer charge, demand charge or
9 energy charge for distribution, transmission and generation and for each rider if
10 applicable to that rate schedule. The second column provides the annual billing
11 determinants for each charge forecasted by Mr. Habberfield. The third column
12 identifies the current and proposed rates for each block. The fourth column
13 identifies the revenues derived by multiplying the billing determinants in the
14 second column by the rates in the third column. The revenues computed on these
15 pages produce the revenues shown on the respective pages of Schedule D-5D
16 (Future).

17
18 **Q. Do the forecast revenues at current and proposed rates reflect reduced sales
19 from the effects of Act 129?**

20 A. Yes. Mr. Habberfield included an adjustment in developing the Company's sales
21 forecast for the reduced sales due to implementation of Act 129 projected through
22 the end of the future test year. The proposed rates and future test year revenue
23 were calculated based on the sales forecast reduced for Act 129 initiatives.

24
25 **V. PROPOSED TARIFF CHANGES**

26
27 **Q. Please describe the contents of Exhibit WVP-3.**

28 A. This exhibit sets forth in detail the modifications being proposed to the
29 Company's tariff provided in Exhibit WVP-1, including the changes in rates and
30 rate design I previously discussed, to recover the proposed distribution revenue
31 requirement that is being requested. The proposed modifications are also shown

1 in a redline version of the tariff supplement provided in Exhibit WVP-2. The
2 Company continues to refine its tariff through these modifications to reflect the
3 current nature of the operations of the Company. As described, changes are
4 proposed to provisions of selected rules and to several of the rate schedules and
5 riders as well as the proposed distribution rates.
6

7 **Q. Please describe the changes to the Rules and Regulation section of the**
8 **proposed tariff supplement.**

9 A. Several changes are proposed to the Rules and Regulation Section. First, Rule 1,
10 “Filing and Posting”, Rule 3.2 “Electric Generation Supplier Tariff”, Rule 6,
11 “Installation Rules”, and Rule 16, “Use of Service by Customer”, have been
12 revised to explain that the Company’s tariffs and installation rules are also
13 available on the Company’s website providing an alternative way for customers
14 who have internet access to view the latest Company information.
15 Second, the definition of Distribution Charges in Section 3.1 has been revised to
16 reflect the various tariff riders currently in effect and which have been added or
17 are proposed to be added since the previous base rate proceeding.
18 Third, the Company is proposing to eliminate the section of Rule No. 4 that refers
19 to “special contract.” Rule No. 4 provides for the development of special
20 contracts with commercial or industrial customers to address changing business
21 needs, operating conditions or other economic considerations. This language was
22 designed prior to restructuring to enable the Company an option to offer economic
23 development alternatives to interested customers. The provision is now only
24 applicable to charges for regulated distribution service and the Company does not
25 believe that it is appropriate to offer discounts to regulated rates post
26 restructuring. Given the changes in the nature of charges for delivery service
27 provided under the current tariff and the inability to offer a significant discount
28 from regulated rates, this provision is no longer an effective offering for our
29 customers.

1 Finally, Rule 20.2, “Bills” and Rule 21, “Net Payment”, have been revised to
2 more closely reflect the current billing and payment processes of the Company in
3 this regard.

4
5 **Q. Please describe the changes to the rates contained in the rate schedules of the**
6 **proposed tariff supplement.**

7 A. The distribution rates identified in each rate schedule have been modified to
8 achieve the allocated revenue increase previously described in my testimony.
9 Changes have also been made to the language and provisions to implement the
10 proposed rate design modifications.

11
12 **Q. Are there language modifications the Company is proposing to any of the**
13 **rate schedules?**

14 A. Yes. The Company is proposing to eliminate the Maximum Average Charge
15 provision of rate schedules GS/GM and GMH. This provision is a vestige of
16 bundled rates. The criteria in this provision caps the distribution and transmission
17 charges for very low load factor customers. This provision was considered
18 appropriate for a vertically integrated company. However, since the distribution
19 and transmission businesses must each produce a fair return on investment, it is
20 no longer appropriate to retain this provision.

21
22 **Q. Are there any changes or additions to the rider section and riders in the**
23 **tariff?**

24 A. Yes, there are several. First, the Company has added a matrix summarizing all of
25 the tariff riders and applicability to each rate schedule. The Company has added
26 several riders since the last base rate proceeding and this matrix provides a
27 convenient reference for the customer to determine applicable riders.
28 Second, the Company is proposing to reset Rider No. 1 - Consumer Education
29 Surcharge and Rider No. 10 - State Tax Adjustment to zero to reflect recovery of
30 these charges in base rates. I note that the charges in these riders will change in

1 accordance with the timing and reconciliation process currently defined in these
2 riders.

3 Finally, as previously discussed in my testimony, the Company is proposing to
4 add a new Rider No. 5 - Universal Service Charge Rider ("USC") to the tariff.

5
6 **Q. What are the costs for the Consumer Education Surcharge the Company is
7 proposing to include in base rates?**

8 A. The Company is proposing to include \$895,507 in base rates which is the expense
9 recovered through the surcharge filed April 1, 2010 and effective June 1, 2010.
10 This revised funding amount exceeds the \$476,346 currently included in base
11 distribution rates and reflects the Company's current and future plans for
12 consumer education. The Company will submit its annual CES reconciliation
13 filing April 1, 2011, for any over or under collection of expenses from the rates
14 currently in effect.

15
16 **Q. Please explain Rider No. 10 – State Tax Adjustment.**

17 A. Rider No. 10 is the State Tax Adjustment surcharge ("STAS") that is a two-part
18 surcharge to recover changes in taxes of the Commonwealth. Part 1 of the STAS
19 reflects changes in tax rates for the Capital Stock Tax, Corporate Net Income Tax
20 and Public Realty Tax, and is applicable only to the distribution charges of
21 customer bills. Part 2 of the STAS reflects changes in the Gross Receipts Tax and
22 is applicable to the distribution, transmission and generation charges for
23 customers taking service from the Company. For presentation purposes in this
24 filing, both parts of the STAS have been set at 0%. The Company will submit its
25 annual STAS reconciliation filing in December 2010, for any state tax changes
26 not reflected in the base rate filing.

27
28 **Q. Why is the Company proposing to add a rider to recover Universal Service
29 and Energy Conservation Program (USECP) costs?**

30 A. The Company proposes to add the USC rider as a cost recovery mechanism to
31 recover the costs incurred by the Company to provide its Commission approved

1 USECP. As discussed by Mr. Eichenmiller and Ms. Sandoe, the Company
2 continues to incur increasing costs to offer its USECP. The Company's proposal
3 to recover these costs through a rider instead of base rates will insure customers
4 pay no more or no less for costs associated with universal service programs.

5
6 **Q. Please describe the proposed Universal Service Charge Rider.**

7 A. Under the USC, the Company will estimate the total costs it projects to incur on a
8 calendar year basis to offer and provide the universal service programs to eligible
9 residential customers described by Ms. Sandoe. The program year or
10 Computation Year will be on a calendar basis, January 1 through December 31.
11 As described in the proposed rider, universal service program costs will include
12 all projected expenses for the programs described by Ms. Sandoe including, but
13 not limited to, direct and external administrative expenses, arrearage forgiveness
14 and CAP revenue credit. Internal administrative expenses will not be included in
15 the rider. These projected expenses will be recovered from all non-CAP
16 residential customers taking residential delivery service on rate schedules RS, RH
17 and RA.

18 The Company will submit a filing with the Commission on or about December 1
19 of each year reconciling revenue and expense under the USC rider for the 12
20 months ending October 31, the Reconciliation Year. In addition, the Company
21 will submit a projection of expense for the subsequent Computational Year. A
22 new USC would become effective January 1 on Commission approval based on
23 the over or under collection for the reconciliation year, including interest, and the
24 projected expense for the Computation Year.

25
26 **Q. How would the USC be reflected on the customer bill?**

27 A. The USC would only be billed to residential non-CAP customers and included as
28 part of the monthly distribution energy charge in cents per kWh. This is
29 consistent with and similar to the way the Company reflects the Consumer
30 Education Surcharge and Act 129 Energy Efficiency Surcharges on the residential
31 customer's bill.

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Q. How would the first USC reconciliation be calculated?

A. On or about December 1, 2011, the Company would submit a proposed USC to become effective January 1, 2012. That filing would include a reconciliation of actual revenue and expense for the period from the effective date of the USC to October 31, 2011.

Q. Has a USC for the Future Test Year been calculated?

A. Yes. For illustrative purposes, the USC for the Future Test Year, calculated in accordance with the formula in the proposed rider, is 0.605 cents per kWh. This is based on total Universal Service program costs of \$21.7 M, adjusted for gross receipts tax, and forecast residential sales net of CAP sales of 3,820,311 MWh.

Q. Is the Company proposing that the USC charge of 0.605 cents per kWh become effective with the new distribution rates proposed in this proceeding?

A. No. This charge is based on the amount of USECP costs in the Future Test Year and is for illustrative purposes. If the Commission approves the USC, the Company would submit, either as part of the compliance filing in this proceeding or in a separate filing, the proposed USC to become effective with the new distribution rates based on calendar year 2011 projected USECP expenses. The Company would propose that the USC (whether filed as part of the compliance filing or in a separate filing) become effective on one-day's notice coincident with the effective date of base rates set in this proceeding. The USECP costs would be removed from the distribution revenue requirement in order to determine the new distribution base rates in the compliance filing. I note that the USC will reflect projected USECP costs that will be incurred from the effective date of the new rates in this proceeding through December 31, 2011 so the initial USC charge may be higher than 0.605 cents per kWh.

Q. Does this conclude your direct testimony?

A. Yes, it does.

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Appendix A

William V. Pfrommer
Rate and Regulatory Proceedings

Pennsylvania Public Utility Commission:

- Docket No. P-2000-2135500 - Provider of Last Resort (POLR V)
- Docket No. M-2009-2093217 - Act 129 Energy Efficiency and Conservation and Demand Response Plan
- Docket No. M-2009-2123948 - Act 129 Smart Meter Procurement and Installation Plan
- Docket No. P-00072247 - Provider of Last Resort (POLR IV)
- Docket No. R-00061346 – Distribution Base Rate Case
- Docket No. P-00032071 - Provider of Last Resort (POLR III)

Federal Energy Regulatory Commission:

- Docket No. ER08-1309-000 – Changes to the MISO Open Access Transmission Tariff to integrate the Company into the Midwest Independent System Operator, Inc.
- Docket No. ER05-85-000 – Changes to the PJM Open Access Transmission Tariff to integrate the Company into the PJM Interconnection, L.L.C.

Other:

- Cause No. 42416, Filed April 14, 2003, Indiana Utility Regulatory Commission – Petition of Utility Center, Inc., d/b/a AquaSource
- Cause No. 41968, Filed March 30, 2001, Indiana Utility Regulatory Commission – In the Matter of Utility Center, Inc., d/b/a AquaSource
- Docket Nos. 2000-1074-UCR and 2000-1075-UCR, Filed June 15, 2000 – Texas Natural Resource Conservation Commission, Applications of AquaSource Utility, Inc. to Change its Water and Sewer Tariffs and Rates



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

Maureen L. Hogel
Senior Vice President and Chief Operating Officer

ISSUED: July 23, 2010

EFFECTIVE: September 21, 2010

Filed at Docket No. R-2010-2179522

NOTICE

**THIS SUPPLEMENT MAKES CHANGES TO THE RULES AND REGULATIONS, RATES AND RIDERS,
MAKES INCREASES AND DECREASES TO THE RATES AND RIDERS AND ADDS A RIDER**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES****Table of Contents****Thirteenth Revised Page No. 3
Cancelling Twelfth Revised Page No. 3**

Page No. 2D, Page No. 2E and Page No. 2F were added to the Table of Contents.

A Rider Matrix was added to the Table of Contents (Page No. 79A).

Rider No. 5 – Universal Service Charge was added to the Table of Contents.

Rule No. 1. Filing and Posting**Third Revised Page No. 6
Cancelling Second Revised Page No. 6****Rule No. 3.2 Electric Generation Supplier Tariff****Third Revised Page No. 8
Cancelling Second Revised Page No. 8****Rule No. 6. Installation Rules****Second Revised Page No. 11
Cancelling First Revised Page No. 11****Rule No. 16. Use of Service By Customer****Third Revised Page No. 22
Cancelling Second Revised Page No. 22**

Language has been modified to explain that the Company's tariffs and installation rules are also available on the Company's website, providing an alternative way for customers who have internet access to view the latest Company information.

Rule No. 3.1 Definitions (9) Distribution Charges**Third Revised Page No. 7
Cancelling Second Revised Page No. 7**

Language has been modified to reflect the various tariff riders currently in effect and which have been added or are proposed to be added since the previous base rate proceeding.

Rule No. 4. Contracts**Third Revised Page No. 8
Cancelling Second Revised Page No. 8****Third Revised Page No. 9
Cancelling Second Revised Page No. 9****First Revised Page No. 9A
Cancelling Original Page No. 9A**

Language pertaining to special contracts has been deleted to reflect the current operations of the Company.

In addition, with the elimination of the special contracts language, language from Page No. 8 has been moved to Page No. 9 and Page No. 9A has been deleted as it is no longer necessary.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES – (Continued)****Rule No. 20.2 Bills****Second Revised Page No. 23
Cancelling First Revised Page No. 23****Rule No. 21. Net Payment****Second Revised Page No. 23
Cancelling First Revised Page No. 23**

Language has been modified to more closely reflect the current payment processes of the Company.

Rate RH – Residential Service Heating**Fourth Revised Page No. 34
Cancelling Third Revised Page No. 34****Rate RA – Residential Service Add-On Heat Pump****Fourth Revised Page No. 37
Cancelling Third Revised Page No. 37**

The Rate Schedules have been modified to reflect the elimination of the declining block energy charge.

Rate GS/GM – General Service Small and Medium**Fifth Revised Page No. 40
Cancelling Fourth Revised Page No. 40**

The Rate Schedule has been modified to reflect the separation of Rate GS/GM less than 25 kW and equal to or greater than 25 kW.

Rate GS/GM – General Service Small and Medium**Fifth Revised Page No. 40
Cancelling Fourth Revised Page No. 40****Rate GS/GM – General Service Small and Medium****Fifth Revised Page No. 41
Cancelling Fourth Revised Page No. 41****Rate GS/GM – General Service Small and Medium****Fifth Revised Page No. 42
Cancelling Fourth Revised Page No. 42****Rate GS/GM – General Service Small and Medium****First Revised Page No. 42A
Cancelling Original Page No. 42A**

Due to the elimination of the Maximum Average Charge and the redesign of the Rate Schedule, information currently contained within Rate Schedule GS/GM has been repaginated within Page No. 40, Page No. 41 and Page No. 42 and Page No. 42A has been deleted as it is no longer necessary.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES – (Continued)****Rate GS/GM – General Service Small and Medium****Fifth Revised Page No. 42
Cancelling Fourth Revised Page No. 42****Rate GMH – General Service Medium Heating****Fifth Revised Page No. 46
Cancelling Fourth Revised Page No. 46**

The Maximum Average Charge provision has been eliminated from Rate Schedule GS/GM and Rate Schedule GMH.

Rate GMH – General Service Medium Heating**Fifth Revised Page No. 45
Cancelling Fourth Revised Page No. 45****Fifth Revised Page No. 46
Cancelling Fourth Revised Page No. 46****Fifth Revised Page No. 46A
Cancelling Fourth Revised Page No. 46A**

Due to the elimination of the Maximum Average Charge, information currently contained within Rate Schedule GMH has been repaginated within Page No. 45 and Page No. 46 and Page No. 46A has been deleted as it is no longer necessary.

Rate GL – General Service Large**Fourth Revised Page No. 47
Cancelling Third Revised Page No. 47****Rate L – Large Power Service****Fourth Revised Page No. 53
Cancelling Third Revised Page No. 53**

The Rate Schedules have been modified to reflect the elimination of the Energy Charges.

Rate GLH – General Service Large Heating**Fourth Revised Page No. 50
Cancelling Third Revised Page No. 50**

The Rate Schedule has been modified to reflect the elimination of the Customer Distribution Charge and to reflect the movement to a flat energy charge per kilowatt-hour for the heating months (October to May).

Rate L – Large Power Service**Fourth Revised Page No. 53
Cancelling Third Revised Page No. 53**

The Rate Schedule has been modified to reflect the elimination of the declining block demand charge and the elimination of the Energy Charges.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES – (Continued)****Rate HVPS****Fourth Revised Page No. 57
Cancelling Third Revised Page No. 57**

The Rate Schedule has been modified to reflect a monthly fixed charge based on the monthly billing demand of the customers and elimination of the additional demand charge.

Rate HVPS**Third Revised Page No. 59
Cancelling Second Revised Page No. 59**

Language pertaining to calculating the applicable demand has been modified to reflect the current operations of the Company.

Rider Matrix**Original Page No. 79A**

A Rider Matrix which summarizes all of the Tariff Riders and applicability to each Rate Schedule has been added to the Tariff.

Rider No. 1 – Consumer Education Surcharge**Seventh Revised Page No. 80
Cancelling Sixth Revised Page No. 80**

Rider No. 1 – Consumer Education Surcharge has been modified to reflect that the base rate component has been set to zero for the non-lighting rate classes.

Rider No. 5 – Universal Service Charge**Fifth Revised Page No. 84
Cancelling Fourth Revised Page No. 84****Third Revised Page No. 85
Cancelling Second Revised Page No. 85**

Rider No. 5 – Universal Service Charge has been added to the Tariff as a cost recovery mechanism to recover the costs incurred by the Company to provide its Commission approved Universal Service and Energy Conservation Programs (“USECP”).

Rider No. 10 – State Tax Adjustment**Fifth Revised Page No. 94
Cancelling Fourth Revised Page No. 94**

Rider No. 10 – State Tax Adjustment has been modified to reflect that Part 1 of the STAS has been set to zero.

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES – (Continued)

**Rider No. 13 – General Service Separately Metered
Electric Space Heating Service**

**Fourth Revised Page No. 97
Cancelling Third Revised Page No. 97**

Language has been modified to reflect the current operations of the Company.

**Rider No. 14 – Residential Service Separately Metered
Electric Space and Water Heating**

**Third Revised Page No. 98
Cancelling Second Revised Page No. 98**

Language has been modified to reflect the elimination of the declining block energy charge in Rate Schedule RH.

INCREASES

Rate RS – Residential Service

**Fourth Revised Page No. 32
Cancelling Third Revised Page No. 32**

Rate RH – Residential Service Heating

**Fourth Revised Page No. 34
Cancelling Third Revised Page No. 34**

Rate RA – Residential Service Add-On Heat Pump

**Fourth Revised Page No. 37
Cancelling Third Revised Page No. 37**

Rate GS/GM – General Service Small and Medium

**Fourth Revised Page No. 40
Cancelling Third Revised Page No. 40**

Rate GMH – General Service Medium Heating

**Fourth Revised Page No. 43
Cancelling Third Revised Page No. 43**

The Customer Distribution Charge has been changed resulting in an increase.

Rate RS – Residential Service

**Fourth Revised Page No. 32
Cancelling Third Revised Page No. 32**

Rate RH – Residential Service Heating

**Fourth Revised Page No. 34
Cancelling Third Revised Page No. 34**

Rate RA – Residential Service Add-On Heat Pump

**Fourth Revised Page No. 37
Cancelling Third Revised Page No. 37**

Rate GS/GM – General Service Small and Medium

**Fourth Revised Page No. 40
Cancelling Third Revised Page No. 40**

LIST OF MODIFICATIONS MADE BY THIS TARIFF**INCREASES – (Continued)****Rate GMH – General Service Medium Heating**Fourth Revised Page No. 43
Cancelling Third Revised Page No. 43Fourth Revised Page No. 44
Cancelling Third Revised Page No. 44**Rate GL – General Service Large**Fourth Revised Page No. 47
Cancelling Third Revised Page No. 47**Rate L – Large Power Service**Fourth Revised Page No. 53
Cancelling Third Revised Page No. 53

Unit prices have changed resulting in increases.

Rate GMH – General Service Medium HeatingFourth Revised Page No. 45
Cancelling Third Revised Page No. 45**Rate GLH – General Service Large Heating**Fourth Revised Page No. 51
Cancelling Third Revised Page No. 51

The Distribution Charge described within the Minimum Charge section of Rate Schedules GMH and GLH has changed resulting in an increase.

DECREASES**Rate AL – Architectural Lighting Service**Fourth Revised Page No. 61
Cancelling Third Revised Page No. 61**Rate UMS – Unmetered Service**Fourth Revised Page No. 74
Cancelling Third Revised Page No. 74

The Customer Distribution Charge has been changed resulting in a decrease.

Rate RA – Residential Service Add-On Heat PumpFourth Revised Page No. 37
Cancelling Third Revised Page No. 37**Rate GMH – General Service Medium Heating**Fourth Revised Page No. 43
Cancelling Third Revised Page No. 43**Rate GLH – General Service Large Heating**Fourth Revised Page No. 50
Cancelling Third Revised Page No. 50**Rate AL – Architectural Lighting Service**Fourth Revised Page No. 61
Cancelling Third Revised Page No. 61**Rate SM – Street Lighting Municipal**Fourth Revised Page No. 68
Cancelling Third Revised Page No. 68

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASES – (Continued)

Rate SH – Street Lighting Highway

Fourth Revised Page No. 71
Cancelling Third Revised Page No. 71

Rate UMS – Unmetered Service

Fourth Revised Page No. 74
Cancelling Third Revised Page No. 74

Rate PAL – Private Area Lighting

Fourth Revised Page No. 76
Cancelling Third Revised Page No. 76

Unit prices have changed resulting in decreases.

Rate SE – Street Lighting Energy

Fourth Revised Page No. 64
Cancelling Third Revised Page No. 64

The Monthly Charge per Lamp has changed resulting in a decrease.

Rate SM – Street Lighting Municipal

Fourth Revised Page No. 69
Cancelling Third Revised Page No. 69

Rate PAL – Private Area Lighting

Second Revised Page No. 78
Cancelling First Revised Page No. 78

The Pole Fee has changed, resulting in a decrease.

TABLE OF CONTENTS

	Page Number	
List of Modifications	2-2F	(C)
Table of Contents	3	
List of Communities Served.....	4-5	
RULES AND REGULATIONS	6-31	
RATES:		
RS Residential Service.....	32-33	
RH Residential Service Heating	34-36	
RA Residential Service Add-on Heat Pump.....	37-39	
GS/GM General Service Small and Medium.....	40-42A	
GMH General Service Medium Heating.....	43-46A	
GL General Service Large.....	47-49	
GLH General Service Large Heating	50-52	
L Large Power Service	53-56	
HVPS High Voltage Power Service	57-60	
AL Architectural Lighting Service	61-63	
SE Street Lighting Energy	64-67	
SM Street Lighting Municipal	68-70	
SH Street Lighting Highway	71-73	
UMS Unmetered Service.....	74-75	
PAL Private Area Lighting	76-78	
STANDARD CONTRACT RIDERS:		
General	79	
Rider Matrix	79A	(C)
No. 1 Consumer Education Surcharge	80-80A	
No. 2 Untransformed Service	81	
No. 3 School and Government Service Discount Period	82	
No. 4 Budget Billing HUD Finance Multi-Family Housing	83	
No. 5 Universal Service Charge	84-85	(C)
No. 6 Temporary Service	86	
No. 7 SECA Charge	87	
No. 8 Default Service Supply	88-88C	
No. 9 Day-Ahead Hourly Price Service	89-93A	
No. 10 State Tax Adjustment Surcharge.....	94	
No. 11 Street Railway Service	95	
No. 12 Billing Option - Volunteer Fire Companies and Nonprofit Senior Citizen Centers.....	96	
No. 13 General Service Separately Metered Electric Space Heating Service	97	
No. 14 Residential Service Separately Metered Electric Space and Water Heating	98-99	
No. 15 Energy Efficiency and Conservation and Demand Response Surcharge.....	100-100C	
No. 16 Service to Non-Utility Generating Facilities	101-102	
No. 17 Emergency Energy Conservation	103-104	
No. 18 Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities.....	105	
No. 19 Off-Peak Water Heating Service	106-107	
These Pages Intentionally Left Blank.....	108-109	
No. 21 Net Metering Service.....	110-112	
APPENDIX A:		
Transmission Service Charges	113-116	

RULES AND REGULATIONS**THE ELECTRIC SERVICE TARIFF**

1. **FILING AND POSTING** A copy of the tariff, comprising the Rules and Regulations, Rates and Riders, and governing electric service, is filed with the Pennsylvania Public Utility Commission. A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed under the "Customer Service" tab at www.duquesnelight.com and is posted and open to inspection at the offices of the Company where payments are made by customers. (C)
2. **REVISIONS** The tariff is subject to such change and modification as may be made from time to time in the manner prescribed by the Public Utility Law. If any rate for electric service is increased, the affected customer shall have the option of discontinuing service, but shall be obligated to pay the increased rate from the effective date thereof until service has been discontinued.
3. **APPLICATION** Rates of the tariff apply only to the Company's Standard Service delivered from overhead supply lines except in certain restricted areas where the Company is required to provide underground distribution. Riders of the tariff amend or modify the terms governing the electric service under the rates to which they apply. Standard Service is alternating current of sixty cycles frequency, conforming as to voltage and phase with the following list of standard nominal service delivery voltages.

<u>SINGLE-PHASE</u>	<u>THREE-PHASE</u>	
120 volts, 2 wire	120/208 volts, 4 wire	11,500 volts, 3 wire
120/240 volts, 3 wire	230 volts, 3 wire	13,200/23,000 volts, 4 wire
120/208 volts, 3 wire	277/480 volts, 4 wire	23,000 volts, 3 wire
230 volts, 2 wire	460 volts, 3 wire	69,000 volts, 3 wire
460 volts, 2 wire	2,400 volts, 3 wire	138,000 volts, 3 wire
230/460 volts, 3 wire	2,400/4,160 volts, 4 wire	345,000 volts, 3 wire
2,400 volts, 2 wire		
23,000 volts, 2 wire		

The supply of electricity may be provided by the Company or by an alternative Electric Generation Supplier ("EGS"). Rates for the supply of electricity shall apply per applicable tariffs of the Company or the EGS.

3.1 DEFINITIONS

- (1) **Aggregator or Market Aggregator** - An entity, licensed by the Commission, which purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.
- (2) **Basic Services** - The services necessary for the physical delivery of electricity service including supply, transmission and distribution. Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning.
- (3) **Broker or Marketer** - An entity, licensed by the Commission, which acts as an agent or intermediary in the sale and purchase of electric energy but does not take title to electric energy.
- (4) **Commission** - The Pennsylvania Public Utility Commission.
- (5) **Company** - Duquesne Light Company.

RULES AND REGULATIONS - (Continued)**THE ELECTRIC SERVICE TARIFF - (Continued)****3.1 DEFINITIONS - (Continued)**

- (6) **Customer** - A retail electric customer or potential customer of retail electricity service who are direct purchasers of electric power for use at their facility. Unless indicated otherwise, "retail customer" and "customer" used throughout this tariff shall have the same meaning. A residential customer is a natural person in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property of which the residential utility service is requested.
- (7) **Default Service** - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of this tariff.
- (8) **Direct access** - The right of EGSs and retail customers to utilize and interconnect with the electric transmission and distribution system of the Company on a non-discriminatory basis at rates and terms and conditions of service comparable to the Companies' own use of the system to transport electricity from any generator of electricity to any retail customer.
- (9) **Distribution Charges** - Basic service charges for delivering electricity over a distribution system (e.g. wires, transformers, substations and other equipment) to the home or business from the transmission system. The distribution charge is regulated by the Commission. These charges include basic service under 52 Pa. Code §56.15 (4) (relating to billing information) and Riders, as applicable. (C)
- (10) **Electric Distribution Company (EDC)** - Duquesne Light Company (the Company) owning and providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners or operators that manage the internal distribution system serving such building or facility and that supply electric power and other related electric power services to occupants of the building or facility.
- (11) **Electric Generation Suppliers (EGS)** - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to January 1, 1997. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).

RULES AND REGULATIONS - (Continued)**THE ELECTRIC SERVICE TARIFF - (Continued)****3.1 DEFINITIONS - (Continued)**

- (12) **Electricity Provider** - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.
- (13) **Non-Basic Services** - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.
- (14) **Renewable Resource** - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.
- (15) **PJM** – PJM Interconnection, L.L.C.
- (16) **PJM Tariff** - the PJM Open Access Transmission Tariff (“OATT”) on file with the Federal Energy Regulatory Commission (“FERC”) and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.
- (17) **Supply Charges** - Basic service charges for acquiring or producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service.
- (18) **Transmission Charges** - Basic charges for the cost of transporting electricity over high voltage wires from the generator to the distribution system of the Company billed to customers that acquire their electricity from the Company. Customers who choose to acquire electricity from an EGS will be billed for transmission services by the EGS.

3.2 ELECTRIC GENERATION SUPPLIER TARIFF The rules and guidelines provided in the Company’s “Electric Generation Supplier Coordination Tariff” (Supplier Tariff) shall apply to EGS’s accessing the Company’s transmission and distribution systems to supply electricity to retail customers. Those rules and guidelines pertaining to direct access procedures shall apply accordingly to customers who elect to purchase part or all of their electricity from an EGS. Copies of these rules may be obtained by calling, e-mailing or writing the Company’s business office. In addition, they may also be accessed under the “Customer Service” tab at www.duquesnelight.com and are posted and open to inspection at the offices of the Company where payments are made by customers. (C)

4. CONTRACTS The Company reserves the right to require non-residential customers to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and 66 Pa.C.S. § 2807. Extension of such facilities will not be conditioned on the customer’s agreement to purchase supply from the Company. Receipt of electric service by any entity, however, shall constitute the receiver a customer of the Company, subject to its rules (C)

RULES AND REGULATIONS - (Continued)**THE ELECTRIC SERVICE TARIFF - (Continued)****4. CONTRACTS – (Continued)**

(C)

and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service.

RULES AND REGULATIONS - (Continued)**INSTALLATION OF SERVICE**

6. INSTALLATION RULES Service installations shall be made in accordance with the Company's "Electric Service Installation Rules," copies of which may be obtained by calling, e-mailing or writing the Company's business office. In addition, the Rules may be accessed under the "Customer Service" tab at www.duquesnelight.com. (C)

7. SUPPLY LINE EXTENSIONS**A. Definitions**

For the purposes of this rule, the following definitions are applicable:

- (1) **Contractor cost** - The amount paid to a contractor for work performed on a line extension.
- (2) **Direct labor cost** - The pay and expenses of public utility employees directly attributable to work performed on line extensions, but does not include construction overheads or payroll taxes, workers' compensation expenses, or similar expenses.
- (3) **Direct material cost** - The purchase price of materials used for a line extension, but does not include the related stores expenses. In computing direct material costs, proper allowance should be made for unused materials recovered from temporary structures, and discounts allowed and realized in the purchase of materials.
- (4) **Total construction cost** - The contractor cost, direct labor cost, direct material cost, stores expense, construction overheads, payroll taxes, workers' compensation expenses, or similar expenses.
- (5) **Current Year** - For purposes of calculating a revenue guarantee, current year shall be each consecutive period of twelve (12) calendar months following the date permanent electric delivery service was first provided to a customer.
- (6) **Income Tax** - Federal and State tax relating to the tax liability of contributions in aid-of-construction ("CIAC").

B. Overhead Areas

- (1) In areas where the existing supply lines are overhead, the Company will construct and maintain extensions of all single-phase overhead supply lines operating at 23,000 volts or less to the customer's property line without a guarantee of revenue.

RULES AND REGULATIONS - (Continued)**MEASUREMENT AND USE OF SERVICE - (Continued)****14.2 CUSTOMER REQUEST FOR SPECIAL METERING – (Continued)**

The Company has adopted a program that provides all customers with meters to provide data for normal monthly billing services. In the event that a residential or small commercial customer, or an EGS on behalf of a residential or small commercial customer, requests an upgrade to an Alpha Powerplus meter, which the Company provides for large commercial and industrial customers, installation of that meter will be provided at a cost of \$586.00, plus additional costs if a dedicated phone line is not provided by the customer. These net incremental charges, as set forth in the Company's Advance Meter Catalog, may be paid to the Company by either the customer or the EGS, or jointly by the customer and the EGS pursuant to a mutual agreement.

14.3 SUB-METERING If a customer wishes to have metering installed in addition to the Company installed meter, the meter must be installed on the customer's electrical system and at the expense of the customer.

15. INABILITY TO READ RESIDENTIAL METERS When scheduled readings of kilowatt-hour meters are not obtained because of inability to gain access to the meter location, the customer may read his meter and furnish the Company the reading on cards supplied by the Company, or by telephone to the Company, in which case the bill will be rendered on the basis of such reading; otherwise, the Company will estimate the bill. No more than five (5) successive bills will be rendered on readings made by the customer.

15.1 INABILITY TO READ COMMERCIAL OR INDUSTRIAL METERS When scheduled readings of kilowatt-hour and demand meters are not obtained, the Company may render an interim statement for each month until the meters are read.

16. USE OF SERVICE BY CUSTOMER The customer shall use the electric service only at the premise where service is established; and after electric service has been established, shall notify the Company of any change in connected load, demand, or other conditions of use. The customer shall notify the Company of other on site sources of electric generation or electricity concurrently produced as a by-product of another process or electricity produced utilizing renewable resources. Customers who own and operate electric generation equipment shall conform with the Company's "Electric Service Installation Rules," copies of which may be obtained by calling, e-mailing or writing the Company's business office or under the "Customer Service" tab at www.duquesnelight.com. For customers who own and operate electric generation, the provisions of Rider No. 16 - Service to Non-Utility Generating Facilities and Rider No. 21 - Net Metering Service may also apply. (C)

17. FLUCTUATIONS AND UNBALANCES The customer's use of electric service shall not cause fluctuating loads or unbalanced loads of sufficient magnitude to impair the service to other customers or to interfere with the proper operation of the Company's facilities. The Company may require the customer to make such changes in his equipment or use thereof, or to install such corrective equipment, as may be necessary to eliminate fluctuating or unbalanced loads; or, where the disturbances caused thereby may be eliminated more economically by changes in or additions to the Company's facilities, the Company will, at the request of the customer, provide the necessary corrective facilities at a reasonable charge. Payment will be made in full in advance for supplying special equipment installed under this Rule.

RULES AND REGULATIONS - (Continued)**MEASUREMENT AND USE OF SERVICE - (Continued)**

18. REDISTRIBUTION All electric energy shall be consumed by the customer to whom the Company supplies and delivers such energy, except that (1) a customer operating a separate office building, and (2) any other customer who, upon showing that special circumstances exist, obtains the written consent of the Company may redistribute electric energy to tenants of such customer, but only if such tenants are not required to make a specific payment for such energy, except where such payments would encourage energy conservation. This Rule shall not affect any practice undertaken prior to June 1, 1965. See Rule No. 41 for special requirements for residential dwelling units in a building.

19. CONTINUITY AND SAFETY The Company will use all reasonable care to provide safe and continuous delivery of electricity but shall not be liable for any damages arising through interruption of the delivery of electricity or for injury to persons or property resulting from the use of the electricity delivered.

BILLS AND NET PAYMENT PERIODS

20. BILLING The Company will render a bill monthly for electric service.

20.1 BILLING OPTIONS Customers who elect to purchase their electricity from an Electric Generation Supplier ("EGS") may choose: (1) Consolidated Billing and receive a single bill from the Company that includes Company charges and EGS charges; or (2) Separate Billing and receive one bill from the Company for Company charges and a second bill from the EGS for EGS charges. The customer's billing option will be communicated to the Company by the EGS, in accordance with the provisions contained in the Company's Supplier Tariff.

20.2 BILLS Bills for electric service are due and payable upon presentation and may be paid with a check or money order and placed in the payment drop box located at the Company's business office, by any of the means listed under the "Billing and Payment Conveniences" as described on Page 2 of the customer's bill or to any of its collecting agencies during the regular office hours of such agencies. For customers who select an EGS and who select the Separate Billing Option, payment of the bill from the EGS is due to the EGS per the EGS terms and conditions. When the meter readings are taken at other than monthly intervals or when the elapsed time between meter readings is substantially greater or less than one month, the rate values applicable to monthly delivery periods will be adjusted. (C)

21. NET PAYMENT Payments placed in the payment drop box at the Company's business office or payments made direct to the Company's collecting agencies will be accepted by the Company in the amount billed as per the terms stated at each respective location. Payments made by mail may be accepted in the amount billed by the Company, at its option, if the payment is received within five (5) days after the due date. A Late Payment Charge will be added to Company charges for failure to make payment of the bill in accord with the above. (C)

21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE The Company will designate a due date on its bill which shall be a business day no less than 20 days from the date of transmittal of the bill. When the due date for residential service occurs from the 21st day of the month through the 5th day of the following month, the due date may be extended upon request to the 6th day of the latter month for ratepayers receiving Social Security or equivalent monthly checks on or about the first of the month.

RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, and general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$8.50 (I)

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	5.2860	7.860	(I)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

(I) – Indicates Increase

RATE RH - RESIDENTIAL SERVICE HEATING

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$8.50 (I)

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	4.4142	7.860	(I)

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	5.2860	7.860	(I)

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and an add-on heat pump for space heating. Other energy sources may be used to supplement the add-on heat pump provided that the supplemental energy source is thermostatically controlled to operate only when the outdoor temperature falls to at least 40^o F and the add-on heat pump cannot provide the total heating requirements.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$8.50 (I)

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	2.1017	7.860	(D)

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	5.2860	7.860	(I)

(I) – Indicates Increase

(C) – Indicates Change

(D) – Indicates Decrease

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM

AVAILABILITY

Available for all the standard electric service taken on a small or medium general service customer's premises for which a residential rate is not available.

MONTHLY RATE FOR NON-DEMAND METERED CUSTOMERS

CUSTOMER CHARGE

Customer Distribution Charge \$8.50 (I)

ENERGY CHARGES

Distribution Charge
cents per kilowatt-hour

All kilowatt-hours 5.9741 (I)

SUPPLY CHARGES

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

MONTHLY RATE FOR DEMAND METERED CUSTOMERS

DISTRIBUTION CHARGES (C)

GM < 25 kW **GM ≥ 25 kW**

Customer Charge \$56.35 \$56.35 (I)

Demand Charges \$ per kilowatt

First 5 kilowatts or less of Demand No Charge No Charge

Additional kilowatts of Demand 5.09 5.09 (I)

Energy Charges ¢ per kilowatt-hour

All kilowatt-hours 0.9224 1.1191 (I)

SUPPLY CHARGES (C)

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

(I) – Indicates Increase

(C) – Indicates Change

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

MONTHLY RATE FOR NON-DEMAND AND DEMAND METERED CUSTOMERS

(C)

ELECTRIC CHARGES

The Supply Charges for customers will be updated through competitive requests for proposal described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the "Calculation of Rate" section in Rider No. 8. Applicability of the Supply rate to non-demand metered customers, customers with monthly metered demand less than 25 kW and customers with monthly metered demand equal to or greater than 25 kW shall be as described in Rider No. 8 and for the effective periods defined in Rider No. 8.

For purposes of determining the monthly rate for demand metered customers, Duquesne Light shall evaluate the customer's twelve (12) most recent months of monthly metered demand for that customer available in October of the preceding year. If the customer's monthly metered demand is less than 25 kW in each of the twelve (12) months, then that customer shall be charged the monthly rate for demand metered customers less than 25 kW for the next calendar year and automatically assigned to that rate effective with their January billing. If the customer's monthly metered demand is 25 kW or greater for any single month of the twelve (12) month period, then that customer shall be charged the monthly rate for demand metered customers equal to or greater than 25 kW for the next calendar year and automatically assigned to that rate as their default service rate effective with their January billing. In no instance shall a customer be eligible for more than one default service offering at a time. A new customer or a customer with limited or no historical data shall be eligible for and assigned to the applicable rate based on Duquesne Light's estimate of the customer's peak monthly metered demand for the next twelve (12) month period.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

(C)

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

(C)

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

(C)

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(C)

MINIMUM CHARGE

(C)

(C)

The Minimum Charge shall be the sum of the Customer Distribution Charge plus a Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand, during the preceding eleven months, whichever is greater, plus the current billing period charges for Company supplied transmission and supply service, if any. The Demand Charge shall be determined using the Distribution Charge only, but shall not be less than the Customer Distribution Charge.

(C) – Indicates Change

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

(C)

MONTHLY RATE FOR NON-DEMAND AND DEMAND METERED CUSTOMERS - (Continued)**RIDERS**

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before fifteen days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above.

CONTRACT PROVISIONS

Contracts will be written for a period of not less than one year.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders."

RATE GMH - GENERAL SERVICE MEDIUM HEATING

AVAILABILITY

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

CUSTOMER CHARGE

Customer Distribution Charge \$56.35 (I)

WINTER MONTHLY RATE

For the Billing Months of October through May:

ENERGY CHARGES

**Distribution Charge
cents per kilowatt-hour**

All kilowatt-hours 2.4090 (D)

SUMMER MONTHLY RATE

For the Billing Months of June through September:

DEMAND CHARGES

**Distribution Charge
\$ per kilowatt**

First 5 kilowatts or less of Demand	No Charge	
Additional kilowatts of Demand	5.09	(I)

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

SUMMER MONTHLY RATE – (Continued)

For the Billing Months of June through September: - (Continued)

ENERGY CHARGES

Distribution Charge
cents per kilowatt-hour

All kilowatt-hours	0.9224	
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(I)

SUPPLY CHARGES

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

ELECTRIC CHARGES

The Supply Charges for customers will be updated through competitive requests for proposal described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to non-demand metered customers, customers with monthly metered demand less than 25 kW and customers with monthly metered demand equal to or greater than 25 kW shall be as described in Rider No. 8 and for the effective periods defined in Rider No. 8.

For purposes of determining the monthly rate for demand metered customers, Duquesne Light shall evaluate the customer’s twelve (12) most recent months of monthly metered demand for that customer available in October of the preceding year. If the customer’s monthly metered demand is less than 25 kW in each of the twelve (12) months, then that customer shall be charged the monthly rate for demand metered customers less than 25 kW for the next calendar year and automatically assigned to that rate effective with their January billing. If the customer’s monthly metered demand is 25 kW or greater for any single month of the twelve (12) month period, then that customer shall be charged the monthly rate for demand metered customers equal to or greater than 25 kW for the next calendar year and automatically assigned to that rate as their default service rate effective with their January billing. In no instance shall a customer be eligible for more than one default service offering at a time. A new customer or a customer with limited or no historical data shall be eligible for and assigned to the applicable rate based on Duquesne Light’s estimate of the customer’s peak monthly metered demand for the next twelve (12) month period.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

(I) – Indicates Increase

ISSUED: JULY 23, 2010

EFFECTIVE: SEPTEMBER 21, 2010

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES – (Continued)**

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE(C)
(C)

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge for the first kilowatt, plus a Distribution Charge of \$5.09 per kW, plus the current billing period charges for Company supplied transmission and supply service, if any. The Minimum Charge shall not be less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be calculated in accordance with the Minimum Charge provisions in Rate GS/GM.

(I)

RIDERS

(C)

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

(C)

Bills will be calculated on the rates stated herein, and are due and payable on or before fifteen days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

DETERMINATION OF DEMAND

(C)

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GS/GM.

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

(C)

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders."

SPECIAL PROVISION

Any renewable energy source system that produces electric energy may not be interconnected with circuits supplied by the Company's service except upon written approval from the Company.

RATE GL - GENERAL SERVICE LARGE**AVAILABILITY**

Available for all the standard electric service taken on a customer's premises where the demand is not less than 300 kilowatts.

MONTHLY RATE**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION**DEMAND CHARGES**

First 300 kilowatts or less of Demand	\$2,424.00	(I)
Additional kilowatts of Demand	\$8.66 per kW	(I)
		(C)

ELECTRIC CHARGES

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE GLH - GENERAL SERVICE LARGE HEATING

AVAILABILITY

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

SUPPLY

(C)

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION

For the Billing Months of October through May:

ENERGY CHARGES

(C)

All kilowatt-hours

1.9607 cents per kWh

(D)

For the Billing Months of June through September:

Rate GL shall apply.

RATE GLH - GENERAL SERVICE LARGE HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge for the first kilowatt plus a Distribution Charge of \$8.66 per kW and the charges for Company supplied transmission and supply, if any. For Company supplied transmission and supply, the transmission charges shall be calculated as set forth in Appendix A and the supply charges shall be calculated as set forth under Rider No. 9. The Minimum Charge shall not be less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be calculated in accordance with the Minimum Charge provisions contained in Rate GL. (I)

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before fifteen days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

RATE L - LARGE POWER SERVICE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the Contract Demand is not less than 5,000 kilowatts.

MONTHLY RATE

SUPPLY

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION

DEMAND CHARGES

First 5,000 kilowatts or less of Demand	\$34,250.00	(I)
Additional kilowatts of Demand	\$8.33 per kW	(I)

(C)

(I)

(I)

(C)

ELECTRIC CHARGES

The Company will provide and charge for Transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE HVPS - HIGH VOLTAGE POWER SERVICE

AVAILABILITY

Available to customers with Contract On-Peak Demands greater than 30,000 kilowatts where service is supplied at 69,000 volts or higher.

MONTHLY RATE

SUPPLY

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION

FIXED MONTHLY CHARGE

Up to and Including 50,000 kW Billing Demand	\$13,320.11
50,001 kW to 100,000 kW Billing Demand	\$19,297.34
Greater than 100,000 kW Billing Demand	\$26,244.21

(C)
(C)

ELECTRIC CHARGES

The Company will provide and charge for Transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)**ON-PEAK AND OFF-PEAK CONTRACT DEMAND – (Continued)**

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours.

The Off-Peak Demand is the demand during off-peak hours.

The Billing Demand is the On-Peak Demand except where the Off-Peak Demand is more than three times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand. Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

These demands will apply only for purposes of calculating the applicable distribution charges under this rate and do not apply to demand for transmission service or electric supply. (C)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Thursday
10:00 a.m. to 9:00 p.m.

Friday
10:00 a.m. to 5:00 p.m.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rate and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

CONTRACT PROVISION

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term.

The Company reserves the right to refuse contracts hereunder if, in its judgment, its generating or transmission capacity is no more than adequate to meet the requirements of its existing customers.

RATE AL - ARCHITECTURAL LIGHTING SERVICE

AVAILABILITY

Available for separately metered circuitry connected solely to outdoor architectural lighting equipment, with demand of 5 kilowatts or greater, to be operated during non-peak periods.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$5.91 (D)

DEMAND CHARGES

**Distribution Charge
\$ per kilowatt**

All kilowatts of Demand 1.10 (D)

ENERGY CHARGES

**Distribution Charge
cents per kilowatt-hour**

**Supply Charge
cents per kilowatt-hour**

All kilowatt-hours 0.1569 5.840 (D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

Available for the entire electric energy requirements of municipal street lighting systems where the municipality has not less than 15,000 street lamp installations and provides for the ownership, operation, and maintenance of its own street lamp installations and takes its entire energy requirements for street lighting under this rate.

MONTHLY RATE

DISTRIBUTION CHARGE

Monthly charge per lamp \$2.67 (D)

SUPPLY CHARGE

All kilowatt-hours 5.840 cents per kWh

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(D) – Indicates Decrease

RATE SM - STREET LIGHTING MUNICIPAL

AVAILABILITY

Available for mercury vapor and high pressure sodium lighting of public streets, highways, bridges, parks and similar public places, for normal dusk to dawn operation of approximately 4,200 hours per year.

(Available for mercury vapor street lighting only where served prior to January 30, 1983, and continuously thereafter at the same location.)

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	
Mercury Vapor				
100	44	\$9.87	\$2.57	(D)
175	74	\$10.07	\$4.32	(D)
250	102	\$10.27	\$5.96	(D)
400	161	\$10.67	\$9.40	(D)
1,000	386	\$12.29	\$22.54	(D)
Sodium Vapor				
70	29	\$10.20	\$1.69	(D)
100	50	\$10.28	\$2.92	(D)
150	71	\$10.42	\$4.15	(D)
250	110	\$10.70	\$6.42	(D)
400	170	\$11.12	\$9.93	(D)
1,000	387	\$12.79	\$22.60	(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

RATE SM - STREET LIGHTING MUNICIPAL - (Continued)**MONTHLY RATE – (Continued)****ELECTRIC CHARGES – (Continued)**

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charges by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before thirty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

POLES

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$8.09 for each pole required. (D)

RATE SH - STREET LIGHTING HIGHWAY**AVAILABILITY**

Available for high intensity discharge lighting of state highways for normal dusk to dawn operation of approximately 4,200 hours per year where the highway lighting system acceptable to Duquesne Light Company is installed by the State and ownership of the entire highway lighting system has been transferred to the Company for a nominal consideration.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	
Sodium Vapor				
100	50	\$10.28	\$2.92	(D)
150	71	\$10.42	\$4.15	(D)
200	95	\$10.56	\$5.55	(D)
400	170	\$11.12	\$9.93	(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

RATE UMS – UNMETERED SERVICE

AVAILABILITY

Available to customers using unmetered standard service at each point of connection for customer-owned and maintained equipment such as traffic signals, communication devices and billboard lighting.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge \$9.98 (D)

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	2.5551	7.027	(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE PAL - PRIVATE AREA LIGHTING

AVAILABILITY

Available for high pressure sodium lighting and flood lighting of residential, commercial and industrial private property installations including parking lots, for normal dusk to dawn operation of approximately 4,200 hours per year.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	
High Pressure Sodium				
70	29	\$10.20	\$1.69	(D)
100	50	\$10.28	\$2.92	(D)
150	71	\$10.42	\$4.15	(D)
250	110	\$10.70	\$6.42	(D)
400	170	\$11.12	\$9.93	(D)
Flood Lighting				
100	46	\$11.31	\$2.69	(D)
250	100	\$11.77	\$5.84	(D)
400	155	\$12.23	\$9.05	(D)

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$2.50	\$1.69	(D)
100	46	\$2.50	\$2.69	(D)
150	67	\$2.50	\$3.91	(D)
250	100	\$2.50	\$5.84	(D)
400	155	\$2.50	\$9.05	(D)

(D) – Indicates Decrease

ISSUED: JULY 23, 2010

EFFECTIVE: SEPTEMBER 21, 2010

RATE PAL - PRIVATE AREA LIGHTING - (Continued)**MONTHLY RATE - (Continued)****POLES – (Continued)**

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$8.09 for each pole required. (D)

SPECIAL TERMS AND CONDITIONS

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service.
3. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

STANDARD CONTRACT RIDERS – (Continued)

(C)

RIDER MATRIX

	RS	RH	RA	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	UMS	PAL
Rider No. 1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 2				X	X	X	X								
Rider No. 3				X	X	X	X	X							
Rider No. 4				X	X	X	X								
Rider No. 5	X	X	X												
Rider No. 6				X											
Rider No. 7	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 8				X	X										
Rider No. 9						X	X	X	X						
Rider No. 10	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 11				X		X									
Rider No. 12				X	X										
Rider No. 13				X											
Rider No. 14	X														
Rider No. 15	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 16				X	X	X	X	X							
Rider No. 17						X	X	X	X						
Rider No. 18	X	X	X	X	X	X	X								
Rider No. 19	X	X	X	X											
Rider No. 21	X	X	X	X	X	X									
Appendix A	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Rider Titles:

- Rider No. 1 — Consumer Education Surcharge
- Rider No. 2 — Untransformed Service
- Rider No. 3 — School and Government Service Discount Period
- Rider No. 4 — Budget Billing HUD Finance Multi-Family Housing
- Rider No. 5 — Universal Service Charge
- Rider No. 6 — Temporary Service
- Rider No. 7 — SECA Charge
- Rider No. 8 — Default Service Supply
- Rider No. 9 — Day-Ahead Hourly Price Service
- Rider No. 10 — State Tax Adjustment
- Rider No. 11 — Street Railway Service
- Rider No. 12 — Billing Option – Volunteer Fire Companies and Nonprofit Senior Citizen Centers
- Rider No. 13 — General Service Separately Metered Electric Space Heating Service
- Rider No. 14 — Residential Service Separately Metered Electric Space and Water Heating
- Rider No. 15 — Energy Efficiency and Conservation and Demand Response Surcharge
- Rider No. 16 — Service to Non-Utility Generating Facilities
- Rider No. 17 — Emergency Energy Conservation
- Rider No. 18 — Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities
- Rider No. 19 — Off-Peak Water Heating Service
- Intentionally Left Blank
- Rider No. 21 — Net Metering Service
- Appendix A — Transmission Service Charges

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 1 – CONSUMER EDUCATION SURCHARGE

(Applicable to all Rates)

The Consumer Education Surcharge (“CES”) is instituted as a cost recovery mechanism to recover the costs associated with implementing the Company’s Consumer Education Plan. The CES has been added per Commission Order dated August 21, 2008, at Docket No. M-2008-2032278. The CES will be recomputed annually and filed, to be effective June 1 of each year, unless the new rate is such a small change as to warrant no change in rates. The CES shall be applied to all customers’ bills. The CES process will reconcile actual consumer education costs with those calculated to be in base rates.

MONTHLY CES RATES

(C)

Tariff Rate Class	Monthly Surcharge Per Customer (cents)
Rate RS	0.00
Rate RH	0.00
Rate RA	0.00
Rate GS	0.00
Rate GM < 25 kW	0.00
Rate GM > 25 kW	0.00
Rate GMH < 25 kW	0.00
Rate GMH > 25 kW	0.00
Rates GL, GLH, L and HVPS	0.00
Rates AL, SE, UMS, SM, SH and PAL	0.00

The CES, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The CES shall be determined in cents per month in accordance with the formula set forth below and shall be applied to all customers served during any part of a billing month:

$$CES = [((CE - e) / (C * 12) * 100) - B] * [1 / (1 - T)]$$

- Where
- CES** = Consumer Education Surcharge, a fixed charge in cents per month, to be billed to each customer served under the applicable Tariff rate class.
 - B** = Consumer education costs calculated to be in base rates, in cents per month, for each customer class.
 - CE** = Projected annual consumer education costs in dollars for each customer class for the filing year.
 - C** = Projected average number of customers per customer class for the filing year.
 - e** = The net overcollection or undercollection of the consumer education program costs as computed for each customer class as of the end of the reconciliation year.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 5 – UNIVERSAL SERVICE CHARGE
 (Applicable to Rate Schedules RS, RH and RA)

APPLICABILITY

The Universal Service Charge ("USC") is instituted as a cost recovery mechanism to recover the costs incurred by the Company to provide its Commission approved Universal Service and Energy Conservation Plan. The USC shall be applicable to all residential customers who take distribution service under Rate Schedules RS, RH and RA except for residential customers in the Company's Customer Assistance Program ("CAP"). The USC provides for the recovery of the costs, excluding internal administrative costs, associated with universal service programs provided by the Company to residential customers. The USC shall be determined to the nearest one-thousandth of one (1) cent per kilowatt-hour ("kWh") in accordance with the formula set forth below and shall be applied to all kilowatt-hours delivered during the billing month. The USC is a non-bypassable charge.

RATE

In addition to the charges provided in this Tariff, an amount of X.XXX cents per kilowatt-hour shall be added to the distribution energy charges per kilowatt-hour of each applicable rate schedule to determine the total per kilowatt-hour charge. The USC shall not be applicable to customers enrolled in the Company's CAP.

CALCULATION OF CHARGE

$$USC = [(US_c / S_{Res}) - (E / S_{Res})] * 100 * [1 / (1 - T)]$$

Where: USC = The charge, in cents per kilowatt-hour, to be applied to each kilowatt-hour delivered to all applicable non-CAP customers who take distribution service under the residential retail rate schedules under this Tariff.

US_c = Universal Service Program costs, which are the estimated direct and external administrative costs to be incurred by the Company to provide Universal Service to customers for the USC Computational Year. Such costs shall include, but are not limited to, preparation of the Needs Assessment, Universal Service Plan development, Impact Evaluation and educational materials. Universal Service Programs include the following programs which may change from time to time:

- Customer Assistance Program ("CAP"): CAP costs will be calculated to include the projected CAP discount as the difference between the bill at current rates and the CAP payment for current customers, based upon the current discounts at normalized annual volumes of the then-current CAP participants, the projected CAP discount for projected customer additions to the CAP program during the Computational Year at the average discount of current CAP participants at normalized annual volumes, the projected CAP customer costs (e.g. new applications, maintenance and annual recertification) and the projected CAP pre-program arrearages to be forgiven and written off during the USC Computational Year.
- Smart Comfort Program [Low Income Usage Reduction Program ("LIURP")]: LIURP costs will be calculated based on the projected number of homes that participate in the usage reduction program and the average cost per visit.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 5 – UNIVERSAL SERVICE CHARGE - (Continued)
(Applicable to Rate Schedules RS, RH and RA)**CALCULATION OF CHARGE – (Continued)**

- Customer Assistance and Referral Evaluation Services (“CARES”): CARES costs will be calculated based on the projected annual Community Based Organization (“CBO”) program costs and costs for administering the program.
- Hardship Fund: Hardship Fund costs will be calculated based on the projected annual program costs and CBO costs for administering the program.
- Any other replacement or Commission-mandated Universal Service Program or low income program that is implemented during the Reconciliation or Computational Year.

S_{Res} = The Company’s projected retail kilowatt-hour sales for the projected USC billing period for all applicable non-CAP customers who take distribution service under the residential retail rate schedules under this Tariff.

E = The over- or under- collection of actual Universal Service Program costs and revenue that result from the billing of the USC during the USC Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest. Interest shall be computed monthly at the statutory legal rate of interest, from the month the over or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped.

T = The Pennsylvania Gross Receipts Tax in effect, expressed in decimal form.

ANNUAL UPDATE

The USC shall be filed with the Commission by December 1 of each year. The USC shall become effective the following January 1 and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that the USC, if left unchanged, would result in material over- or under- collection of all Universal Service Program costs incurred or expected to be incurred during the current twelve (12) month period ending December 31, the Company may request that the Commission authorize interim revisions to the USC to become effective thirty (30) days from the date of filing upon Commission approval.

For purposes of this Rider, the USC Computational Year will be the twelve (12) month period from January 1 through December 31 of each calendar year and the USC Reconciliation Year will be the twelve (12) month period from November 1 through October 31 immediately preceding the USC Computational Year.

The initial Computational Year shall be the period April 1, 2011, ending December 31, 2011, after which the twelve (12) month planning year as described above will begin.

Rider No. 10 – State Tax Adjustment shall be applicable to the charge defined in this Rider.

The USC shall be subject to review and audit by the Commission.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 10 - STATE TAX ADJUSTMENT

(Applicable to All Rates)

In addition to the charges provided in this Tariff, a two-part surcharge will apply to all bills rendered by the Company, pursuant to the Pennsylvania Public Utility Commission authorization of March 10, 1970, to compensate the Company for new and increased taxes imposed by the General Assembly.

Part 1 of the surcharge, at a rate of 0.0000% will include Capital Stock Tax, Corporate Net Income Tax, and Public Utility Realty Tax, which will be applied to the distribution charges of customer bills. (C)

Part 2 of the surcharge, at a rate of 0.0000% will include Gross Receipts Tax and will be applied to all portions of customer bills.

The Company will recompute the surcharge using the elements prescribed by the Commission's March 10, 1970, authorization:

1. Whenever any of the tax rates used in computing the surcharge is changed, in which case the recomputation shall take into account the changed tax rate.
2. Whenever the Company makes effective increased or decreased rates (other than net energy clause), in which case the recomputation shall take into account the adjustments prescribed by the Commission's March 10, 1970, authorization.
3. On December 22, and each year thereafter.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation: and if the recomputed surcharge is less than the one then in effect the Company will, and if the recomputed surcharge is more than the one then in effect the Company may, accompany such recomputation with a Tariff or supplement to reflect such recomputed surcharge, the effective date of which, shall be ten (10) days after filing.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 13 - GENERAL SERVICE SEPARATELY METERED ELECTRIC SPACE HEATING SERVICE

(Applicable to Rate GS/GM)

AVAILABILITY

Available for separately metered circuitry connected to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors, system fans, pumps and controls except where the customer uses the Company’s service for water heating, then water heating may also be included on the circuit. The space heating service may be provided at the same voltage as other electric service.

MONTHLY RATE

ENERGY CHARGES

For the billing months of November through April, all kilowatt-hours will be billed the applicable kilowatt-hour Monthly Energy Charges of Rate GS/GM. The applicable Monthly Energy Charge will be determined based on the customer’s monthly metered demand, including the demand associated with the separately metered electric space heating, as described in the Electric Charges section of Rate GS/GM. Customers who purchase their electric supply requirements from the Company will be billed the applicable transmission energy charges of Appendix A and the applicable energy charges of Rider No. 8 – Default Service Supply. For the billing months of May through October, Rate GS/GM will apply. (C)

METER CHARGE..... \$13.21 per month (C)

The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow the isolation and metering of the electric space heating system.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING

(Applicable to Rate RS)

AVAILABILITY

Available for separately metered circuitry connected solely to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors and system fans, pumps and controls comprising the customer's entire space heating system except where the customer uses the Company's service for water heating, then water heating equipment may also be included on the circuit.

MONTHLY RATE

ENERGY CHARGES

For the billing months of November through April, all kilowatt-hours will be charged the Winter Monthly Energy Charges of Rate RH. For the months of May through October, Rate RS will apply. (C)

METER CHARGE \$1.63 per month

SPECIAL TERMS AND CONDITIONS

1. Space heating equipment must be permanently installed, thermostatically controlled and approved by the Company.
2. The customer must use the Company's standard low voltage service as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood or hydro. Any alternate energy source may be used to supplement an add-on heat pump.
3. The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow isolation and metering of the electric space heating system and water heating equipment.

Exhibit No. WVP-2

SUPPLEMENT NO. 35
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

Maureen L. Hogel

Senior Vice President and Chief Operating Officer

ISSUED: July 23, 2010

EFFECTIVE: September 21, 2010

Filed at Docket No. R-2010-2179522

NOTICE

**THIS SUPPLEMENT MAKES CHANGES TO THE RULES AND REGULATIONS, RATES AND RIDERS,
MAKES INCREASES AND DECREASES TO THE RATES AND RIDERS AND ADDS A RIDER**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES**

Table of Contents **Thirteenth Revised Page No. 3**
Cancelling Twelfth Revised Page No. 3

Page No. 2D, Page No. 2E and Page No. 2F were added to the Table of Contents.

A Rider Matrix was added to the Table of Contents (Page No. 79A).

Rider No. 5 – Universal Service Charge was added to the Table of Contents.

Rule No. 1. Filing and Posting **Third Revised Page No. 6**
Cancelling Second Revised Page No. 6

Rule No. 3.2 Electric Generation Supplier Tariff **Third Revised Page No. 8**
Cancelling Second Revised Page No. 8

Rule No. 6. Installation Rules **Second Revised Page No. 11**
Cancelling First Revised Page No. 11

Rule No. 16. Use of Service By Customer **Third Revised Page No. 22**
Cancelling Second Revised Page No. 22

Language has been modified to explain that the Company's tariffs and installation rules are also available on the Company's website, providing an alternative way for customers who have internet access to view the latest Company information.

Rule No. 3.1 Definitions (9) Distribution Charges **Third Revised Page No. 7**
Cancelling Second Revised Page No. 7

Language has been modified to reflect the various tariff riders currently in effect and which have been added or are proposed to be added since the previous base rate proceeding.

Rule No. 4. Contracts **Third Revised Page No. 8**
Cancelling Second Revised Page No. 8

Third Revised Page No. 9
Cancelling Second Revised Page No. 9

First Revised Page No. 9A
Cancelling Original Page No. 9A

Language pertaining to special contracts has been deleted to reflect the current operations of the Company.

In addition, with the elimination of the special contracts language, language from Page No. 8 has been moved to Page No. 9 and Page No. 9A has been deleted as it is no longer necessary.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES – (Continued)**

Rule No. 20.2 Bills **Second Revised Page No. 23**
Cancelling First Revised Page No. 23

Rule No. 21. Net Payment **Second Revised Page No. 23**
Cancelling First Revised Page No. 23

Language has been modified to more closely reflect the current payment processes of the Company.

Rate RH – Residential Service Heating **Fourth Revised Page No. 34**
Cancelling Third Revised Page No. 34

Rate RA – Residential Service Add-On Heat Pump **Fourth Revised Page No. 37**
Cancelling Third Revised Page No. 37

The Rate Schedules have been modified to reflect the elimination of the declining block energy charge.

Rate GS/GM – General Service Small and Medium **Fifth Revised Page No. 40**
Cancelling Fourth Revised Page No. 40

The Rate Schedule has been modified to reflect the separation of Rate GS/GM less than 25 kW and equal to or greater than 25 kW.

Rate GS/GM – General Service Small and Medium **Fifth Revised Page No. 40**
Cancelling Fourth Revised Page No. 40

Rate GS/GM – General Service Small and Medium **Fifth Revised Page No. 41**
Cancelling Fourth Revised Page No. 41

Rate GS/GM – General Service Small and Medium **Fifth Revised Page No. 42**
Cancelling Fourth Revised Page No. 42

Rate GS/GM – General Service Small and Medium **First Revised Page No. 42A**
Cancelling Original Page No. 42A

Due to the elimination of the Maximum Average Charge and the redesign of the Rate Schedule, information currently contained within Rate Schedule GS/GM has been repaginated within Page No. 40, Page No. 41 and Page No. 42 and Page No. 42A has been deleted as it is no longer necessary.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES – (Continued)****Rate GS/GM – General Service Small and Medium****Fifth Revised Page No. 42
Cancelling Fourth Revised Page No. 42****Rate GMH – General Service Medium Heating****Fifth Revised Page No. 46
Cancelling Fourth Revised Page No. 46**

The Maximum Average Charge provision has been eliminated from Rate Schedule GS/GM and Rate Schedule GMH.

Rate GMH – General Service Medium Heating**Fifth Revised Page No. 45
Cancelling Fourth Revised Page No. 45****Fifth Revised Page No. 46
Cancelling Fourth Revised Page No. 46****Fifth Revised Page No. 46A
Cancelling Fourth Revised Page No. 46A**

Due to the elimination of the Maximum Average Charge, information currently contained within Rate Schedule GMH has been repaginated within Page No. 45 and Page No. 46 and Page No. 46A has been deleted as it is no longer necessary.

Rate GL – General Service Large**Fourth Revised Page No. 47
Cancelling Third Revised Page No. 47****Rate L – Large Power Service****Fourth Revised Page No. 53
Cancelling Third Revised Page No. 53**

The Rate Schedules have been modified to reflect the elimination of the Energy Charges.

Rate GLH – General Service Large Heating**Fourth Revised Page No. 50
Cancelling Third Revised Page No. 50**

The Rate Schedule has been modified to reflect the elimination of the Customer Distribution Charge and to reflect the movement to a flat energy charge per kilowatt-hour for the heating months (October to May).

Rate L – Large Power Service**Fourth Revised Page No. 53
Cancelling Third Revised Page No. 53**

The Rate Schedule has been modified to reflect the elimination of the declining block demand charge and the elimination of the Energy Charges.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES – (Continued)****Rate HVPS****Fourth Revised Page No. 57
Cancelling Third Revised Page No. 57**

The Rate Schedule has been modified to reflect a monthly fixed charge based on the monthly billing demand of the customers and elimination of the additional demand charge.

Rate HVPS**Third Revised Page No. 59
Cancelling Second Revised Page No. 59**

Language pertaining to calculating the applicable demand has been modified to reflect the current operations of the Company.

Rider Matrix**Original Page No. 79A**

A Rider Matrix which summarizes all of the Tariff Riders and applicability to each Rate Schedule has been added to the Tariff.

Rider No. 1 – Consumer Education Surcharge**Seventh Revised Page No. 80
Cancelling Sixth Revised Page No. 80**

Rider No. 1 – Consumer Education Surcharge has been modified to reflect that the base rate component has been set to zero for the non-lighting rate classes.

Rider No. 5 – Universal Service Charge**Fifth Revised Page No. 84
Cancelling Fourth Revised Page No. 84****Third Revised Page No. 85
Cancelling Second Revised Page No. 85**

Rider No. 5 – Universal Service Charge has been added to the Tariff as a cost recovery mechanism to recover the costs incurred by the Company to provide its Commission approved Universal Service and Energy Conservation Programs (“USECP”).

Rider No. 10 – State Tax Adjustment**Fifth Revised Page No. 94
Cancelling Fourth Revised Page No. 94**

Rider No. 10 – State Tax Adjustment has been modified to reflect that Part 1 of the STAS has been set to zero.

LIST OF MODIFICATIONS MADE BY THIS TARIFF**CHANGES – (Continued)****Rider No. 13 – General Service Separately Metered
Electric Space Heating Service****Fourth Revised Page No. 97
Cancelling Third Revised Page No. 97**

Language has been modified to reflect the current operations of the Company.

**Rider No. 14 – Residential Service Separately Metered
Electric Space and Water Heating****Third Revised Page No. 98
Cancelling Second Revised Page No. 98**

Language has been modified to reflect the elimination of the declining block energy charge in Rate Schedule RH.

INCREASES**Rate RS – Residential Service****Fourth Revised Page No. 32
Cancelling Third Revised Page No. 32****Rate RH – Residential Service Heating****Fourth Revised Page No. 34
Cancelling Third Revised Page No. 34****Rate RA – Residential Service Add-On Heat Pump****Fourth Revised Page No. 37
Cancelling Third Revised Page No. 37****Rate GS/GM – General Service Small and Medium****Fourth Revised Page No. 40
Cancelling Third Revised Page No. 40****Rate GMH – General Service Medium Heating****Fourth Revised Page No. 43
Cancelling Third Revised Page No. 43**

The Customer Distribution Charge has been changed resulting in an increase.

Rate RS – Residential Service**Fourth Revised Page No. 32
Cancelling Third Revised Page No. 32****Rate RH – Residential Service Heating****Fourth Revised Page No. 34
Cancelling Third Revised Page No. 34****Rate RA – Residential Service Add-On Heat Pump****Fourth Revised Page No. 37
Cancelling Third Revised Page No. 37****Rate GS/GM – General Service Small and Medium****Fourth Revised Page No. 40
Cancelling Third Revised Page No. 40**

LIST OF MODIFICATIONS MADE BY THIS TARIFF

INCREASES – (Continued)

Rate GMH – General Service Medium Heating

Fourth Revised Page No. 43
Cancelling Third Revised Page No. 43Fourth Revised Page No. 44
Cancelling Third Revised Page No. 44

Rate GL – General Service Large

Fourth Revised Page No. 47
Cancelling Third Revised Page No. 47

Rate L – Large Power Service

Fourth Revised Page No. 53
Cancelling Third Revised Page No. 53

Unit prices have changed resulting in increases.

Rate GMH – General Service Medium Heating

Fourth Revised Page No. 45
Cancelling Third Revised Page No. 45

Rate GLH – General Service Large Heating

Fourth Revised Page No. 51
Cancelling Third Revised Page No. 51

The Distribution Charge described within the Minimum Charge section of Rate Schedules GMH and GLH has changed resulting in an increase.

DECREASES

Rate AL – Architectural Lighting Service

Fourth Revised Page No. 61
Cancelling Third Revised Page No. 61

Rate UMS – Unmetered Service

Fourth Revised Page No. 74
Cancelling Third Revised Page No. 74

The Customer Distribution Charge has been changed resulting in a decrease.

Rate RA – Residential Service Add-On Heat Pump

Fourth Revised Page No. 37
Cancelling Third Revised Page No. 37

Rate GMH – General Service Medium Heating

Fourth Revised Page No. 43
Cancelling Third Revised Page No. 43

Rate GLH – General Service Large Heating

Fourth Revised Page No. 50
Cancelling Third Revised Page No. 50

Rate AL – Architectural Lighting Service

Fourth Revised Page No. 61
Cancelling Third Revised Page No. 61

Rate SM – Street Lighting Municipal

Fourth Revised Page No. 68
Cancelling Third Revised Page No. 68

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASES – (Continued)

Rate SH – Street Lighting Highway

Fourth Revised Page No. 71
Cancelling Third Revised Page No. 71

Rate UMS – Unmetered Service

Fourth Revised Page No. 74
Cancelling Third Revised Page No. 74

Rate PAL – Private Area Lighting

Fourth Revised Page No. 76
Cancelling Third Revised Page No. 76

Unit prices have changed resulting in decreases.

Rate SE – Street Lighting Energy

Fourth Revised Page No. 64
Cancelling Third Revised Page No. 64

The Monthly Charge per Lamp has changed resulting in a decrease.

Rate SM – Street Lighting Municipal

Fourth Revised Page No. 69
Cancelling Third Revised Page No. 69

Rate PAL – Private Area Lighting

Second Revised Page No. 78
Cancelling First Revised Page No. 78

The Pole Fee has changed, resulting in a decrease.

TABLE OF CONTENTS

	Page Number	
List of Modifications	2-2E	(C)
Table of Contents	3	
List of Communities Served	4-5	
RULES AND REGULATIONS	6-31	
RATES:		
RS Residential Service	32-33	
RH Residential Service Heating.....	34-36	
RA Residential Service Add-on Heat Pump.....	37-39	
GS/GM General Service Small and Medium	40-42A	
GMH General Service Medium Heating	43-46A	
GL General Service Large	47-49	
GLH General Service Large Heating	50-52	
L Large Power Service.....	53-56	
HVPS High Voltage Power Service	57-60	
AL Architectural Lighting Service.....	61-63	
SE Street Lighting Energy.....	64-67	
SM Street Lighting Municipal	68-70	
SH Street Lighting Highway	71-73	
UMS Unmetered Service.....	74-75	
PAL Private Area Lighting	76-78	
STANDARD CONTRACT RIDERS:		
General	79	
Rider Matrix	79A	(C)
No. 1 Consumer Education Surcharge	80-80A	
No. 2 Untransformed Service.....	81	
No. 3 School and Government Service Discount Period	82	
No. 4 Budget Billing HUD Finance Multi-Family Housing.....	83	
No. 5 These Pages Intentionally Left Blank <u>Universal Service Charge</u>	84-85	(C)
No. 6 Temporary Service.....	86	
No. 7 SECA Charge.....	87	
No. 8 Default Service Supply	88-88C	
No. 9 Day-Ahead Hourly Price Service	89-93A	
No. 10 State Tax Adjustment Surcharge	94	
No. 11 Street Railway Service.....	95	
No. 12 Billing Option - Volunteer Fire Companies and Nonprofit Senior Citizen Centers	96	
No. 13 General Service Separately Metered Electric Space Heating Service.....	97	
No. 14 Residential Service Separately Metered Electric Space and Water Heating	98-99	
No. 15 Energy Efficiency and Conservation and Demand Response Surcharge	100-100C	
No. 16 Service to Non-Utility Generating Facilities	101-102	
No. 17 Emergency Energy Conservation	103-104	
No. 18 Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities	105	
No. 19 Off-Peak Water Heating Service	106-107	
These Pages Intentionally Left Blank	108-109	
No. 21 Net Metering Service.....	110-112	
APPENDIX A:		
Transmission Service Charges	113-116	

(C) – Indicates Change

RULES AND REGULATIONS

THE ELECTRIC SERVICE TARIFF

- 1. FILING AND POSTING** A copy of the tariff, comprising the Rules and Regulations, Rates and Riders, and governing electric service, is filed with the Pennsylvania Public Utility Commission. A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed under the "Customer Service" tab at www.duquesnelight.com and is posted and open to inspection at the offices of the Company where payments are made by customers. (C)
- 2. REVISIONS** The tariff is subject to such change and modification as may be made from time to time in the manner prescribed by the Public Utility Law. If any rate for electric service is increased, the affected customer shall have the option of discontinuing service, but shall be obligated to pay the increased rate from the effective date thereof until service has been discontinued.
- 3. APPLICATION** Rates of the tariff apply only to the Company's Standard Service delivered from overhead supply lines except in certain restricted areas where the Company is required to provide underground distribution. Riders of the tariff amend or modify the terms governing the electric service under the rates to which they apply. Standard Service is alternating current of sixty cycles frequency, conforming as to voltage and phase with the following list of standard nominal service delivery voltages.

SINGLE-PHASE

120 volts, 2 wire
 120/240 volts, 3 wire
 120/208 volts, 3 wire
 230 volts, 2 wire
 460 volts, 2 wire
 230/460 volts, 3 wire
 2,400 volts, 2 wire
 23,000 volts, 2 wire

THREE-PHASE

120/208 volts, 4 wire	11,500 volts, 3 wire
230 volts, 3 wire	13,200/23,000 volts, 4 wire
277/480 volts, 4 wire	23,000 volts, 3 wire
460 volts, 3 wire	69,000 volts, 3 wire
2,400 volts, 3 wire	138,000 volts, 3 wire
2,400/4,160 volts, 4 wire	345,000 volts, 3 wire

The supply of electricity may be provided by the Company or by an alternative Electric Generation Supplier ("EGS"). Rates for the supply of electricity shall apply per applicable tariffs of the Company or the EGS.

3.1 DEFINITIONS

- (1) **Aggregator or Market Aggregator** - An entity, licensed by the Commission, which purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.
- (2) **Basic Services** - The services necessary for the physical delivery of electricity service including supply, transmission and distribution. Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning.
- (3) **Broker or Marketer** - An entity, licensed by the Commission, which acts as an agent or intermediary in the sale and purchase of electric energy but does not take title to electric energy.
- (4) **Commission** - The Pennsylvania Public Utility Commission.
- (5) **Company** - Duquesne Light Company.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

3.1 DEFINITIONS - (Continued)

- (6) **Customer** - A retail electric customer or potential customer of retail electricity service who are direct purchasers of electric power for use at their facility. Unless indicated otherwise, "retail customer" and "customer" used throughout this tariff shall have the same meaning. A residential customer is a natural person in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service or any adult occupant whose name appears on the mortgage, deed or lease of the property of which the residential utility service is requested.
- (7) **Default Service** - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of this tariff.
- (8) **Direct access** - The right of EGSs and retail customers to utilize and interconnect with the electric transmission and distribution system of the Company on a non-discriminatory basis at rates and terms and conditions of service comparable to the Companies' own use of the system to transport electricity from any generator of electricity to any retail customer.
- (9) **Distribution Charges** - Basic service charges for delivering electricity over a distribution system (e.g. wires, transformers, substations and other equipment) to the home or business from the transmission system. The distribution charge is regulated by the Commission. These charges include basic service under 52 Pa. Code §56.15 (4) (relating to billing information) and ~~universal service~~ Riders, as applicable. (C)
- (10) **Electric Distribution Company (EDC)** - Duquesne Light Company (the Company) owning and providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners or operators that manage the internal distribution system serving such building or facility and that supply electric power and other related electric power services to occupants of the building or facility.
- (11) **Electric Generation Suppliers (EGS)** - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to January 1, 1997. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

3.1 DEFINITIONS - (Continued)

- (12) **Electricity Provider** - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.
- (13) **Non-Basic Services** - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.
- (14) **Renewable Resource** - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.
- (15) **PJM** – PJM Interconnection, L.L.C.
- (16) **PJM Tariff** - the PJM Open Access Transmission Tariff (“OATT”) on file with the Federal Energy Regulatory Commission (“FERC”) and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.
- (17) **Supply Charges** - Basic service charges for acquiring or producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service.
- (18) **Transmission Charges** - Basic charges for the cost of transporting electricity over high voltage wires from the generator to the distribution system of the Company billed to customers that acquire their electricity from the Company. Customers who choose to acquire electricity from an EGS will be billed for transmission services by the EGS.

3.2 ELECTRIC GENERATION SUPPLIER TARIFF The rules and guidelines provided in the Company's “Electric Generation Supplier Coordination Tariff” (Supplier Tariff) shall apply to EGS’s accessing the Company’s transmission and distribution systems to supply electricity to retail customers. Those rules and guidelines pertaining to direct access procedures shall apply accordingly to customers who elect to purchase part or all of their electricity from an EGS. Copies of these rules may be obtained by calling, e-mailing or writing at the Company's business office. In addition, they may also be accessed under the offices “Customer Service” tab at www.duquesnelight.com and are posted and open to inspection at the offices of the Company where payments are made by customers. (C)

4. CONTRACTS The Company reserves the right to require non-residential customers to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and 66 Pa.C.S. § 2807. Extension of such facilities will not be conditioned on the customer’s agreement to purchase supply from the Company. Receipt of electric service by any entity, however, shall constitute the receiver a customer of the Company, subject to its rules and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service. (C)

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)4. **CONTRACTS – (Continued)**

and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service.

(C)

~~The Company at its sole discretion may enter into special contracts for electric service with industrial or commercial customers having load of at least 100 kW to address changing business needs or operating conditions, for incremental sales of at least 100 kW from existing or new industrial customers, or to address less expensive competitive alternatives for energy to be used for applications other than space heating. If requested by the Company, the customer shall provide to the Company, on a confidential basis, all information, records and financial analysis necessary to evaluate the customer's request for a special contract.~~

(C)

~~Terms and conditions of service will be mutually agreed upon by the Company and the customer and included in a signed contract, which will be filed with the Public Utility Commission. The Company at its sole discretion may request Public Utility Commission approval. The terms of the agreement will be confidential upon filing with the Commission. Rates established under special contracts will be sufficient to recover, at a minimum, all appropriate incremental costs. Any special contracts written to become effective on or after January 1, 2007, shall apply only to charges for the distribution service provided by the Company.~~

~~The contract shall contain all terms and conditions and the rates and charges to be paid for electric service. The contract shall be for a period of no less than five years and no greater than ten years.~~

~~The contract will be terminated by the Company if the Company charges are not paid when due as specified in Tariff Rule No. 21, before the addition of the Late Payment Charge. Upon termination of the contract under these conditions, the regular electric tariff rates will be applied to electric service rendered from that point forward. A new special contract will not be made available to a customer whose previous special contract was terminated because of failure to pay bills as specified in Tariff Rule No. 21.~~

RULES AND REGULATIONS – (Continued)THE ELECTRIC SERVICE TARIFF – (Continued)CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS4. CONTRACTS – (Continued)

- ~~○ The Company will calculate the PJM capacity and ancillary service charges described in Rider No. 9 excluding Pennsylvania gross receipts taxes.~~
- ~~○ The Company will subtract the ancillary service charges for the applicable rate schedule embedded in the generation rates. The embedded charges are \$0.17/kW and \$0.000387/kWh for rate schedule GL.~~
- ~~○ This difference will be divided by (1 – Pennsylvania gross receipts tax rate) to determine the incremental PJM capacity and ancillary services charge.~~

~~For contracts that contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract and the customer will be eligible to obtain electricity from an EGS only in accordance with the terms and conditions of the customer's contract. Upon expiration of their contract, special contract customers will default to Rider No. 9 – Hourly Price Service.~~

(C)

RULES AND REGULATIONS - (Continued)

INSTALLATION OF SERVICE

6. INSTALLATION RULES Service installations shall be made in accordance with the Company's "Electric Service Installation Rules," copies of which may be obtained by calling, e-mailing or writing at the Company's business office offices. In addition, the Rules may be accessed under the "Customer Service" tab at www.duquesnelight.com. (C)

7. SUPPLY LINE EXTENSIONS**A. Definitions**

For the purposes of this rule, the following definitions are applicable:

- (1) **Contractor cost** - The amount paid to a contractor for work performed on a line extension.
- (2) **Direct labor cost** - The pay and expenses of public utility employees directly attributable to work performed on line extensions, but does not include construction overheads or payroll taxes, workers' compensation expenses, or similar expenses.
- (3) **Direct material cost** - The purchase price of materials used for a line extension, but does not include the related stores expenses. In computing direct material costs, proper allowance should be made for unused materials recovered from temporary structures, and discounts allowed and realized in the purchase of materials.
- (4) **Total construction cost** - The contractor cost, direct labor cost, direct material cost, stores expense, construction overheads, payroll taxes, workers' compensation expenses, or similar expenses.
- (5) **Current Year** - For purposes of calculating a revenue guarantee, current year shall be each consecutive period of twelve (12) calendar months following the date permanent electric delivery service was first provided to a customer.
- (6) **Income Tax** - Federal and State tax relating to the tax liability of contributions in aid-of-construction ("CIAC").

B. Overhead Areas

- (1) In areas where the existing supply lines are overhead, the Company will construct and maintain extensions of all single-phase overhead supply lines operating at 23,000 volts or less to the customer's property line without a guarantee of revenue.

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)**14.2 CUSTOMER REQUEST FOR SPECIAL METERING – (Continued)**

The Company has adopted a program that provides all customers with meters to provide data for normal monthly billing services. In the event that a residential or small commercial customer, or an EGS on behalf of a residential or small commercial customer, requests an upgrade to an Alpha Powerplus meter, which the Company provides for large commercial and industrial customers, installation of that meter will be provided at a cost of \$586.00, plus additional costs if a dedicated phone line is not provided by the customer. These net incremental charges, as set forth in the Company's Advance Meter Catalog, may be paid to the Company by either the customer or the EGS, or jointly by the customer and the EGS pursuant to a mutual agreement.

14.3 SUB-METERING If a customer wishes to have metering installed in addition to the Company installed meter, the meter must be installed on the customers electrical system and at the expense of the customer.

15. INABILITY TO READ RESIDENTIAL METERS When scheduled readings of kilowatt-hour meters are not obtained because of inability to gain access to the meter location, the customer may read his meter and furnish the Company the reading on cards supplied by the Company, or by telephone to the Company, in which case the bill will be rendered on the basis of such reading; otherwise, the Company will estimate the bill. No more than five (5) successive bills will be rendered on readings made by the customer.

15.1 INABILITY TO READ COMMERCIAL OR INDUSTRIAL METERS When scheduled readings of kilowatt-hour and demand meters are not obtained, the Company may render an interim statement for each month until the meters are read.

16. USE OF SERVICE BY CUSTOMER The customer shall use the electric service only at the premise where service is established; and after electric service has been established, shall notify the Company of any change in connected load, demand, or other conditions of use. The customer shall notify the Company of other on site sources of electric generation or electricity concurrently produced as a by-product of another process or electricity produced utilizing renewable resources. Customers who own and operate electric generation equipment shall conform with the Company's "Electric Service Installation Rules," copies of which may be obtained by calling, e-mailing or writing at the Company's business office offices or under the "Customer Service" tab at www.duquesnelight.com. For customers who own and operate electric generation, the provisions of Rider No. 16 - Service to Non-Utility Generating Facilities and Rider No. 21 - Net Metering Service may also apply. (C)

17. FLUCTUATIONS AND UNBALANCES The customer's use of electric service shall not cause fluctuating loads or unbalanced loads of sufficient magnitude to impair the service to other customers or to interfere with the proper operation of the Company's facilities. The Company may require the customer to make such changes in his equipment or use thereof, or to install such corrective equipment, as may be necessary to eliminate fluctuating or unbalanced loads; or, where the disturbances caused thereby may be eliminated more economically by changes in or additions to the Company's facilities, the Company will, at the request of the customer, provide the necessary corrective facilities at a reasonable charge. Payment will be made in full in advance for supplying special equipment installed under this Rule.

RULES AND REGULATIONS - (Continued)

MEASUREMENT AND USE OF SERVICE - (Continued)

18. REDISTRIBUTION All electric energy shall be consumed by the customer to whom the Company supplies and delivers such energy, except that (1) a customer operating a separate office building, and (2) any other customer who, upon showing that special circumstances exist, obtains the written consent of the Company may redistribute electric energy to tenants of such customer, but only if such tenants are not required to make a specific payment for such energy, except where such payments would encourage energy conservation. This Rule shall not affect any practice undertaken prior to June 1, 1965. See Rule No. 41 for special requirements for residential dwelling units in a building.

19. CONTINUITY AND SAFETY The Company will use all reasonable care to provide safe and continuous delivery of electricity but shall not be liable for any damages arising through interruption of the delivery of electricity or for injury to persons or property resulting from the use of the electricity delivered.

BILLS AND NET PAYMENT PERIODS

20. BILLING The Company will render a bill monthly for electric service.

20.1 BILLING OPTIONS Customers who elect to purchase their electricity from an Electric Generation Supplier ("EGS") may choose: (1) Consolidated Billing and receive a single bill from the Company that includes Company charges and EGS charges; or (2) Separate Billing and receive one bill from the Company for Company charges and a second bill from the EGS for EGS charges. The customer's billing option will be communicated to the Company by the EGS, in accordance with the provisions contained in the Company's Supplier Tariff.

20.2 BILLS Bills for electric service are due and payable upon presentation and may be paid with a check or money order and placed in the payment drop box located at the general Company's business offices-office of the Company during its regular office hours- by any of the means listed under the "Billing and Payment Conveniences" as described on Page 2 of the customer's bill or to any of its collecting agencies during the regular office hours of such agencies. For customers who select an EGS and who select the Separate Billing Option, payment of the bill from the EGS is due to the EGS per the EGS terms and conditions. When the meter readings are taken at other than monthly intervals or when the elapsed time between meter readings is substantially greater or less than one month, the rate values applicable to monthly delivery periods will be adjusted. (C)

21. NET PAYMENT Payments placed in the payment drop box at the Company's business office made direct at the payment receiving offices of the Company or payments made direct to the Company's collecting agencies by the due date will be accepted by the Company in the amount billed as per the terms stated at each respective location. Payments made by mail may be accepted in the amount billed by the Company, at its option, if: ~~(1) the date of mailing as determined by the Post Office date stamp on the enclosing envelope is on or before the due date, or (2) the payment is received within five (5) days after the due date.~~ A Late Payment Charge will be added to Company charges for failure to make payment of the bill in accord with the above. (C)

21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE The Company will designate a due date on its bill which shall be a business day no less than 20 days from the date of transmittal of the bill. When the due date for residential service occurs from the 21st day of the month through the 5th day of the following month, the due date may be extended upon request to the 6th day of the latter month for ratepayers receiving Social Security or equivalent monthly checks on or about the first of the month.

RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, and general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge	\$7.00\$8.50	<u>(I)</u>
------------------------------------	--------------	------------

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	4.23135.2860	7.860	<u>(I)</u>

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

(I) – Indicates Increase

RATE RH - RESIDENTIAL SERVICE HEATING

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge.....	\$7.00\$8.50	(I)
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WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
First 500 kilowatt-hours <u>All</u> kilowatt-hours	4.23134.4142	7.860	(I)
Additional kilowatt-hours	2.1912	7.860	

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	4.23135.2860	7.860	(I)

(I) – Indicates Increase

(C) – Indicates Change

RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and an add-on heat pump for space heating. Other energy sources may be used to supplement the add-on heat pump provided that the supplemental energy source is thermostatically controlled to operate only when the outdoor temperature falls to at least 40° F and the add-on heat pump cannot provide the total heating requirements.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge	\$7.00\$8.50	<u>(I)</u>
------------------------------------	--------------	------------

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
First 500 kilowatt-hours All kilowatt-hours	2.895 32.1017	7.860	<u>(D)</u>
Additional kilowatt-hours	1.4994	7.860	

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	2.89535.2860	7.860	<u>(I)</u>

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM

AVAILABILITY

Available for all the standard electric service taken on a small or medium general service customer's premises for which a residential rate is not available.

MONTHLY RATE FOR NON-DEMAND METERED CUSTOMERS

CUSTOMER CHARGE

Customer Distribution Charge	\$7.00\$8.50	(I)
------------------------------------	--------------	-----

ENERGY CHARGES

**Distribution Charge
cents per kilowatt-hour**

All kilowatt-hours	4.23135.9741	(I)
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SUPPLY CHARGES

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

MONTHLY RATE FOR DEMAND METERED CUSTOMERS

DISTRIBUTION CHARGES (C)

	<u>GM < 25 kW</u>	<u>GM ≥ 25 kW</u>	
<u>Customer Charge</u>	\$30.00\$56.35	\$30.00\$56.35	(I)
<u>Demand Charges</u>	<u>\$ per kilowatt</u>		
<u>First 5 kilowatts or less of Demand</u>	<u>No Charge</u>	<u>No Charge</u>	
<u>Additional kilowatts of Demand</u>	4.845.09	4.845.09	(I)
<u>Energy Charges</u>	<u>¢ per kilowatt-hour</u>		
<u>All kilowatt-hours</u>	0.83230.9224	0.83231.1191	(I)

SUPPLY CHARGES (C)

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

CUSTOMER CHARGE

Customer Distribution Charge	\$30.00	
------------------------------------	---------	--

(I) – Indicates Increase

(C) – Indicates Change

ISSUED: JULY 23, 2010

EFFECTIVE: SEPTEMBER 21, 2010

DEMAND CHARGES

	Distribution Charge <u>\$ per kilowatt</u>
First 5 kilowatts or less of Demand	No Charge
Additional kilowatts of Demand	4.84

ENERGY CHARGES

	Distribution Charge <u>cents per kilowatt-hour</u>	(C)
All kilowatt-hours	0.8323	

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)MONTHLY RATE FOR NON-DEMAND AND DEMAND METERED CUSTOMERS

(C)

ELECTRIC CHARGES

The Supply Charges for customers will be updated through competitive requests for proposal described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to non-demand metered customers, customers with monthly metered demand less than 25 kW and customers with monthly metered demand equal to or greater than 25 kW shall be as described in Rider No. 8 and for the effective periods defined in Rider No. 8.

For purposes of determining the monthly rate for demand metered customers, Duquesne Light shall evaluate the customer’s twelve (12) most recent months of monthly metered demand for that customer available in October of the preceding year. If the customer’s monthly metered demand is less than 25 kW in each of the twelve (12) months, then that customer shall be charged the monthly rate for demand metered customers less than 25 kW for the next calendar year and automatically assigned to that rate effective with their January billing. If the customer’s monthly metered demand is 25 kW or greater for any single month of the twelve (12) month period, then that customer shall be charged the monthly rate for demand metered customers equal to or greater than 25 kW for the next calendar year and automatically assigned to that rate as their default service rate effective with their January billing. In no instance shall a customer be eligible for more than one default service offering at a time. A new customer or a customer with limited or no historical data shall be eligible for and assigned to the applicable rate based on Duquesne Light’s estimate of the customer’s peak monthly metered demand for the next twelve (12) month period.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

(C)

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

(C)

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

(C)

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(C)

MINIMUM CHARGE

(C)

(C)

The Minimum Charge shall be the sum of the Customer Distribution Charge plus a Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand, during the preceding eleven months, whichever is greater, plus the current billing period charges for Company supplied transmission and supply service, if any. The Demand Charge shall be determined using the Distribution Charge only, but shall not be less than the Customer Distribution Charge.

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)**MONTHLY RATE – (Continued)**

~~The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.~~

~~Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.~~

~~For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.~~

(C)

~~Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.~~

MINIMUM CHARGE

~~The Minimum Charge shall be the sum of the Customer Distribution Charge plus a Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand, during the preceding eleven months, whichever is greater, plus the current billing period charges for Company-supplied transmission and supply service, if any. The Demand Charge shall be determined using the Distribution Charge only, but shall not be less than the Customer Distribution Charge.~~

RIDERS

~~Bills rendered under this schedule are subject to the charges stated in any applicable rider.~~

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

(C)

MONTHLY RATE – (Continued)**MAXIMUM AVERAGE CHARGE**

~~For customers who elect to purchase their electricity from the Company, the total average charge for distribution and transmission calculated under the rates contained in this Tariff shall not exceed 8.64 cents per kilowatt-hour except by reason of the Minimum Charge.~~

~~For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 8.64 cents per kilowatt-hour had they purchased their electricity from the Company, the average charge for distribution shall not exceed 7.88 cents per kilowatt-hour.~~

~~The maximum average charges shall be allocated among distribution and transmission, where applicable, and billed as follows:~~

Maximum Average Distribution Charge cents per kilowatt-hour	Maximum Average Transmission Charge cents per kilowatt-hour
7.88	0.76

~~This provision is only applicable for those bills that include demand billed on the above Demand Charges.~~

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before fifteen days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above.

CONTRACT PROVISIONS

Contracts will be written for a period of not less than one year.

(C) – Indicates Change

ISSUED: JULY 23, 2010EFFECTIVE: SEPTEMBER 21, 2010

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders."

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)MONTHLY RATE - (Continued)SUMMER MONTHLY RATE – (Continued)

For the Billing Months of June through September: - (Continued)

ENERGY CHARGES**Distribution Charge**
cents per kilowatt-hour

All kilowatt-hours

0.83230.9224

(I)

SUPPLY CHARGES

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

ELECTRIC CHARGES

The Supply Charges for customers will be updated through competitive requests for proposal described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to non-demand metered customers, customers with monthly metered demand less than 25 kW and customers with monthly metered demand equal to or greater than 25 kW shall be as described in Rider No. 8 and for the effective periods defined in Rider No. 8.

For purposes of determining the monthly rate for demand metered customers, Duquesne Light shall evaluate the customer’s twelve (12) most recent months of monthly metered demand for that customer available in October of the preceding year. If the customer’s monthly metered demand is less than 25 kW in each of the twelve (12) months, then that customer shall be charged the monthly rate for demand metered customers less than 25 kW for the next calendar year and automatically assigned to that rate effective with their January billing. If the customer’s monthly metered demand is 25 kW or greater for any single month of the twelve (12) month period, then that customer shall be charged the monthly rate for demand metered customers equal to or greater than 25 kW for the next calendar year and automatically assigned to that rate as their default service rate effective with their January billing. In no instance shall a customer be eligible for more than one default service offering at a time. A new customer or a customer with limited or no historical data shall be eligible for and assigned to the applicable rate based on Duquesne Light’s estimate of the customer’s peak monthly metered demand for the next twelve (12) month period.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES – (Continued)**

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge for the first kilowatt, plus a Distribution Charge of \$5.09 per kW, plus the current billing period charges for Company supplied transmission and supply service, if any. The Minimum Charge shall not be less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be calculated in accordance with the Minimum Charge provisions in Rate GS/GM. (I)

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before fifteen days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GS/GM.

RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

MONTHLY RATE - (Continued)

STANDARD CONTRACT RIDERS

(C)

For modifications of the above rate under special conditions, see "Standard Contract Riders."

SPECIAL PROVISION

Any renewable energy source system that produces electric energy may not be interconnected with circuits supplied by the Company's service except upon written approval from the Company.

MAXIMUM AVERAGE CHARGE

~~For customers who elect to purchase their electricity from the Company, the total average charge for distribution and transmission calculated under the above rates shall not exceed 8.64 cents per kilowatt-hour except by reason of the Minimum Charge.~~ **(C)(D)**

~~For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 8.64 cents per kilowatt-hour had they purchased their electricity from the Company, the average charge for distribution shall not exceed 7.88 cents per kilowatt-hour.~~ **(D)**

~~The maximum average charges shall be allocated among distribution and transmission, where applicable, and billed as follows:~~ **(C)**

Maximum Average Distribution Charge cents per kilowatt-hour	Maximum Average Transmission Charge cents per kilowatt-hour
7.88	0.76

(C)

~~This provision is only applicable for those bills that include demand billed during the billing months of June through September.~~

MINIMUM CHARGE

~~For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge for the first kilowatt, plus a Distribution Charge of \$4.55 per kW, plus the current billing period charges for Company supplied transmission and supply service, if any. The Minimum Charge shall not be less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be calculated in accordance with the Minimum Charge provisions in Rate GS/GM.~~

RIDERS

~~Bills rendered under this schedule are subject to the charges stated in any applicable rider.~~

LATE PAYMENT CHARGE

~~Bills will be calculated on the rates stated herein, and are due and payable on or before fifteen days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.~~

(C) – Indicates Change

(D) – Indicates Decrease

RATE GMH - GENERAL SERVICE MEDIUM HEATING -- (Continued)

-(C)

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GS/GM.

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders."

SPECIAL PROVISION

Any renewable energy source system that produces electric energy may not be interconnected with circuits supplied by the Company's service except upon written approval from the Company.

RATE GL - GENERAL SERVICE LARGE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the demand is not less than 300 kilowatts.

MONTHLY RATE

SUPPLY

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION

DEMAND CHARGES

First 300 kilowatts or less of Demand	\$2,121.00 <u>\$2,424.00</u>	(I)
Additional kilowatts of Demand	\$8.66 <u>\$6.45</u> per kW	(I)

ENERGY CHARGES

All kilowatt-hours	0.1236 cents per kWh	(C)
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ELECTRIC CHARGES

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE GLH - GENERAL SERVICE LARGE HEATING

AVAILABILITY

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

CUSTOMER CHARGE

(C)

Customer Distribution Charge\$30.00

SUPPLY

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION

For the Billing Months of October through May:

ENERGY CHARGES

(C)

All kilowatt-hours 1.9607 cents per kWh

(D)

First 1,250 kilowatt-hours plus 150 kilowatt-hours 3.7110 cents per kWh
 for each kilowatt of Demand over 6 kilowatts

Additional kilowatt-hours 0.1236 cents per kWh

For the Billing Months of June through September:

Rate GL shall apply.

RATE GLH - GENERAL SERVICE LARGE HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge for the first kilowatt plus a Distribution Charge of ~~\$5.57~~\$8.66 per kW and the charges for Company supplied transmission and supply, if any. For Company supplied transmission and supply, the transmission charges shall be calculated as set forth in Appendix A and the supply charges shall be calculated as set forth under Rider No. 9. The Minimum Charge shall not be less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be calculated in accordance with the Minimum Charge provisions contained in Rate GL. (l)

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before fifteen days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

RATE L - LARGE POWER SERVICE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the Contract Demand is not less than 5,000 kilowatts.

MONTHLY RATE

SUPPLY

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION

DEMAND CHARGES

First 5,000 kilowatts or less of Demand	\$30,555.00 <u>\$34,250.00</u>	(C)
Next 10,000 kilowatts of Demand	\$6.04 per kW	(I)
Additional kilowatts of Demand	\$5.89 <u>\$8.33</u> per kW	(I)

ENERGY CHARGES

All kilowatt hours	0.1100 cents per kWh	(C)
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ELECTRIC CHARGES

The Company will provide and charge for Transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE HVPS - HIGH VOLTAGE POWER SERVICE

AVAILABILITY

Available to customers with Contract On-Peak Demands greater than 30,000 kilowatts where service is supplied at 69,000 volts or higher.

MONTHLY RATE

SUPPLY

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

DISTRIBUTION

DEMAND CHARGES

First 30,000 kilowatts or less of On-Peak Demand	\$9,114.90
Additional kilowatts of Demand	\$0.11 per kW

(C)

FIXED MONTHLY CHARGE

Up to and Including 50,000 kW Billing Demand	\$13,320.11
50,001 kW to 100,000 kW Billing Demand	\$19,297.34
Greater than 100,000 kW Billing Demand	\$26,244.21

(C)

ELECTRIC CHARGES

The Company will provide and charge for Transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(C) – Indicates Change

ISSUED: JULY 23, 2010

EFFECTIVE: SEPTEMBER 21, 2010

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)

ON-PEAK AND OFF-PEAK CONTRACT DEMAND – (Continued)

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours.

The Off-Peak Demand is the demand during off-peak hours.

The Billing Demand is the On-Peak Demand except where the Off-Peak Demand is more than three times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand. Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

These demands will apply only for purposes of calculating the applicable ~~transmission and distribution~~ charges under this rate and do not apply to demand for transmission service or electric supply. (C)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Thursday
10:00 a.m. to 9:00 p.m.

Friday
10:00 a.m. to 5:00 p.m.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rate and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

CONTRACT PROVISION

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term.

The Company reserves the right to refuse contracts hereunder if, in its judgment, its generating or transmission capacity is no more than adequate to meet the requirements of its existing customers.

RATE AL - ARCHITECTURAL LIGHTING SERVICE

AVAILABILITY

Available for separately metered circuitry connected solely to outdoor architectural lighting equipment, with demand of 5 kilowatts or greater, to be operated during non-peak periods.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge	\$7.50		<u>\$5.91</u>	(D)
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DEMAND CHARGES

**Distribution Charge
\$ per kilowatt**

All kilowatts of Demand	1.40		<u>1.10</u>	(D)
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ENERGY CHARGES

**Distribution Charge
cents per kilowatt-hour**

**Supply Charge
cents per kilowatt-hour**

All kilowatt-hours	0.199		<u>0.1569</u>		5.840	(D)
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ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

(D) – Indicates Decrease

RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

Available for the entire electric energy requirements of municipal street lighting systems where the municipality has not less than 15,000 street lamp installations and provides for the ownership, operation, and maintenance of its own street lamp installations and takes its entire energy requirements for street lighting under this rate.

MONTHLY RATE

DISTRIBUTION CHARGE

Monthly charge per lamp\$3.17\$2.67

(D)

SUPPLY CHARGE

All kilowatt-hours 5.840 cents per kWh

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE SM - STREET LIGHTING MUNICIPAL

AVAILABILITY

Available for mercury vapor and high pressure sodium lighting of public streets, highways, bridges, parks and similar public places, for normal dusk to dawn operation of approximately 4,200 hours per year.

(Available for mercury vapor street lighting only where served prior to January 30, 1983, and continuously thereafter at the same location.)

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	
Mercury Vapor				
100	44	\$12.52 \$9.87	\$2.57	(D)
175	74	\$12.78 \$10.07	\$4.32	(D)
250	102	\$13.03 \$10.27	\$5.96	(D)
400	161	\$13.54 \$10.67	\$9.40	(D)
1,000	386	\$15.59 \$12.29	\$22.54	(D)
Sodium Vapor				
70	29	\$12.94 \$10.20	\$1.69	(D)
100	50	\$13.04 \$10.28	\$2.92	(D)
150	71	\$13.22 \$10.42	\$4.15	(D)
250	110	\$13.57 \$10.70	\$6.42	(D)
400	170	\$14.11 \$11.12	\$9.93	(D)
1,000	387	\$16.23 \$12.79	\$22.60	(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

(D) – Indicates Decrease

ISSUED: JULY 23, 2010

EFFECTIVE: SEPTEMBER 21, 2010

RATE SM - STREET LIGHTING MUNICIPAL - (Continued)**MONTHLY RATE – (Continued)****ELECTRIC CHARGES – (Continued)**

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charges by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RIDERS

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before thirty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

POLES

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$40.26\$8.09 (D) for each pole required.

RATE SH - STREET LIGHTING HIGHWAY

AVAILABILITY

Available for high intensity discharge lighting of state highways for normal dusk to dawn operation of approximately 4,200 hours per year where the highway lighting system acceptable to Duquesne Light Company is installed by the State and ownership of the entire highway lighting system has been transferred to the Company for a nominal consideration.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	
Sodium Vapor				
100	50	\$13.04 \$10.28	\$2.92	(D)
150	71	\$13.22 \$10.42	\$4.15	(D)
200	95	\$13.40 \$10.56	\$5.55	(D)
400	170	\$14.11 \$11.12	\$9.93	(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

RATE UMS – UNMETERED SERVICE

AVAILABILITY

Available to customers using unmetered standard service at each point of connection for customer-owned and maintained equipment such as traffic signals, communication devices and billboard lighting.

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge	\$10.009.98	(D)
------------------------------------	-------------	-----

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	2.56022.5551	7.027	(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the Distribution Charge by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE PAL - PRIVATE AREA LIGHTING

AVAILABILITY

Available for high pressure sodium lighting and flood lighting of residential, commercial and industrial private property installations including parking lots, for normal dusk to dawn operation of approximately 4,200 hours per year.

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	
High Pressure Sodium				
70	29	\$12.94 \$10.20	\$1.69	(D)
100	50	\$13.04 \$10.28	\$2.92	(D)
150	71	\$13.22 \$10.42	\$4.15	(D)
250	110	\$13.57 \$10.70	\$6.42	(D)
400	170	\$14.11 \$11.12	\$9.93	(D)
Flood Lighting				
100	46	\$14.35 \$11.31	\$2.69	(D)
250	100	\$14.93 \$11.77	\$5.84	(D)
400	155	\$15.52 \$12.23	\$9.05	(D)

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$3.17 \$2.50	\$1.69	(D)
100	46	\$3.17 \$2.50	\$2.69	(D)
150	67	\$3.17 \$2.50	\$3.91	(D)
250	100	\$3.17 \$2.50	\$5.84	(D)
400	155	\$3.17 \$2.50	\$9.05	(D)

(D) – Indicates Decrease

ISSUED: JULY 23, 2010

EFFECTIVE: SEPTEMBER 21, 2010

RATE PAL - PRIVATE AREA LIGHTING - (Continued)**MONTHLY RATE - (Continued)****POLES – (Continued)**

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of ~~\$40.26~~\$8.09 for each pole required.

(D)**SPECIAL TERMS AND CONDITIONS**

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service.
3. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

STANDARD CONTRACT RIDERS – (Continued)

(C)

RIDER MATRIX

	R S	R H	R A	GS/GM	GMH	G L	GL H	L	HVP S	AL	S E	SM	S H	UMS	PA L
Rider No. 1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 2				X	X	X	X								
Rider No. 3				X	X	X	X	X							
Rider No. 4				X	X	X	X								
Rider No. 5	X	X	X												
Rider No. 6				X											
Rider No. 7	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 8				X	X										
Rider No. 9						X	X	X	X						
Rider No. 10	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 11				X		X									
Rider No. 12				X	X										
Rider No. 13				X											
Rider No. 14	X														
Rider No. 15	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 16				X	X	X	X	X							
Rider No. 17						X	X	X	X						
Rider No. 18	X	X	X	X	X	X	X								
Rider No. 19	X	X	X	X											
Rider No. 21	X	X	X	X	X	X									
Appendix A	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Rider Titles:

- Rider No. 1 – Consumer Education Surcharge
- Rider No. 2 – Untransformed Service
- Rider No. 3 – School and Government Service Discount Period
- Rider No. 4 – Budget Billing HUD Finance Multi-Family Housing
- Rider No. 5 – Universal Service Charge
- Rider No. 6 – Temporary Service
- Rider No. 7 – SECA Charge
- Rider No. 8 – Default Service Supply
- Rider No. 9 – Day-Ahead Hourly Price Service
- Rider No. 10 – State Tax Adjustment
- Rider No. 11 – Street Railway Service
- Rider No. 12 – Billing Option – Volunteer Fire Companies and Nonprofit Senior Citizen Centers
- Rider No. 13 – General Service Separately Metered Electric Space Heating Service
- Rider No. 14 – Residential Service Separately Metered Electric Space and Water Heating
- Rider No. 15 – Energy Efficiency and Conservation and Demand Response Surcharge
- Rider No. 16 – Service to Non-Utility Generating Facilities
- Rider No. 17 – Emergency Energy Conservation
- Rider No. 18 – Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities
- Rider No. 19 – Off-Peak Water Heating Service
- Intentionally Left Blank
- Rider No. 21 – Net Metering Service
- Appendix A – Transmission Service Charges

(C) – Indicates Change

ISSUED: JULY 23, 2010

EFFECTIVE: SEPTEMBER 21, 2010

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 1 – CONSUMER EDUCATION SURCHARGE

(Applicable to all Rates)

The Consumer Education Surcharge (“CES”) is instituted as a cost recovery mechanism to recover the costs associated with implementing the Company’s Consumer Education Plan. The CES has been added per Commission Order dated August 21, 2008, at Docket No. M-2008-2032278. The CES will be recomputed annually and filed, to be effective June 1 of each year, unless the new rate is such a small change as to warrant no change in rates. The CES shall be applied to all customers’ bills. The CES process will reconcile actual consumer education costs with those calculated to be in base rates.

MONTHLY CES RATES

Tariff Rate Class	Monthly Surcharge Per Customer (cents)
Rate RS	0.0013.00
Rate RH	0.0013.00
Rate RA	0.0013.00
Rate GS	0.0025.00
Rate GM < 25 kW	0.0025.00
Rate GM > 25 kW	0.0029.00
Rate GMH < 25 kW	0.0025.00
Rate GMH > 25 kW	0.0029.00
Rates GL, GLH, L and HVPS	0.0020.00
Rates AL, SE, UMS, SM, SH and PAL	0.00

(C)

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The CES, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The CES shall be determined in cents per month in accordance with the formula set forth below and shall be applied to all customers served during any part of a billing month:

$$CES = [((CE - e) / (C * 12) * 100) - B] * [1 / (1 - T)]$$

- Where
- CES** = Consumer Education Surcharge, a fixed charge in cents per month, to be billed to each customer served under the applicable Tariff rate class.
 - B** = Consumer education costs calculated to be in base rates, in cents per month, for each customer class.
 - CE** = Projected annual consumer education costs in dollars for each customer class for the filing year.
 - C** = Projected average number of customers per customer class for the filing year.
 - e** = The net overcollection or undercollection of the consumer education program costs as computed for each customer class as of the end of the reconciliation year.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 5 – UNIVERSAL SERVICE CHARGE
(Applicable to Rate Schedules RS, RH and RA)APPLICABILITY

The Universal Service Charge (“USC”) is instituted as a cost recovery mechanism to recover the costs incurred by the Company to provide its Commission approved Universal Service and Energy Conservation Plan. The USC shall be applicable to all residential customers who take distribution service under Rate Schedules RS, RH and RA except for residential customers in the Company’s Customer Assistance Program (“CAP”). The USC provides for the recovery of the costs, excluding internal administrative costs, associated with universal service programs provided by the Company to residential customers. The USC shall be determined to the nearest one-thousandth of one (1) cent per kilowatt-hour (“kWh”) in accordance with the formula set forth below and shall be applied to all kilowatt-hours delivered during the billing month. The USC is a non-bypassable charge.

RATE

In addition to the charges provided in this Tariff, an amount of X.XXX cents per kilowatt-hour shall be added to the distribution energy charges per kilowatt-hour of each applicable rate schedule to determine the total per kilowatt-hour charge. The USC shall not be applicable to customers enrolled in the Company’s CAP.

CALCULATION OF CHARGE

$$USC = [(US_c / S_{Res}) - (E / S_{Res})] * 100 * [1 / (1 - T)]$$

Where: USC = The charge, in cents per kilowatt-hour, to be applied to each kilowatt-hour delivered to all applicable non-CAP customers who take distribution service under the residential retail rate schedules under this Tariff.

US_c = Universal Service Program costs, which are the estimated direct and external administrative costs to be incurred by the Company to provide Universal Service to customers for the USC Computational Year. Such costs shall include, but are not limited to, preparation of the Needs Assessment, Universal Service Plan development, Impact Evaluation and educational materials. Universal Service Programs include the following programs which may change from time to time:

- Customer Assistance Program (“CAP”): CAP costs will be calculated to include the projected CAP discount as the difference between the bill at current rates and the CAP payment for current customers, based upon the current discounts at normalized annual volumes of the then-current CAP participants, the projected CAP discount for projected customer additions to the CAP program during the Computational Year at the average discount of current CAP participants at normalized annual volumes, the projected CAP customer costs (e.g. new applications, maintenance and annual recertification) and the projected CAP pre-program arrearages to be forgiven and written off during the USC Computational Year.
- Smart Comfort Program [Low Income Usage Reduction Program (“LIURP”): LIURP costs will be calculated based on the projected number of homes that participate in the usage reduction program and the average cost per visit.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 5 – UNIVERSAL SERVICE CHARGE - (Continued)
(Applicable to Rate Schedules RS, RH and RA)CALCULATION OF CHARGE – (Continued)

- Customer Assistance and Referral Evaluation Services (“CARES”): CARES costs will be calculated based on the projected annual Community Based Organization (“CBO”) program costs and costs for administering the program.
- Hardship Fund: Hardship Fund costs will be calculated based on the projected annual program costs and CBO costs for administering the program.
- Any other replacement or Commission-mandated Universal Service Program or low income program that is implemented during the Reconciliation or Computational Year.

S_{Res} = The Company’s projected retail kilowatt-hour sales for the projected USC billing period for all applicable non-CAP customers who take distribution service under the residential retail rate schedules under this Tariff.

E = The over- or under- collection of actual Universal Service Program costs and revenue that result from the billing of the USC during the USC Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest. Interest shall be computed monthly at the statutory legal rate of interest, from the month the over or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped.

T = The Pennsylvania Gross Receipts Tax in effect, expressed in decimal form.

ANNUAL UPDATE

The USC shall be filed with the Commission by December 1 of each year. The USC shall become effective the following January 1 and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that the USC, if left unchanged, would result in material over- or under- collection of all Universal Service Program costs incurred or expected to be incurred during the current twelve (12) month period ending December 31, the Company may request that the Commission authorize interim revisions to the USC to become effective thirty (30) days from the date of filing upon Commission approval.

For purposes of this Rider, the USC Computational Year will be the twelve (12) month period from January 1 through December 31 of each calendar year and the USC Reconciliation Year will be the twelve (12) month period from November 1 through October 31 immediately preceding the USC Computational Year.

The initial Computational Year shall be the period April 1, 2011, ending December 31, 2011, after which the twelve (12) month planning year as described above will begin.

Rider No. 10 – State Tax Adjustment shall be applicable to the charge defined in this Rider.

The USC shall be subject to review and audit by the Commission.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 10 - STATE TAX ADJUSTMENT

(Applicable to All Rates)

In addition to the charges provided in this Tariff, a two-part surcharge will apply to all bills rendered by the Company, pursuant to the Pennsylvania Public Utility Commission authorization of March 10, 1970, to compensate the Company for new and increased taxes imposed by the General Assembly.

Part 1 of the surcharge, at a rate of 0.0000% (~~0.1988%~~) will include Capital Stock Tax, Corporate Net Income Tax, and Public Utility Realty Tax, which will be applied to the distribution charges of customer bills. (C)

Part 2 of the surcharge, at a rate of 0.0000% will include Gross Receipts Tax and will be applied to all portions of customer bills.

The Company will recompute the surcharge using the elements prescribed by the Commission's March 10, 1970, authorization:

1. Whenever any of the tax rates used in computing the surcharge is changed, in which case the recomputation shall take into account the changed tax rate.
2. Whenever the Company makes effective increased or decreased rates (other than net energy clause), in which case the recomputation shall take into account the adjustments prescribed by the Commission's March 10, 1970, authorization.
3. On December 22, and each year thereafter.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation: and if the recomputed surcharge is less than the one then in effect the Company will, and if the recomputed surcharge is more than the one then in effect the Company may, accompany such recomputation with a Tariff or supplement to reflect such recomputed surcharge, the effective date of which, shall be ten (10) days after filing.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 13 - GENERAL SERVICE SEPARATELY METERED ELECTRIC SPACE HEATING SERVICE

(Applicable to Rate GS/GM)

AVAILABILITY

Available for separately metered circuitry connected to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors, system fans, pumps and controls except where the customer uses the Company's service for water heating, then water heating may also be included on the circuit. The space heating service may be provided at the same voltage as other electric service.

MONTHLY RATE

ENERGY CHARGES

For the billing months of November through April, all kilowatt-hours will be billed the applicable kilowatt-hour Monthly Energy Charges of Rate GS/GM. The applicable Monthly Energy Charge will be determined based on the customer's monthly metered demand, including the demand associated with the separately metered electric space heating, as described in the Electric Charges section of Rate GS/GM. Customers who purchase their electric supply requirements from the Company will be billed the applicable transmission energy charges of Appendix A and the applicable energy charges of Rider No. 8 – Default Service Supply For the billing months of May through October, Rate GS/GM will apply. (C)

METER CHARGE\$13.21 per month

The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow the isolation and metering of the electric space heating system.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING

(Applicable to Rate RS)

AVAILABILITY

Available for separately metered circuitry connected solely to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors and system fans, pumps and controls comprising the customer's entire space heating system except where the customer uses the Company's service for water heating, then water heating equipment may also be included on the circuit.

MONTHLY RATE

ENERGY CHARGES

For the billing months of November through April, all kilowatt-hours will be charged the ~~Additional kilowatt-hours~~ Winter Monthly Energy Charges of Rate RH. For the months of May through October, Rate RS will apply. (C)

METER CHARGE\$1.63 per month

SPECIAL TERMS AND CONDITIONS

1. Space heating equipment must be permanently installed, thermostatically controlled and approved by the Company.
2. The customer must use the Company's standard low voltage service as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood or hydro. Any alternate energy source may be used to supplement an add-on heat pump.
3. The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow isolation and metering of the electric space heating system and water heating equipment.

Duquesne Light Company

**Digest of Proposed Changes
contained in
Tariff Electric – PA. P.U.C. No. 24
Supplement No. 35**

Docket No. R-2010-2179522

July 23, 2010

Table of Contents

I. General.....2

II. Proposed Changes to Table of Contents2

III. Proposed Changes to Tariff Rules..... 2 - 3

IV. Proposed Changes to Tariff Rate Schedules3

Rate RS3

Rate RH.....3

Rate RA.....4

Rate GS/GM 4 - 5

Rate GMH.....5

Rate GL.....6

Rate GLH.....6

Rate L.....7

Rate HVPS.....7

Rate AL8

Rate SE.....8

Rate SM.....8

Rate SH9

Rate UMS.....9

Rate PAL..... 9 - 10

V. Proposed Changes to Tariff Riders10

Rider No. 1 – Consumer Education Surcharge.....10

Rider No. 10 – STAS.....10

Rider No. 13 – General Service Separately Metered Space Heating10

**Rider No. 14 – Residential Service Separately Metered Space and
 Water Heating10**

VI. Addition of Rider Matrix11

VII. Addition of Rider No. 5 – Universal Service Charge.....11

I. General

Duquesne Light Company's Supplement No. 35 to Tariff Electric – PA. P.U.C. No. 24 issued July 23, 2010, to become effective September 21, 2010, results in an overall average increase of 22.6% in distribution revenues and is expected to produce \$87.3 million of additional annual distribution revenue under future test year conditions.

All customers will be notified of the proposed rate increase by a news release issued the day of the filing, newspaper advertisements in major service territory newspapers the day of the filing and by a bill insert to be mailed to all customers during the month after the filing is made.

Other modifications to the rules, rates and riders of Duquesne's tariff are being proposed and, together with a presentation of the proposed and current rates, are discussed below.

II. Proposed Changes to the Table of Contents

List of Modifications — Page No. 2D, Page No. 2E and Page No. 2F were added to the Tariff.

Standard Contract Riders — A Rider Matrix (Page No. 79A) and Rider No. 5 – Universal Service Charge were added to the Table of Contents.

III. Proposed Changes to Tariff Rules

Tariff Rule No. 1 – Filing and Posting — Language has been modified with the insertion of “A copy of the Tariff may be obtained by calling, e-mailing or writing the Company's business office. The Tariff may also be accessed under the “Customer Service” tab at www.duquesnelight.com.”

Tariff Rule No. 3.1 – Definitions – (9) Distribution Charges — Language has been modified to reflect the various Tariff riders currently in effect and which have been added or are proposed to be added since the previous base rate proceeding.

Tariff Rule No. 3.2 – Electric Generation Supplier Tariff — Language has been modified with the insertion of by calling, e-mailing or writing the Company's business office. In addition, they may also be accessed under the “Customer Service” tab at www.duquesnelight.com and are posted and open to inspection at the offices of the Company where payments are made by customers.”

Tariff Rule No. 4 – Contracts — Language pertaining to special contracts has been deleted to reflect the current operations of the Company. In addition, with the elimination of the special contracts language, Page No. 9A is no longer necessary and has been deleted.

Tariff Rule No. 6 – Installation Rules – has been modified with the insertion of “by calling, e-mailing or writing the Company's business office. In addition, the Rules may be accessed under the “Customer Service” tab at www.duquesnelight.com.”

III. Proposed Changes to Tariff Rules – (Continued)

Tariff Rule No. 16 – Use of Service by Customers – has been modified with the insertion of “by calling, e-mailing or writing the Company’s business office or under the “Customer Service” tab at www.duquesnelight.com.”

Tariff Rule No. 20.2 – Bills – has been modified with the insertion of “with a check or money order and placed in the payment drop box located at the “Company’s business office, by any of the means listed under the “Billing and Payment Conveniences” as described on Page 2 of the customer’s bill.”

Tariff Rule No. 21 – Net Payment – has been modified with the insertion of “placed in the payment drop box at the Company’s business office” and “as per the terms stated at each respective location” and the deletion of “made direct at the payment receiving offices of the Company” and “(1) the date of mailing as determined by the Post Office date stamp on the enclosing envelope is on or before the due date, or (2).”

IV. Proposed Changes to Tariff Rate Schedules

Rate RS – Residential Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$6.99	\$8.50
All kWh	\$/kWh	\$0.042229	\$0.052860

Rate RH – Residential Service Heating

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>	
Customer Charge		\$6.99	\$8.50	
Summer:	All kWh	\$/kWh	\$0.042229	\$0.052860
Winter:	First 500 kWh	\$/kWh	\$0.042229	\$0.044142
	Additional kWh		\$0.021868	\$0.044142

KWh block price differentials have been eliminated from the distribution rate structure.

IV. Proposed Changes to Tariff Rate Schedules – (Continued)

Rate RA – Residential Service Add-on Heat Pump

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$6.99	\$8.50
Summer:			
All kWh	\$/kWh	\$0.028895	\$0.052860
Winter:			
First 500 kWh	\$/kWh	\$0.028895	\$0.021017
Additional kWh		\$0.014964	\$0.021017

KWh block price differentials have been eliminated from the distribution rate structure.

Rate GS/GM – General Service Small and Medium

Non-Demand Metered:

Rate GS

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$6.99	\$8.50
All kWh	\$/kWh	\$0.042229	\$0.059741

Demand Metered:

Rate GM < 25

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$29.94	\$56.35
Demand over 5 kW	\$/kW	\$4.83	\$5.09
All kWh	\$/kWh	\$0.008306	\$0.009224

IV. Proposed Changes to Tariff Rate Schedules – (Continued)

Rate GS/GM – General Service Small and Medium – (Continued)

Demand Metered: - (Continued)

Rate GM ≥ 25

<u>Distribution</u>	<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge	\$29.94	\$56.35
Demand over 5 kW \$/kW	\$4.83	\$5.09
All kWh \$/kWh	\$0.008306	\$0.011191

Rate Schedule GS/GM – General Service Small and Medium has been modified to reflect the separation of Rate GS/GM less than 25 kW and equal to or greater than 25 kW.

The “Maximum Average Charge” section of Rate Schedule GS/GM – General Service Small and Medium has been eliminated.

Rate GMH – General Service Medium Heating

<u>Distribution</u>	<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge	\$29.94	\$56.35
Summer:		
Demand over 5 kW \$/kW	\$4.83	\$5.09
All kWh \$/kWh	\$0.008306	\$0.009224
Winter:		
First block kWh \$/kWh	\$0.030253	\$0.024090
Additional kWh \$/kWh	\$0.008306	\$0.024090

KWh block price differentials have been eliminated from the distribution rate structure.

The “Maximum Average Charge” section of Rate Schedule GMH – General Service Medium Heating has been eliminated.

IV. Proposed Changes to Tariff Rate Schedules – (Continued)

Rate GL – General Service Large

<u>Distribution</u>	<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
First 300 kW or less	\$2,116.78	\$2,424.00
Additional kW	\$6.44	\$8.66
All kWh \$/kWh	\$0.001234	\$0.000000

Rate GL – General Service Large has been modified to eliminate the kWh charge.

Rate GLH – General Service Large Heating

<u>Distribution</u>	<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge	\$29.94	\$0.00

Summer:

First 300 kW or less	\$2,116.78	\$2,424.00
Additional kW	\$6.44	\$8.66
All kWh \$/kWh	\$0.001234	\$0.000000

Winter:

First block kWh \$/kWh	\$0.037036	\$0.019607
Additional kWh \$/kWh	\$0.001234	\$0.019607

Rate GLH – General Service Large Heating has been modified to eliminate the monthly Customer Charge.

Rate GLH – General Service Large Heating has been modified to eliminate the kWh charge during the summer billing months.

KWh block price differentials have been eliminated from the distribution rate structure.

IV. Proposed Changes to Tariff Rate Schedules – (Continued)

Rate L – Large Power Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
First 5,000 kW or less		\$30,555.00	\$34,250.00
Next 10,000 kW	\$/kW	\$6.03	\$8.33
Additional kW	\$/kW	\$5.88	\$8.33
All kWh	\$/kWh	\$0.001098	\$0.000000

Rate L – Large Power Service has been modified to reflect that there will now be one price for any demand over 5,000 kW.

Rate L – Large Power Service has been modified to eliminate the kWh charge.

Rate HVPS – High Voltage Power Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
First 30,000 kW or less		\$9,096.78	\$0.00
Additional kW	\$/kW	\$0.11	\$0.00
Up to and Including 50,000 kW Billing Demand			
	\$/kW	\$0.00	\$13,320.11
50,001 kW to 100,000 kW Billing Demand			
	\$/kW	\$0.00	\$19,297.34
Greater than 100,000 kW Billing Demand			
	\$/kW	\$0.00	\$26,244.21

Rate HVPS – High Voltage Power Service has been modified to eliminate all Demand Charges and create a customer specific Customer Charge based on usage.

Rate HVPS – High Voltage Power Service has been modified by removing “transmission and” and inserting “transmission service or” under the “Demands and Energies” section of the Rate Schedule.

IV. Proposed Changes to Tariff Rate Schedules – (Continued)

Rate AL – Architectural Lighting Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$7.49	\$5.91
Demand all kW	\$/kW	\$1.40	\$1.10
All kWh	\$/kWh	\$0.001987	\$0.001569

Rate SE – Street Lighting Energy

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$3.16	\$2.67

Rate SM – Street Lighting Municipal

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Mercury Vapor:			
100 watt	per month	\$12.50	\$9.87
175 watt	per month	\$12.75	\$10.07
250 watt	per month	\$13.00	\$10.27
400 watt	per month	\$13.51	\$10.67
1000 watt	per month	\$15.56	\$12.29
Sodium Vapor:			
70 watt	per month	\$12.91	\$10.20
100 watt	per month	\$13.01	\$10.28
150 watt	per month	\$13.19	\$10.42
250 watt	per month	\$13.54	\$10.70
400 watt	per month	\$14.08	\$11.12
1000 watt	per month	\$16.20	\$12.79
Poles	per month	\$10.24	\$8.09

IV. Proposed Changes to Tariff Rate Schedules – (Continued)

Rate SH – Street Lighting Highway

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Sodium Vapor:			
100 watt	per month	\$13.02	\$10.28
150 watt	per month	\$13.19	\$10.42
200 watt	per month	\$13.37	\$10.56
400 watt	per month	\$14.08	\$11.12

Rate UMS – Unmetered Service

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
Customer Charge		\$9.98	\$9.98
All kWh	\$/kWh	\$0.025551	\$0.025551

Rate PAL – Private Area Lighting

<u>Distribution</u>		<u>Current Rates with STAS</u>	<u>Proposed Rates with STAS</u>
High Pressure Sodium:			
70 watt	per month	\$12.91	\$10.20
100 watt	per month	\$13.01	\$10.28
150 watt	per month	\$13.19	\$10.42
250 watt	per month	\$13.54	\$10.70
400 watt	per month	\$14.08	\$11.12
Flood Lighting:			
100 watt	per month	\$14.32	\$11.31
150 watt	per month	\$14.51	\$11.46
250 watt	per month	\$14.90	\$11.77
400 watt	per month	\$15.49	\$12.23

IV. Proposed Changes to Tariff Rate Schedules – (Continued)

Rate PAL – Private Area Lighting – (Continued)

Unmetered:

70 watt	per month	\$3.16	\$2.50
100 watt	per month	\$3.16	\$2.50
150 watt	per month	\$3.16	\$2.50
250 watt	per month	\$3.16	\$2.50
400 watt	per month	\$3.16	\$2.50
Poles	per month	\$10.24	\$8.09

V. Proposed Changes to Tariff Riders

Rider No. 1 – Consumer Education Surcharge

Rider No. 1 – Consumer Education Surcharge has been modified to reflect that the base rate component has been set to zero for the non-lighting rate classes.

Rider No. 10 – State Tax Adjustment

Rider No. 10 – State Tax Adjustment has been modified to reflect that Part 1 of the STAS has been set to zero.

Rider No. 13 – General Service Separately Metered Electric Space Heating Service

Language has been modified to reflect the current operations of the Company.

Rider No. 14 – Residential Service Separately Metered Electric Space and Water Heating

Language has been modified to reflect that the KWh block price differentials have been eliminated from the distribution rate structure in Rate Schedule RH – Residential Service Heating.

VI. Addition of Rider Matrix

Standard Contract Riders

A Rider Matrix which summarizes all of the Tariff Riders and applicability to each Rate Schedule has been added to the Tariff.

VII. Addition of Rider No. 5 – Universal Service Charge

Rider No. 5 – Universal Service Charge has been added to the retail Tariff.