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Gary A. Jack
Assistant General Counsel

January 11, 2011

VIA OVERNIGHT MAIL

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: State Tax Adjustment Surcharge Amendment
Duquesne Light Company – 2011**

Dear Secretary Chiavetta:

Enclosed for filing please find an original and eight (8) copies of Supplement No. 42 to Tariff Electric PA PUC No. 24 which amends Rider No. 10 – State Tax Adjustment Surcharge to be effective January 21, 2011, implementing an amended state tax adjustment surcharge for 2011. This amendment to Duquesne's December 23, 2010 filing in this matter is caused by the recent Notice published on December 18, 2010 in the Pennsylvania Bulletin which replaced the previous PURTA Surcharge Tax Notice from September 18, 2010. The result is a new PURTA Surcharge rate of 1.6 mills effective January 1, 2011. All customers who were billed by Duquesne the surcharge rate beginning January 1, 2011 from the Company's December 23, 2010 filing in this matter (Supplement No. 41) will have their STAS billing adjusted beginning January 21, 2011 to reflect the new amended rate as if it had been effective on January 1, 2011. Also enclosed for filing is the State Tax Adjustment Surcharge Computation Revised.

Duquesne proposes herein for 2011 new tax surcharge rates of: Part 1 rate of (0.4411%) and Part 2 rate of 0.1703%. These rates appear in the proposed Rider No. 10 enclosed.

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

Sincerely yours,

Gary A. Jack
Assistant General Counsel

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Enclosures

- c: Bureau of Fixed Utility Services (w/enc.)
- Office of Trial Staff (w/enc.)
- Office of Consumer Advocate (w/enc.)
- Office of Small Business Advocate (w/enc.)



SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Richard Riazzi

President and Chief Executive Officer

ISSUED: January 11, 2011

EFFECTIVE: January 21, 2011

Issued in compliance with Section B-1 of the Pennsylvania Public Utility Commission Order of March 10, 1970. This Supplement revises the surcharges in Part 1 and Part 2 of Rider No. 10 – State Tax Adjustment filed in Supplement No. 41.

NOTICE

THIS TARIFF SUPPLEMENT MAKES A DECREASE AND AN INCREASE IN A RIDER

See Page Two

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SECRETARY'S BUREAU

LIST OF MODIFICATIONS MADE BY THIS TARIFF**DECREASE****Rider No. 10 - State Tax Adjustment****Sixth Revised Page No. 94
Cancelling Fifth Revised Page No. 94**

In compliance with Section B-1 of the Pennsylvania Public Utility Commission Order of March 10, 1970, the State Tax Adjustment Surcharge (STAS) has been recalculated as follows:

Part 1 of the surcharge has been decreased from (0.1988%) to (0.4411%).

Supplement No. 42 revises the surcharge in Part 1 of Supplement No. 41. The surcharge calculated and filed in Supplement No. 41 was based on the PURTA Surcharge Rate of 1.8 mills (0.0018) published in the September 18, 2010, Pennsylvania Bulletin. The surcharge filed in Supplement No. 42 is based on the revised PURTA Surcharge Rate of 1.6 mills (0.0016) published in the Pennsylvania Bulletin on December 18, 2010. The indication of a "(D) - Decrease" is based on the surcharge in effect January 1, 2010, through December 31, 2010, at Supplement No. 29 and not the surcharge filed in Supplement No. 41.

INCREASE**Rider No. 10 - State Tax Adjustment****Sixth Revised Page No. 94
Cancelling Fifth Revised Page No. 94**

In compliance with Section B-1 of the Pennsylvania Public Utility Commission Order of March 10, 1970, the State Tax Adjustment Surcharge (STAS) has been recalculated as follows:

Part 2 of the Surcharge has been increased from 0.0000% to 0.1703%.

Supplement No. 42 revises the surcharge in Part 2 of Supplement No. 41. The surcharge calculated and filed in Supplement No. 41 was based on the PURTA Surcharge Rate of 1.8 mills (0.0018) published in the September 18, 2010, Pennsylvania Bulletin. The surcharge filed in Supplement No. 42 is based on the revised PURTA Surcharge Rate of 1.6 mills (0.0016) published in the Pennsylvania Bulletin on December 18, 2010. The indication of an "(I) - Increase" is based on the surcharge in effect January 1, 2010, through December 31, 2010, at Supplement No. 29 and not the surcharge filed in Supplement No. 41.

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 (0.4411%) 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. (D)

Part 2 of the surcharge, at a rate of 0.1703% will include Gross Receipts Tax and will be applied to all portions of customer bills. (I)

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.

DUQUESNE LIGHT COMPANY

State Tax Adjustment Surcharge Computation - REVISED (1)

Page 1 of 3

Application Period: January 1, 2011 - December 31, 2011

(Summary of Revenue Requirements Submitted in Compliance with Pennsylvania Public Utility Commission Order Dated March 10, 1970 Re: State Tax Adjustment Procedure and Order dated December 16, 1999 at R-00994930)

Part I - Applicable to Distribution Charges on Customer Bills

1 Capital Stock and Franchise Tax

Duquesne Light PA Corporate Tax Report	2009	\$726,864,389	
	Current Tax Millage Rate	2.89	
	Millage Recovery in Base Rates	<u>4.99</u>	(2.10)
Decrease in Capital Stock and Franchise Tax Liability			(\$1,526,415)

2 Public Utility Realty Tax

Taxable Value of T&D Property	2009	31,895,111	
	Current Tax Millage Rate	27.9124	
	Millage Recovery in Base Rates	<u>30.0000</u>	(2.0876)
Decrease in PURTA Liability			(66,584)

3 Reconciliation of Prior Period STAS

Under-refund of Prior Period STAS (See page 3) (330,149)

4 Total of Above Items (1,923,148)

5 Gross-up for GRT Line 4 / 0.9394 (2,047,209)

6 Projected Distribution Revenues for Application Period \$464,102,766

7 Part I STAS Rate (Line 5 / 6) -0.4411%

(1) Reflects revised Public Utility Realty Tax Act (PURTA) surcharge issued December 18, 2011 for the tax year beginning January 1, 2011.

DUQUESNE LIGHT COMPANY

State Tax Adjustment Surcharge Computation - REVISED (1)

Page 2 of 3

Application Period: January 1, 2011 - December 31, 2011

(Summary of Revenue Requirements Submitted in Compliance with Pennsylvania Public Utility Commission Order Dated March 10, 1970 Re: State Tax Adjustment Procedure and Order dated December 16, 1999 at R-00994930)

Part II - Applicable to All Charges on Customer Bills

1 Gross Receipts Tax Adjustment for PURTA Surcharge

2011 Surcharge Millage Rate	1.60	
Projected total revenues	\$911,999,884	
Increase in Gross Receipts Tax Liability		\$1,459,200
4 Total of Above Items		1,459,200
5 Gross-up for GRT	Line 4 / 0.9394	1,553,332
6 Projected Total Revenues for Application Period		\$911,999,884
7 Part II STAS Rate (Line 5 / 6)		<u>0.1703%</u>

(1) Reflects revised Public Utility Realty Tax Act (PURTA) surcharge issued December 18, 2011 for the tax year beginning January 1, 2011.

DUQUESNE LIGHT COMPANY
State Tax Adjustment Surcharge Computation
Application Period: January 1, 2011 - December 31, 2011

(Summary of Revenue Requirements Submitted in Compliance with Pennsylvania Public Utility Commission Order Dated March 10, 1970 Re: State Tax Adjustment Procedure and Order dated December 16, 1999 at R-00994930)

Reconciliation of STA Rider 01/01/10 through 12/31/10

1 Capital Stock and Franchise Tax

2009	\$726,864,389			
	2010 Tax Expense @	0.289%	=	\$2,100,638
	Millage Recovery in Base Rates	0.499%	=	<u>3,627,053</u>
Amount to be Refunded through STAS				(1,526,415)
Amount Refunded through STAS				<u>(1,185,091)</u>
Under Refund				(\$341,324)

2 PURTA Tax

PURTA Assessment to be refunded through STAS				(114,093)
Amount Refunded through STAS				<u>(125,268)</u>
Over refund				11,175

4 Total Over/(Under) Refund of STAS 1/01/10 through 12/31/10 (\$330,149)

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1. **Print the label(s):** Select the Print button on the print dialog box that appears. Note: If your browser does not support this function select Print from the File menu to print the label.
2. **Fold the printed label at the solid line below.** Place the label in a UPS Shipping Pouch. If you do not have a pouch, affix the folded label using clear plastic shipping tape over the entire label.

3. **GETTING YOUR SHIPMENT TO UPS**
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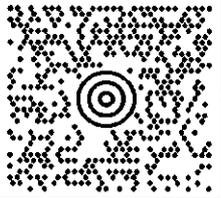
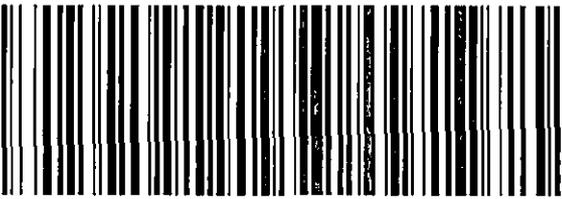
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	PA 171 9-20 	
UPS NEXT DAY AIR 1 TRACKING #: 1Z 0X8 71V 01 9657 1777		
		
BILLING: P/P Cost Center: 492		
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