



Duquesne Light

Our Energy...Your Power

411 Seventh Avenue
Mail Drop 16-4
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

Gary A. Jack
Assistant General Counsel

January 30, 2012

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JAN 30 2012

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

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

Re: Pennsylvania Public Utility Commission v. Duquesne Light Company
Base Rate Case
Docket No. R-2010-2179522

Dear Secretary Chiavetta:

Enclosed for filing are an original and three copies of Duquesne Light Company's Affidavit and report certifying compliance with the pension funding commitments in the above-referenced case.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

Gary A. Jack
Assistant General Counsel

Enclosure

c: Certificate of Service

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AFFIDAVIT

JAN 30 2012

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

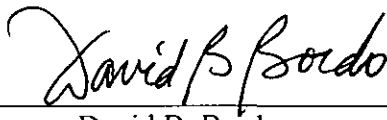
I, David B. Bordo, Vice President of Finance, after being duly sworn, state that I am authorized to make this Affidavit on behalf of Duquesne Light Company, and that in compliance with the Settlement Agreement and approved Commission Order in the last Duquesne Light distribution base rate case held before the Commission, Docket No R-2010-2179511 et al., I make the following affirmations:

1. The Settlement Agreement among the parties and approved by the Commission in said distribution rate proceeding provided that Duquesne Light is to provide a report and affidavit to the Commission attesting to the actual contributions Duquesne Light made to its pension trust during each preceding calendar year. The first report and affidavit is due on or before January 31, 2012. [Settlement Agreement at page 9.]
2. I hereby represent and affirm that the following contributions were made by Duquesne Light to its pension trust during the calendar year 2011:

<u>Payment Date</u>	<u>Amount</u>
January 31, 2011	\$50,000,000
September 15, 2011	<u>\$16,500,000</u>
TOTAL	<u>\$66,500,000</u>

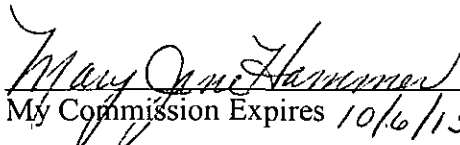
3. I attach a report from Hewitt Associates, a nationally known outside pension consulting firm, that supports and shows the contributions having been made to the pension trusts. (See page 3 of attached report.)

4. That pursuant to said Settlement Agreement, Duquesne Light committed to deposit into its pension trust fund an amount equal to at least \$ 55 million per year on average.
5. That I represent that Duquesne Light has met its pension funding commitment for 2011.
- Further Affiant Sayeth Naught.



David B. Bordo

Sworn and subscribed before me this 30th day of January, 2012.


My Commission Expires 10/6/15

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Mary Jane Hammer, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Oct. 6, 2015
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES



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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

January 20, 2012

Mr. David B. Bordo
Duquesne Light Company
Mail Drop 7-3
411 Seventh Avenue
Pittsburgh, PA 15219

Dear Dave,

Subject: December 31, 2011 ASC 715 Disclosure Information for the Duquesne Light Company
Defined Benefit Retirement Plan ("Retirement Plan")

Enclosed are exhibits detailing the December 31, 2011 ASC 715 disclosure for the Retirement Plan. We have shown the enclosed information separately on a "Regulated" and "Holdings" basis, as requested by Duquesne Light Company.

2011 ASC 715 Disclosure Assumptions

The 2011 year-end disclosure information reflects the following assumptions:

	Retirement Plan
Discount Rate	4.42%
Expected Long-Term Rate of Return on Assets	7.75%
Salary Increases	4.00%
Mortality (Healthy Lives)	2012 Static Mortality Table for Annuitants and Non-Annuitants Per §1.430(h)(3)-1(e)

All other actuarial assumptions and personnel information are the same as documented in the January 1, 2011 actuarial valuation report. Please note that at Duquesne's request, we have applied the monthly supplemental benefit corrections from Scott Jeffries' email dated January 19, 2012. These changes are reflected in the year-end 2011 ASC 715 disclosure information.

Discount Rate Selection

The discount rate for year-end 2011 disclosure was supported using the Citigroup Above Median Curve (CAMC). The CAMC is a hypothetical yield curve represented by a series of annualized individual discount rates. For a given future payment stream, the CAMC produces a single equivalent discount rate. For December 31, 2011 disclosure, the projected benefit obligation was determined using a single equivalent discount rate of 4.42%.

Please contact me with any questions.

Sincerely,

Hewitt Associates LLC, operating as Aon Hewitt



David A. Henderson
EA

DAH:tat D4001L001e

Enclosures

cc: Mr. Matthew S. Ankrum, Duquesne Light Company
Mr. Scott W. Jeffries, Duquesne Light Company
Mr. David Ogden, Duquesne Light Company
Mr. Byron N. Beebe, Aon Hewitt
Mr. Elliott M. Goldstick, Aon Hewitt
Ms. Chantal Tung, Aon Hewitt

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2010	Fiscal 2011
Accumulated benefit obligation, end of year	\$ 955,992,168	\$ 1,086,639,351
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 899,913,438	\$ 978,577,005
Service cost	8,692,155	10,432,341
Interest cost	51,490,868	51,201,037
Plan amendments	17,840,033	0
Actuarial (gain)/loss	53,378,417	124,054,794
Plan participant contributions	0	0
Actual benefits paid	(52,737,906)	(54,370,833)
Liability (gain)/loss due to curtailment	0	0
Special termination benefits	0	0
Benefit obligation, end of year	<u>\$ 978,577,005</u>	<u>\$ 1,109,894,344</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 633,864,836	\$ 717,928,991
Actual return on plan assets	86,802,061	34,646,538
Employer contributions	50,000,000	66,500,000
Plan participant contributions	0	0
Actual expenses paid	0	0
Actual benefits paid	(52,737,906)	(54,370,833)
Fair value of plan assets, end of year	<u>\$ 717,928,991</u>	<u>\$ 764,704,696</u>
Funded status of the plan	\$ (260,648,014)	\$ (345,189,648)
Additional amounts recognized in the statement of financial position		
Noncurrent assets	\$ 0	\$ 0
Current liabilities	0	0
Noncurrent liabilities	(260,648,014)	(345,189,648)
Net asset/(liability) at end of year	<u>\$ (260,648,014)</u>	<u>\$ (345,189,648)</u>
Amounts recognized in accumulated other comprehensive income		
Net transition (asset)/obligation	\$ 0	\$ 0
Prior service cost/(credit)	30,885,979	25,559,558
Net actuarial (gain)/loss	303,059,846	427,282,352
Total	<u>\$ 333,945,825</u>	<u>\$ 452,841,910</u>

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2010	Fiscal 2011
Components of net periodic benefit cost		
Service cost	\$ 8,692,155	\$ 10,432,341
Interest cost	51,490,868	51,201,037
Expected return on assets	(57,193,348)	(58,638,032)
Expected administrative expenses	0	0
Amortization of:		
Transition (asset)/obligation	0	0
Prior service cost/(credit)	3,989,924	5,326,421
Net (gain)/loss	11,195,520	23,823,782
Preliminary net periodic benefit cost/(income)	\$ 18,175,119	\$ 32,145,549
Settlement/curtailment expense/(income)	0	0
Special termination benefits	0	0
Total ASC 715 expense/(income)	\$ 18,175,119	\$ 32,145,549
Other changes in plan assets and benefit obligation recognized in other comprehensive income		
Net actuarial (gain)/loss	\$ 23,769,704	\$ 148,046,288
Prior service cost/(credit)	17,840,033	0
Amortization of:		
Transition (asset)/obligation	0	0
Prior service cost/(credit)	(3,989,924)	(5,326,421)
Actuarial (gain)/loss	(11,195,520)	(23,823,782)
Total recognized in other comprehensive income	\$ 26,424,293	\$ 118,896,085

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net transition (asset)/obligation	\$	0
Prior service cost/(credit)	\$	4,814,630
Net actuarial (gain)/loss	\$	30,896,656



ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2010	Fiscal 2011
Weighted average assumptions for balance sheet liability at end of year		
Discount rate	5.33%	4.42%
Expected long-term rate of return	8.20%	7.75%
Rate of compensation increase	4.00%	4.00%
Measurement date	December 31, 2010	December 31, 2011
Weighted average assumptions for benefit cost at beginning of year		
Discount rate	5.91%	5.33%
Expected long-term rate of return	8.20%	8.20%
Rate of compensation increase	4.00%	4.00%
Estimated future benefit payments		
2011 (2012) payouts	\$ 57,601,000	\$ 59,960,000
2012 (2013) payouts	\$ 59,933,000	\$ 62,365,000
2013 (2014) payouts	\$ 62,503,000	\$ 64,984,000
2014 (2015) payouts	\$ 65,152,000	\$ 67,691,000
2015 (2016) payouts	\$ 67,697,000	\$ 70,112,000
2016 (2017) payouts to 2020 (2021)	\$ 369,172,000	\$ 380,121,000
Expected fiscal year 2011 (2012) contributions	\$ 68,500,000	\$ 41,645,000

Alternative Amortization Method

As permitted under ASC 715-30-35-13, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2010	Fiscal 2011
Accumulated benefit obligation, end of year	\$ 955,992,168	\$ 1,086,639,351
Change in benefit obligation		
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Service cost	8,692,155	10,432,341
Interest cost	51,490,868	51,201,037
Plan amendments	17,840,033	0
Actuarial (gain)/loss	53,378,417	124,054,794
Plan participant contributions	0	0
Actual benefits paid	(52,737,906)	(54,370,833)
Liability (gain)/loss due to curtailment	0	0
Special termination benefits	0	0
Benefit obligation, end of year	<u>\$ 978,577,005</u>	<u>\$ 1,109,894,344</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 633,864,836	\$ 717,928,991
Actual return on plan assets	86,802,061	34,646,538
Employer contributions	50,000,000	66,500,000
Plan participant contributions	0	0
Actual expenses paid	0	0
Actual benefits paid	(52,737,906)	(54,370,833)
Fair value of plan assets, end of year	<u>\$ 717,928,991</u>	<u>\$ 764,704,696</u>
Funded status of the plan	\$ (260,648,014)	\$ (345,189,648)
Additional amounts recognized in the statement of financial position		
Noncurrent assets	\$ 0	\$ 0
Current liabilities	0	0
Noncurrent liabilities	(260,648,014)	(345,189,648)
Net asset/(liability) at end of year	<u>\$ (260,648,014)</u>	<u>\$ (345,189,648)</u>
Amounts recognized in accumulated other comprehensive income		
Net transition (asset)/obligation	\$ 0	\$ 0
Prior service cost/(credit)	17,989,135	16,180,709
Net actuarial (gain)/loss	376,890,922	493,715,524
Total	<u>\$ 394,880,057</u>	<u>\$ 509,896,233</u>

ASC 715 Disclosure

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	Fiscal 2010	Fiscal 2011
Components of net periodic benefit cost		
Service cost	\$ 8,692,155	\$ 10,432,341
Interest cost	51,490,868	51,201,037
Expected return on assets	(57,193,348)	(58,638,032)
Expected administrative expenses	0	0
Amortization of:		
Transition (asset)/obligation	0	0
Prior service cost/(credit)	20,848	1,808,426
Net (gain)/loss	19,220,638	31,221,686
Preliminary net periodic benefit cost/(income)	\$ 22,231,161	\$ 36,025,458
Settlement/curtailment expense/(income)	0	0
Special termination benefits	0	0
Total ASC 715 expense/(income)	\$ 22,231,161	\$ 36,025,458
Other changes in plan assets and benefit obligation recognized in other comprehensive income		
Net actuarial (gain)/loss	\$ 23,769,704	\$ 148,046,288
Prior service cost/(credit)	17,840,033	0
Amortization of:		
Transition (asset)/obligation	0	0
Prior service cost/(credit)	(20,848)	(1,808,426)
Actuarial (gain)/loss	(19,220,638)	(31,221,686)
Total recognized in other comprehensive income	\$ 22,368,251	\$ 115,016,176

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net transition (asset)/obligation	\$	0
Prior service cost/(credit)	\$	1,808,426
Net actuarial (gain)/loss	\$	37,553,286

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Weighted average assumptions for balance sheet liability at end of year		
Discount rate	5.33%	4.42%
Expected long-term rate of return	8.20%	7.75%
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2016 (2017) payouts to 2020 (2021)	\$ 369,172,000	\$ 380,121,000
Expected fiscal year 2011 (2012) contributions	\$ 68,500,000	\$ 41,645,000

Alternative Amortization Method

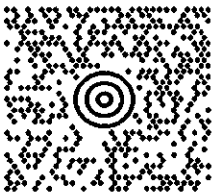

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	PA 171 9-20 	
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