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February 28, 2012

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

VIA OVERNIGHT MAIL

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, Pennsylvania 17105-3265

**Re: Securities Certificate of Duquesne Light Company for the
Issuance of Long-Term Debt in an Aggregate Principal
Amount not to Exceed \$600 Million
Docket S-2010-2207827**

Dear Secretary Chiavetta:

Pursuant to the PUC Order issued December 2, 2010 in the above referenced proceeding, Duquesne Light Company is to file with the Commission an annual sources and uses financial statement as part of the authority granted in the proceeding. The attached two pages provide the Sources and Application of Funds for the year 2011 pursuant to the Securities Certificate.

Sincerely,

Gary A. Jack
Assistant General Counsel

Enclosure

Duquesne Light Company
Sources and Application of Funds
(\$millions)

	Actual 2011
Application of Funds	
Capital Expenditures *	\$ 253.2
Pension Contributions **	66.5
Long-Term Debt Redemptions/Maturities	47.9
Preferred Stock Redemptions	-
Short-Term Debt Refinancing	230.0
Dividends	106.2
Working Capital Requirements/Other ***	6.0
Total Applications	\$ 709.8
Sources of Funds	
Net Income	148.5
Add:	
Depreciation	104.1
Deferred Taxes	51.3
Other Changes in Working Capital	20.4
Internally Generated Funds, Net	324.3
Long-term Debt - Affiliated	165
Long-term Debt - Non-Affiliated	65.7
Short-Term Debt - Affiliated	0
Short-Term Debt - Non-Affiliated	140
Other Sources	55.1
Total Sources	750.1

* Details of five largest construction projects which make up this number are included in Attachment A.

** Funding requirements for other post retirement benefits (FAS 106) for 2011 were \$5.9 million.

*** Working Capital Requirements/Other did not exceed 20% (less than 1%) of the total applications of funds, so no further detail of this number has been provided.

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Attachment A
Duquesne Light Company
Sources and Application of Funds

Details of the five largest construction projects included in the Capital Expenditures line item are provided below:

Forbes Substation Pipe Cable (2011 Spend - \$18.6 million)

Support the conversion of Forbes Substation to 138 kV supply by replacing 69 kV cable with higher rated 138 kV cable. The conversion of Duquesne Light's Forbes Substation from 69 kV to 138 kV supply is part of Duquesne Light's plan to (1) relieve identified N-2 overloads on underground, forced-cooled 345 kV cables, (2) relieve identified "N-2" overloads on Duquesne's underground, 138 kV cables, (3) relieve identified "N-1" overloads on Duquesne's underground, forced-cooled 345 kV cables beginning in the 2022 study period, (4) replace its aging components at the Forbes 69 kV Substation, expected to reach "end of life" by 2015, with new 138 kV Gas Insulated Switchgear ("GIS"), and (5) replace old 69 kV underground transmission cable with higher rated 138 kV

Forbes Substation Transmission (2011 Spend - \$9.8 million)

Convert Forbes Substation from 69 kV to 138 kV supply. The conversion of Duquesne Light's Forbes Substation from 69 kV to 138 kV supply is part of Duquesne Light's plan to (1) relieve identified N-2 overloads on underground, forced-cooled 345 kV cables, (2) relieve identified "N-2" overloads on Duquesne's underground, 138 kV cables, (3) relieve identified "N-1" overloads on Duquesne's underground, forced-cooled 345 kV cables beginning in the 2022 study period, (4) replace its aging components at the Forbes 69 kV Substation, expected to reach "end of life" by 2015, with new 138 kV Gas Insulated Switchgear ("GIS"), and (5) replace old 69 kV

Duquesne Transmission Enhancement Plan (DTEP) - Highland Substation (2011 Spend - \$18 million)

Convert Highland Substation from 69 kV to 138 kV supply and eliminate single contingency overloads on the 69 kV circuits. The conversion included a new 138 kV underground circuit from Arsenal Substation and the reconstruction of the Colfax-Highland #2 69 kV circuit for double-circuit 138 kV operation.

Midland Substation Distribution (2011 Spend - \$6.8 million)

Rehabilitate Midland Substation, replace 69 kV equipment, and consolidate station into a single site. This project rehabilitates an existing substation to: (1) address issues associated with equipment age, (2) eliminate single contingency issues associated with the existing equipment line-up, and (3) provide increased capacity to serve

Midland Substation Transmission (2011 Spend - \$6.5 million)

Rehabilitate Midland Substation, eliminate 69 kV equipment, and consolidate station into a single site. This project rehabilitates an existing substation to: (1) address issues associated with equipment age, (2) eliminate single contingency issues associated with the existing equipment line-up, and (3) provide increased capacity to serve

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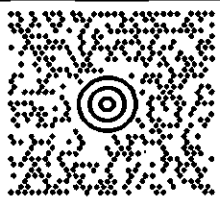
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