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March 30, 2010

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, Pennsylvania 17105-3265

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

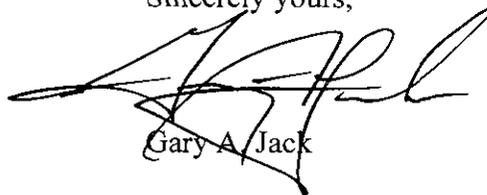
Re: Duquesne Light Certificate of Public Convenience for
Acquisition of Duquesne Light Holdings by Merger
Docket No. A-110150F0035 and Docket No. A-311233F002

Dear Secretary McNulty:

Enclosed are the original and four copies of the Duquesne Light's Annual Report on the status of merger commitments in connection with the above-referenced cases. This is the final Merger Commitment Report.

If you have any questions regarding the information provided, please feel free to contact me.

Sincerely yours,



Gary A. Jack

CC: Parties of Record

Enclosure

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PENNSYLVANIA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

| | | | |
|--|---|---|--------------------------|
| Application of Duquesne Light Company for a Certificate of Public Convenience Under Section 1102(a)(3) of the Public utility Code Approving the Acquisition of Duquesne Light Holdings, Inc. by Merger | : | : | Docket No. A-110150F0035 |
| | : | : | |
| | : | : | |
| Application of DQE Communications Network Services LLC for a Certificate of Public Convenience Under Section 1102(a)(3) of the Public Utility Code Approving the Acquisition of Duquesne Light Holdings, Inc. by Merger | : | : | Docket No. A-311233F0002 |

Duquesne Light Company's Annual Report on Merger Commitments

As part of the Joint Petition for Settlement entered into the parties in the above referenced cases and approved by the Pennsylvania Public Utility Commission by order dated April 24 2007, Duquesne Light Company ("DLC" or "Duquesne") agreed to provide an annual report on the status of its merger commitments. Below are those commitments and their status.

Rate Issues

Commitment: DLC will not file a proposed general increase in distribution rates that would become effective after full suspension prior to January 1, 2010 and DLC agrees that there shall be no general increase in distribution rates prior to January 1, 2010, unless there are substantial changes in regulation of federal tax rates or policy.

2009 Status: DLC did not file a general increase in distribution rates that would become effective before January 1, 2010.

Commitment: DLC will not claim an increase in the cost of capital as a direct result of the transaction for a five-year period after closing.

2009 Status: DLC has no plans to claim an increase in its cost of capital as a direct result of the merger for ratemaking purposes through June 1, 2012.

Commitment: Joint Petitioners agree that all aspects of the acquisition premium and transaction costs, including third party consultants, financial advisory services and due diligence costs as set forth in the response to OCA Set 111-21, including all related tax effects, will be excluded from future distribution and transmission rates.

2009 Status: DLC has not claimed the acquisition premium transaction costs in distribution or transmission rates.

Corporate Headquarters

Commitment: DQE Holdings and the Macquarie Consortium, and its investors, will continue to maintain DLC's corporate headquarters in Pittsburgh, Pennsylvania. All the corporate functions will be performed and maintained at such headquarters so that DLC and its management team will continue to be locally based.

2009 Status: DLC's corporate headquarters remains in Pittsburgh, corporate functions continue in these headquarters, and the management team is locally based.

Corporate Structure Protections, Financial Conditions and Governance

Commitment: From and after the effective date of this Settlement, DLC shall not: (1) guarantee the debt or credit instruments of DLH or any affiliate not regulated by the Commission, except as approved by the Commission upon a determination that such guarantee provides net benefits to customers; (2) grant a mortgage or other lien on any property used and useful by DLC in providing retail utility service to the public subject to the Commission's jurisdiction, except for the financing needs of DLC; or (3) make any loan or otherwise extend credit to DLH or any affiliate not regulated by the Commission for a term of one year or more, except as approved by the Commission upon a determination that such loan or credit extension provides net benefits to customers.

2009 Status: DLC remains in compliance with this commitment.

Commitment: DQE Holdings will not permit a change in ownership among the members of DQE Holdings without prior Commission approval if such change would result in a change in control under the then-applicable Commission standards.

2009 Status: DLC remains in compliance with this commitment.

Commitment: DLC will seek Commission approval of all new or amended agreements with affiliates consistent with Chapter 21 of the Public Utility Code.

2009 Status: DLC has maintained its compliance with this Commitment.

Commitment: DLC shall provide the OTS, OCA and OSBA with a copy of its annual reports filed with the Securities and Exchange Commission.

2009 Status: DLC has maintained its compliance within this Commitment. No reports have been filed with the Securities and Exchange Commission.

Commitment: Commencing March 31 2008 and ending March 31, 2010, DLC will provide an annual report to the Commission as to the status of all commitments made in this Settlement.

2009 Status: This Report (and the prior Reports) fulfill in full this Commitment.

Commitment: DLC agrees to continue to have outstanding separately issued debt held by investors not affiliated with DLC or its affiliates, unless the Commission authorizes to the contrary.

2009 Status: DLC remains in compliance with this commitment.

Commitment: DLC's long-term debt ratio as a percent of total capitalization shall not exceed 60% absent approval from the Commission. Any request for approval will be considered on an expedited basis, if so requested.

2009 Status: DLC remains in compliance with this commitment. Duquesne's long-term debt ratio was 27.25% at the end of 2009.

Commitment: DLC shall notify the Commission of its intention to declare a special cash dividend to DLH, at least 30 days before declaring the dividend.

2009 Status: DLC remains in compliance with this commitment. No special cash dividends were declared.

Commitment: The CEO of DLH will be a member of the board of DQE Holdings, and will also chair a management committee, which will contain representatives of both the senior management team and the Macquarie Consortium.

2009 Status: Morgan K. O'Brien, Chief Executive Officer of Duquesne Lights Holdings, Inc. is a member of the Board of Directors of DQE Holdings, LLC. In addition, Mr. O'Brien serves as the Chair of the Asset Management Committee, which consists of both members of the senior management team and the Consortium. Notwithstanding this Report is for calendar year 2009, Mr. O'Brien resigned on February 1, 2010 and has been replaced on an interim basis. Mr. Andrew Chapman, a Board of Directors member, assumed the same executive positions, on an interim basis, and committee as Mr. O'Brien held.

Reliability and Customer Service

Commitment: DLC agrees to the following Quality of Service Plan and will provide a report each year to the Commission, OCA and OTS during the period from January 1, 2007 through December 31, 2009. The Service Plan establishes the following metrics and reporting requirements to allow for the monitoring of the quality of service provided by DLC and to identify any significant changes to DLC's reliability and service levels.

| Quality of Service Plan | | |
|---|----------------------|---|
| Performance Area Index | Metrics Goals | Metrics Achieved 2009 Actual |
| Reliability | | |
| SAIFI (12 Month) | 1.17 | 0.97 |
| CAIDI (12 Month) | 108 | 85 |
| Customer Service | | |
| The percent calls answered within 30 seconds. | 76% | 78% |
| The average busy out rate. | 0.5% | 0.0% |
| The average call abandonment rate. | 4% | 3% |
| Percent of residential bills not rendered once every billing cycle. | 0.01% | 0.00% |

Performance Report – Residential Customers

| Measure | 2009 Actual |
|--|-----------------|
| Number of Customer Disputes Not Issued a Report Within 30 Days | 12 |
| Termination Rate (Terminations per 1000 Residential Customers) | 4.41% |
| Justified Payment Arrangement Request Rate * | 7% ¹ |
| Justified Consumer Complaint Rate * | 1% ¹ |

* Most recent available information from the PUC 2009 UCARE Report January through December 2009.

¹ Lowest in the State. (Ranging from 7% to 16%) with 10% being the industry average.

² Lowest in the State. (Ranging from 1% to 11%) with 7% being the industry average.

Commitment: DLC agrees that, in any year during the effective period of the Service Plan, if its reliability or service levels are not equal to or better than the reporting metrics, DLC will provide the Commission, OCA, OTS and OSBA with a report that will identify the reasons for the variance and identify any management actions that DLC intends to take. DLC will then convene a collaborative with OCA, OTS and the OSBA to discuss the report.

2009 Status: The 2009 results are shown in the chart above. The reliability and service levels are better than all reporting metrics.

Commitment: DLC will maintain operating locations and field offices in its territory, and staffing levels, as appropriate, to provide safe and reliable service, consistent with good utility practices.

2009 Status: DLC remains in compliance with this commitment. Additionally, the above performance levels help demonstrate the safe and reliable service provided by DLC to its customers.

Universal Service

Commitment: DLC will continue to fund its Customer Assistance Program (CAP) consistent with its needs analysis.

2009 Status: DLC continues to fund its Customer Assistance Program (CAP) consistent with its needs analysis and its Universal Service and Energy Conservation Plan.

Commitment: DLC will continue to coordinate with administering agencies and community based organizations (CBOs) to administer low-income assistance programs. DLC will convene a Universal Service Collaborative of local representatives of low income groups, CBOs and the OCA to consider universal service programs so as to enhance Duquesne's programs within current funding levels, including discussing increasing the involvement of CAAP and the PA Weatherization Task Force in referrals to and from DLC for its Low Income Usage Reduction Program (LIURP or Smart Comfort). The collaborative will meet no less than once per year and will include representatives from CAAP and the PA weatherization network providers.

2009 Status: DLC has continued to coordinate with administering agencies and CBOs to administer low-income assistance programs. DLC convened Universal Service Collaborative of local representatives of low-income groups, CBOs and the OCA on September 10, 2009.

Commitment: DLC will continue to fund LIURP consistent with the settlement reached in Docket No. R-00061346 by agreeing to fund the \$1.531 million plus any carryover from 2006 on LIURP in future program years during 2007 through 2009. DLC will increase the number of customers served under its Smart Comfort program from 2,250 customers per year to 3,000 customers per year for the period 2007 – 2009, except for 2008 where Duquesne will commit to serving 4,000 customers and, on approval from the BCS, target the additional 750 visits to customers with incomes between 150% and 200% of the federal poverty level.

2009 Status: DLC has continued to fund LIURP consistent with the settlement reached. DLC's LIURP (Smart Comfort) program served 4,250 customers in 2009.

Commitment: DLC will agree not to transfer LIURP funds collected during the period 2007 through 2009 to other universal service programs.

2009 Status: DLC has not transferred LIURP funds collected in 2007 through 2009 to other universal service programs.

Commitment: DLC agrees that it will make all reasonable efforts to expend LIURP funding available each calendar year. Subject to any necessary approval by the BCS, DLC will agree to raise the income eligibility needs to 200%, and/or expanding outreach efforts, and/or increasing the numbers of customers served. DLC will advise the universal service collaborative of the status of LIURP expenditures on a quarterly basis during the period 2007 through 2009.

2009 Status: DLC continues to make all reasonable efforts to expend LIURP funding available. DLC's LIURP served 4,250 low-income customers in 2009, an increase over the previous year.

Commitment: Subject to approval, DLC will agree to involve CAAP and the PA Weatherization Task Force in its partnership regarding the provision of weatherization services.

2009 Status: .CAAP and PA Weatherization were invited to the Universal Service Collaborative meetings held in 2009 (September 10, 2009) and early January 2010. Many discussions were held throughout the year to discuss a coordinated weatherization campaign.

Commitment: DLC will continue its Stay Warm Program as needed for the winter of 2006/2007 and consistent with its needs analysis, in subsequent winter periods during the stay-out period set forth in the Agreement.

2009 Status: DLC has continued its Stay Warm program focusing on providing energy education and applying usage reduction measures to customers who typically are not eligible for energy assistance programs.

Commitment: Duquesne agrees to provide copies of its future Universal Service Plans to CAAP and the PA Weatherization Task Force upon filing and will not object to CAAP's or the PA Weatherization Task Force's submission of comments regarding such universal service plans, including the Universal Service Plan to be filed in early 2007.

2009 Status: DLC filed its new Universal Service and Energy Conservation Plan for the 2011 – 2013 period on February 25, 2010 and copies were provided to CAAP and the PA Weatherization Task Force.

Community Commitment

Commitment: For a period of 5 years, DLC will provide corporate contributions and community support in southwestern PA at least at levels substantially comparable to the levels provided by the Company in 2006. (For 2006, that is approximately \$2.9 million). In addition, DLC will continue to match customer contributions to the Dollar Energy Fund with shareholder dollars up to \$375,000.

2009 Status: DLC fulfilled its commitment to provide community support and corporate contributions at the \$2.9 million level provided in 2006. DLC matched all customer contributions to the Dollar Energy Fund with stakeholder dollars.

Commitment: DLC will establish a competitively neutral Economic Development Program to attract and support expanding PA industrial employers by offering a flat 50 MW block (7 days by 24 hours) of energy consumed at the new or expanded facility at a discount up to \$3 per MWh below market for 3 years to commercial/ industrial customers on Schedules HVPS and L that intend to add at least 10 MW of new or expanding load and create two new full time employment positions per MW of new load. DLC will also consider applications for funding for new or expanded load under Rate GL or, for customers on schedules HVPS and L that do not meet the above 2 criteria, if the applicant demonstrates that the new or expanded load, while less than 10 MW, has other significant benefits, such as increasing off-peak power that could be utilized to a greater extent than on peak power, or providing attractive or improved load factor or power factor, or offers significant new employment. The program will terminate on 3/1/13 or earlier if the state adopts a statewide economic development plan and will be funded solely by shareholder funds for the term of the program. To accomplish competitive neutrality, DLC will not condition the discount upon the customer's obtaining energy under the POLR service or purchase of energy from an affiliate of DLC and DLC will provide written notice to each grant applicant that the discount is not conditioned on the purchase of energy from DLC or its affiliates, and that eligible customers may obtain 100% of their generation supply from Electric Generation Suppliers (EGSs) not affiliated with Duquesne.

2009 Status: DLC has established a competitively neutral Economic Development Program consistent with the settlement agreement. For further information on the details of this Program, visit the Duquesne Light website at <http://www.duquesnelight.com/OurCommunity/EconomicDevelopment/Default.cfm>.

Corporate Cost Allocations

Commitment: DLC's corporate cost allocations will include a rent charge for the percentage of space occupied by employees who provide services to an affiliate and a supplies charge for supplies the employee may use in providing services to affiliates.

2009 Status: DLC remains in compliance with this commitment.

Commitment: DLC's corporate cost allocations will provide that all costs incurred by DLH including any costs allocated from DLC to DLH, will be allocated, to the extent appropriate, to other DLC affiliates.

2009 Status: DLC remains in compliance with this commitment.

Commitment: DLC's corporate cost allocations will include appropriate charges to all affiliates for costs incurred on their behalf by DLH for letters of credit and securities and will allocate appropriate charges associated with the DLH revolving credit agreement.

2009 Status: DLC remains in compliance with this commitment.

Competitive Markets

Commitment: DLC agrees to continue its support of the development of competitive retail electric market in its service territory consistent with all applicable PA laws and regulations.

2009 Status: DLC has supported the development of competitive retail electric markets. Customer shopping in DLC's territory continues to be at the highest levels in the state. For large commercial and industrial customers, shopping levels are among the highest in the nation. DLC's POLR IV plan was agreed to in a settlement by all parties, approved by the P.U.C., and continues to support a competitive retail electric market. Duquesne's POLR V plan was agreed to in a settlement, which included further development to the competitive retail electric market. The settlement is pending the Commission's approval.

Commitment: In addition to existing structural separation and cost allocation rules and procedures, DLH will provide the following:

DLH at its expense, will arrange with an independent auditor/consultant with experience in cost allocations, to conduct an assessment audit to identify and quantify the cost of the services and business functions provided to Duquesne Light Energy (DLE) by its affiliates and to provide for the remittance of compensation for services rendered to DLE (or any other affiliated EGS) by any other DLC companies for calendar year 2007. Specifically, the independent auditor/consultant assessment will include:

1. The identification and quantification of the cost of the services and business functions provided to DLE by DLC (DLC Costs) or other DLC companies, and
2. The identification and quantification of the cost of Power Procurement Services. With respect to Power Procurement Services the independent auditor/consultant also will quantify

what the cost of such Power Procurement Services would be if they were acquired by DLE independently (hereinafter "Independent Acquisition Cost Analysis"); provided however, that this Independent Acquisition Cost Analysis will not be applied to: (1) credit support provided directly to DLE by DLH or DLC, if, for the calendar year 2006, a portion of the cost of such credit support was allocated to DLE as an intercompany transfer; and (2) any Power Procurement Service costs where the service provided by the non-regulated affiliate is obtained from independent third parties. Notwithstanding the above, in no event will the Independent Acquisition Cost Analysis include any costs incurred by DLC.

2009 Status: The audit is currently being performed by the accounting firm Schneider Downs.

Conclusion

Duquesne has met all of its merger commitments. Dated this 30th day of March, 2010.

Respectfully Submitted,

Duquesne Light Company

By Counsel:



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Annual Report on Merger Commitments has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

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Dated: March 30, 2010