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October 27, 2010

Mr. George A. Dorow Jr.
3070 William Pitt Way
Building A-6, Room 163
Pittsburgh, Pa., 15219

RE: Management Efficiency Investigation
Docket No. D-2009-2083182

Dear George,

Attached please find Duquesne Light Company's Implementation Plan in which Duquesne accepts each of Management Efficiency Investigation Report's recommendations, and additionally, details of the specific actions Duquesne will take to implement each recommendation.

If you have any questions, or I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Vernon Edwards
Supervisor, Regulatory Compliance

c: Gary A. Jack
File



Implementation Plan

**Prepared in Response to the
PaPUC October 2010 Management Efficiency Investigation**

Issued October 27, 2010

Docket No. D-2009-2083182

EXECUTIVE SUMMARY

Duquesne Light Company has reviewed the Management Efficiency Investigation Report issued by the Pennsylvania Public Utility Commission Bureau of Audits and the findings and recommendations contained therein. The two further improvement opportunities have been accepted, and this document presents the Company's plan for implementation of those two recommendations.

The recommendations, as they appear in the Management Efficiency Investigation Report, are listed below. An Implementation Plan for each of the recommendations follows.

Customer Service

- Strive to increase its collection agency recovery rates for closed customer accounts and sustain the improved rates.
- Strive to further reduce the average response time to payment arrangement requests.

IMPLEMENTATION PLAN

Duquesne Light Company Response to Management Efficiency Investigation Report

Recommendation: Strive to increase its collection agency recovery rates for closed customer accounts and sustain the improved rates.

Company Response: Accepted.

Responsibility: Robert Pro
Manager, Budgeting and Forecasting
Credit and Cash Management

Description of Implementation Steps/Anticipated Date of Completion:

1. Duquesne Light will implement a formal process to meet with the contracted collection agencies quarterly to review agency recovery rates and discuss agency collection performance.

The completion date for implementing this action item will be the end of the 4th Quarter, 2010.

2. Duquesne Light will work with the contracted agencies to develop and implement a closed customer account settlement process. This program would offer the customer a discount to settle their charged-off balance.

The completion date for implementing this action item will be the end of the 2nd Quarter, 2011.

3. Duquesne Light will negotiate new contract terms for contracted collection agencies that will include a new tiered-fee structure based on the agency's recovery rate. This structure will provide agency incentives aimed at increasing collection recovery rates, and additionally, sustain the increased recovery rates over time.

Duquesne Light will begin new contract discussions with the contracted agencies in the 2nd Quarter, 2011. If not completed prior, final completion date for implementing this action item will be by the end of the 1st Quarter, 2012, which coincides with the expiration dates of the existing agency contracts.

IMPLEMENTATION PLAN

Duquesne Light Company Response to Management Efficiency Investigation Report

Recommendation: Strive to further reduce the average response time to payment arrangement requests.

Company Response: Accepted.

Responsibility: Joann Noble
Manager, Legal and Environmental Services
Legal and Environmental Services Unit

Description of Implementation Steps/Anticipated Date of Completion:

1. Benchmark with Duquesne Light's neighboring Pennsylvania electric utility companies to identify potential areas for process improvements that may reduce average response time to payment arrangement requests.

The completion date for implementing this action item will be the end of the 2nd Quarter, 2011.

2. Review internal processes to identify additional potential areas of process improvements that may reduce average response time to payment arrangement requests.

The completion date for implementing this action item will be the end of the 3rd Quarter, 2011.

3. Evaluate implementing identified improvement areas gathered from benchmarking with neighboring utilities and internal review of payment arrangement request processes.

The completion date for implementing this action item will be the end of the 4th Quarter, 2011.