



Duquesne Light

Our Energy...Your Power

411 Seventh Avenue
16th Floor
Pittsburgh, PA 15219

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Tishekia E. Williams
Senior Counsel

September 21, 2012

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SEP 21 2012

VIA OVERNIGHT MAIL

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

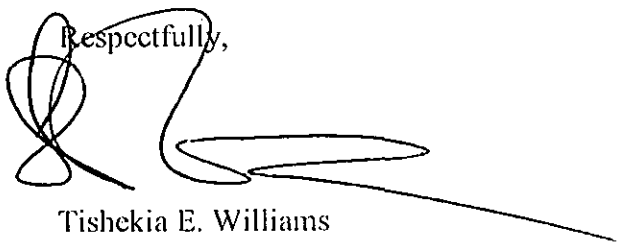
**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

**RE: Duquesne Light Company – Rider No. 20 Smart Meter Charge
Supplement No. 64 to Tariff Electric - PA. P.U.C. No. 24
Docket No. – M-2009-2123948**

Dear Secretary Chiavetta:

Enclosed for filing, please find an original copy of Supplement No. 64 to Duquesne Light Company's ("Duquesne Light" or "Company") Tariff Electric, PA. P.U.C. No. 24 issued September 21, 2012, to become effective October 1, 2012. This Supplement filing and rate change are made on less than statutory notice as authorized by Commission in its Opinion and Order issued May 11, 2010 in this proceeding. The refund amount of \$0.52/meter/month will be effective for three months.

Also enclosed and marked as Exhibit 1 is a two page document that provides the calculation of the Smart Meter Charge rates. Should you have any questions, please do not hesitate to contact me.

Respectfully,


Tishekia E. Williams
Senior Counsel, Regulatory

Enclosures

cc: Certificate of Service
William V. Pfrommer, Manager of Rates and Tariff Services, Duquesne Light
Rich Wallace, Bureau of Audits
Lori Burger, Bureau of Audits



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: September 21, 2012

EFFECTIVE: October 1, 2012

Issued in compliance with Commission Order dated May 11, 2010,
at Docket No. M-2009-2123948.

NOTICE

THIS TARIFF SUPPLEMENT DECREASES RATES WITHIN AN EXISTING RIDER

See Page Two

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASE

Rider No. 20 – Smart Meter Charge

Fourteenth Revised Page No. 108
Cancelling Thirteenth Revised Page No. 108

The Smart Meter Charge has been adjusted as required by the provisions of the Rider.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 – SMART METER CHARGE

(Applicable to Rates RS, RH, RA, GS/GM, GMH, GL, GLH, L, HVPS and AL)

PURPOSE

The Smart Meter Charge ("SMC") is instituted as a cost recovery mechanism to recover all costs to implement the Company's Smart Meter Procurement and Implementation Plan ("Plan"). The SMC has been added per Commission Order at Docket No. M-2009-2123948. Act 129 ("Act") became effective November 14, 2008, requiring all Pennsylvania electric distribution companies ("EDCs") with more than 100,000 customers to implement smart meters. Act 129 set forth the timeline for implementation, the definition of smart meters and the provisions for full and current cost recovery of all costs incurred by EDCs to install and make fully functional a smart meter system defined in and required by Act 129. The Company filed its Plan on August 14, 2009, in compliance with the Act, including this Charge and provisions for cost recovery. This Charge shall be updated as described below to recover all costs associated with implementing the Plan.

The SMC is a non-bypassable charge and shall be applicable to the monthly bill of all metered customers based on the number of meters installed at the premise.

ELIGIBLE COSTS

The SMC recovers all eligible costs incurred by the Company to implement smart meter technology and the supporting infrastructure. Eligible costs, described in 66 Pa.C.S. § 2807(f), include capital and expense items relating to all Plan elements, equipment and facilities, as well as all related administrative costs. Plan costs include, but are not limited to, capital expenditures for any equipment and facilities that may be required to implement the Plan, as well as depreciation, operating and maintenance expenses, a return component based on the EDC's weighted cost of capital and taxes. In general, eligible administrative costs include, but are not limited to, incremental costs relating to Plan development, cost analysis, measurement and verification and reporting. The costs associated with testing, upgrades, maintenance and personnel training are considered eligible costs.

MONTHLY SMART METER CHARGE

Meter Type	Monthly Charge Per Meter
Single-Phase	(\$0.52)
Poly-Phase	(\$0.52)

(D)
(D)

The SMC, calculated independently for each meter type, shall be applied to all applicable customers served under the Tariff. Customers will be billed based on the number of meter types installed at their premise. Customers with multiple meters will incur multiple charges. The SMC shall be determined in dollars and cents per month per meter in accordance with the formula described in the "Calculation of Charge" section and shall be applied to all applicable customers served during any part of a billing month.

(D) – Indicates Decrease

Duquesne Light Company
Smart Meter Cost Recovery Charge
Calculation of Smart Meter Charge Rates
Tariff Rider No. 20
Effective October 1, 2012

<u>Line</u>	<u>Common Plant</u>	<u>Single Phase Meters</u>	<u>Poly Phase Meters</u>	
1	Average Projected Smart Meter Plant In Service	\$0	\$0	\$0
2	Annual Depreciation (years)	10	15	15
3	Annual Depreciation	\$0	\$0	\$0
4	Accrued Depreciation	\$0	\$0	\$0
5	Weighted Average Pre-Tax Rate of Return (PTRR)(page 2)	11.13%	11.13%	11.13%
<u>Formula and Calculation</u>				
6	SMC = (((NPIS * PTRR/4) + Dep/4 + O&M - S + e/4) / M) * (1/(1-T))			
7	(Plant-accrued depreciation-ADIT)*Return + Depreciation + O&M - Savings + e-Factor			
8	Meters per Quarter * (1-Gross Receipts Tax)			
9	Smart Meter Plant In Service	\$0	\$0	\$0
10	Less Accrued Depreciation	\$0	\$0	\$0
11	Less Accumulated Deferred Income Taxes	\$0	\$0	\$0
12	Net Plant	\$0	\$0	\$0
13	Weighted Rate of Return/4	2.78%	2.78%	2.78%
14	Return	\$0	\$0	\$0
15	Depreciation/4	\$0	\$0	\$0
16	O&M Expense (Projected for Quarter)	\$580,000	\$0	\$0
17	Savings	\$0	\$0	\$0
18	e-Factor/4 (1)	\$43,435	\$0	\$0
19	Smart Meter Revenue Requirement (SMRR)	\$623,435	\$0	\$0
20	Refund (2)	(\$1,528,043)		
21	Adjusted Smart Meter Revenue Requirement (SMRR)	(\$904,608)	\$0	\$0
22	Meters		589,289	21,937
23	Share of Total Meters		96.4%	3.6%
24	Allocated Common Plant SMRR Based on Meters		(\$872,141)	(\$32,467)
25	Total Revenue Requirement by Meter Type for Upcoming Quarter		(\$872,141)	(\$32,467)
26	Current Meter Count		589,289	21,937
27	Projected Meter Count for Quarter for Billing Purposes		1,767,867	65,811
28	Monthly Charge per Meter for Upcoming Quarter		(\$0.49)	(\$0.49)
29	Pennsylvania Gross Receipts Tax Rate (PA GRT)		5.9%	5.9%
30	Monthly Smart Meter Charge Including GRT (\$/month/meter)		(\$0.52)	(\$0.52)

(1) E-factor component of \$173,739 under collection for the period August 1, 2009 through June 30, 2011 per the Company's reconciliation filing August 1, 2011 at Docket No. M-2011-2255248. Under collection to be recovered over the one-year period commencing on January 1, 2012.

(2) Reflects a refund of non-direct smart meter expense that should not have been recovered through the quarterly surcharges from 2010 through September 2012.

Duquesne Light Company
Smart Meter Cost Recovery Charge
Weighted Average Cost of Capital
Tariff Rider No. 20
Effective October 1, 2012

Line

Pre-Tax Weighted Average Cost of Capital

	<u>Weight</u>	<u>Cost</u>	<u>Weighted Average Cost</u>	<u>Gross Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Average Cost</u>
1 Debt (1)	48.41%	5.58%	2.70%		2.70%
2 Preferred Equity (2)	5.59%	5.88%	0.33%	1.70921	0.56%
3 Common Equity (3)	<u>46.00%</u>	10.00%	<u>4.60%</u>	1.70921	<u>7.86%</u>
4 Total Return	100.00%		7.63%		11.13%

Calculation of Gross Revenue Conversion Factor

	<u>Rate</u>	
5 Gross Revenue Charge		100.00%
6 Less: State Income Taxes	9.99%	<u>9.99%</u>
7 Income Before Federal Income Taxes		90.01%
8 Less: Federal Income Taxes	35.00%	<u>31.50%</u>
9 Income After Income Taxes		58.51%
10 Gross Revenue Conversion Factor		1.70921

Notes:

- 1/ Debt ratio of capitalization is the residual share based on preferred equity and common equity ratios. Cost of debt per Company's records. This information was submitted to the PA PUC in the Company's Second Quarter 2012 Quarterly Financial Report.
- 2/ Preferred equity ratio and cost of preferred equity per Company's records. This information was submitted in the Company's Second Quarter 2012 Quarterly Financial Report.
- 3/ Common equity ratio and cost of common equity determined in accordance with Commission's Order entered May 11, 2010 in the Company's Smart Meter Plan filing at Docket No. M-2009-2123948. Common equity ratio and cost of common equity based on the Company's most recent base case proceeding at Docket No. R-2010-2179522, in accordance with Commission's Order entered February 24, 2011.

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

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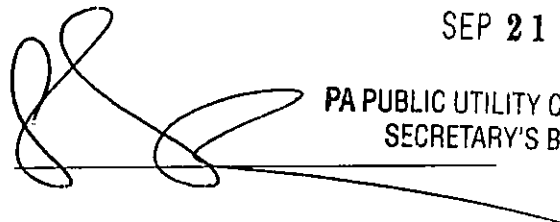
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SECRETARY'S BUREAU



Date: September 21, 2012

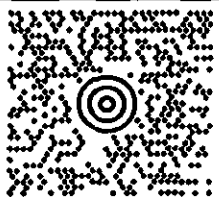
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1 OF 1

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COMMONWEALTH KEYSTONE BUILDING
HARRISBURG PA 17120



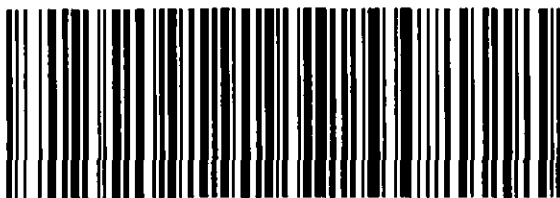
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Cost Center: 006

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