

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00 :
2. BUREAU: FUS :
3. SECTION(S): :
5. APPROVED BY: : 4. PUBLIC MEETING DATE:
DIRECTOR: : 00/00/00
SUPERVISOR: :
6. PERSON IN CHARGE: : 7. DATE FILED: 05/24/99
8. DOCKET NO: R-00994702 : 9. EFFECTIVE DATE: 06/03/99

PARTY/COMPLAINANT: PUC

RESPONDENT/APPLICANT: DUQUESNE LIGHT COMPANY

COMP/APP COUNTY:

UTILITY CODE: 110150

ALLEGATION OR SUBJECT

DUQUESNE LIGHT COMPANY HAS FILED SUPPLEMENT NO. 4 TO ELECTRIC - PA. P.U.C. NO. 18 TO BECOME EFFECTIVE JUNE 3, 1999, WHICH REFLECTS THE STATE TAX ADJUSTMENT SURCHARGE.

DOCUMENT
FOLDER

DOCKETED

JUN 09 1999



Duquesne Light

411 Seventh Avenue
P.O. Box 1930
Pittsburgh, PA 15230-1930

ORIGINAL

(412) 393-6000

May 24, 1999

R-00994702

RECEIVED

MAY 24 1999

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, Pennsylvania 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Dear Mr. McNulty:

In compliance with Section B-1 of the Public Utility Commission Order of March 10, 1970, we are submitting an original and five (5) copies of Supplement No. 4 to Duquesne Light Company's Tariff Electric, PA P.U.C. No. 18 issued May 24, 1999 to become effective June 3, 1999.

Supplement No. 4 proposes a decrease in the State Tax Adjustment Surcharge from its current level of (0.0716%) to (0.1322%) to reflect the tax changes signed into law by Governor Ridge on May 12, 1999.

Also enclosed are an original and five (5) copies of the "Summary of Revenue Requirements" and explanatory notes submitted in compliance with Section A of the above Order.

If you have any questions regarding the information contained in this filing or supporting documentation, please contact Nancy J. Krajovic at (412) 393-6334.

Please return a date-stamped copy of this letter in the enclosed self-addressed, stamped envelope.

Sincerely,

Morgan K. O'Brien
Vice President - Finance

**DOCUMENT
FOLDER**

Enclosures



110

R-00994702 SUPPLEMENT NO. 4
TO ELECTRIC - PA. P.U.C. NO. 18

DUQUESNE LIGHT COMPANY
SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Page No. 4)

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

DAVID D. MARSHALL
President and Chief Executive Officer

ISSUED: May 24, 1999

EFFECTIVE: June 3, 1999

Issued in compliance with Section B-1 of the Pennsylvania Public Utility Commission
Order of March 10, 1970.

DOCUMENT
FOLDER

NOTICE

DOCKETED

JUN 09 1999

THIS TARIFF SUPPLEMENT DECREASES AN EXISTING RIDER - See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASE

Rider No. 10 - State Tax Adjustment

Second Revised Page No. 108
Cancelling First Revised Page No. 108

Issued in compliance with Section B-1 of the Pennsylvania Public Utility Commission Order of March 10, 1970, the State Tax Adjustment Surcharge of (0.0716%) has been decreased to (0.1322%).

The decrease in the State Tax Adjustment percentage implements the reduction of Capital Stock Tax as signed into law by Governor Ridge on May 12, 1999.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 10 - STATE TAX ADJUSTMENT

(Applicable to All Rates)

In addition to the charges provided in this Tariff, a surcharge of (0.1322%) 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. (D)

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 March 31, 1971, 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.

(D) - Indicates Decrease

DUQUESNE LIGHT COMPANY

Summary of Revenue Requirements Submitted in Compliance with Pennsylvania Public Utility Commission Order Dated March 10, 1970 Re: State Tax Adjustment Procedure to Reflect the Law Changes on April 23, 1998 Reducing the Capital Stock Tax from 12.75 Mills to 11.99 Mills and the May 12, 1999 Law Change Reducing the Capital Stock Tax from 11.99 Mills to 10.99 Mills Retroactive to January 1, 1999.

1. Capital Stock Tax

(.76 Mill Decrease - 1998 Law Change)

Settlement of 1996 Tax (Copy Attached)

839,272,982 X	1.199% =	10,062,883	
839,272,982 X	1.275% =	<u>10,700,731</u>	(637,848)

(1.0 Mill Decrease - 1999 Law Change)

Settlement of 1996 Tax (Copy Attached)

839,272,982 X	1.099% =	9,223,610	
839,272,982 X	1.199% =	<u>10,062,883</u>	
			(839,273)

Annualized Amount for Period January 1, 1999 to
March 31, 2000

(1,049,091)

Net Adjustment

(1,686,939)

2. PURTA Tax Special Assessment - Gross Receipts Tax Offset

1997 PURTA Tax Additional Assessment

2,189,395

Less: 2 Mill Reduction in G/R Tax

1,580,659

608,736

3. Over/Under Refund of STA Rider 5/14/98 through 4/9/99

1998 Taxable = 822,647,177

1998 Tax Expense @

1.199% = 9,863,540

1998 Tax Expense @

1.275% = 10,488,752

(625,212)

Annualized Amount for 15 Month Period -
January 1, 1998 to March 31, 1999

(\$779,374)

Amount Refunded Through STAS

807,233

Over Refund

27,859

4. Amount Refunded Through Current STAS

115,942

5. Total of Above Items

(934,402)

6. Revenue Reduction Required to Cover Gross
Receipts Tax on Revenue Reduction at Item 5

(\$934,402) / 0.9580 =

(\$975,367)

7. Projected Base Revenues for Application Period

Estimated Base Revenues June 3, 1999 thru March 31, 2000

\$737,744,000

(\$975,367)

= -0.1322%

\$737,744,000

May 24, 1999



OFFICIAL NOTICE OF SETTLEMENT

RE: 0658-048 REV-57 CT AFP (9-96)
01/01/96 TO 12/31/96
DLN 97-7-84112

DUQUESNE LIGHT CO
411 7TH AVE 9-407
PO BOX 1930
PITTSBURGH PA 15230

OFFICIAL SETTLEMENT HAS BEEN MADE BY THE PA DEPARTMENT OF REVENUE AND
THE DEPARTMENT OF THE AUDITOR GENERAL FOR THE TAXES LISTED BELOW:

----- SECTION A - CAPITAL STOCK/FRANCHISE TAX -----
TAX AS REPORTED AS SETTLED
10,695,699 10,700,731

----- SECTION B - LOANS TAX -----
TAX AS REPORTED AS SETTLED
5,346 5,346

----- SECTION C - CORPORATE NET INCOME TAX -----
TAX AS REPORTED AS SETTLED
37,926,328 37,926,328

DEPARTMENT OF REVENUE MAILING DATE AUDITED AND APPROVED BY
CORI HARDISON DEPARTMENT OF AUDITOR GENERAL
11/21/97 12/16/97 JOHN BARWIN
12/15/97

IF YOU DISAGREE WITH THIS SETTLEMENT, IT WILL BE NECESSARY TO FILE A
PETITION FOR RESETTLEMENT WITH THE BOARD OF APPEALS, DEPT. 281021,
HARRISBURG, PA 17128-1021 WITHIN 90 DAYS OF THE SETTLEMENT MAILING DATE.
PLEASE FORWARD A COPY OF THIS DOCUMENT WITH YOUR PETITION.

LOANS AND CNI SETTLED AS REPORTED

ADJUSTMENTS NOTED ON THE NEXT PAGE ARE EXPLAINED BELOW:
* DEPARTMENT OF REVENUE COMPUTATION DIFFERS FROM SUBMITTED FIGURE
D2 BOOK INCOME REVISED TO REFLECT M-2 ADJUSTMENTS.

SECTION A - CAPITAL STOCK/FRANCHISE TAX

HISTORY OF EARNINGS - BOOK INCOME	AS REPORTED	ADJUSTED	NOTES
01/01/92 TO 12/31/92	149,944,617		
01/01/93 TO 12/31/93	147,952,356		
01/01/94 TO 12/31/94	148,460,810		
01/01/95 TO 12/31/95	142,323,086		
01/01/96 TO 12/31/96	117,970,928	118,506,526	D2
TOTAL BOOK INCOME		707,187,395	
AVERAGE NET INCOME	141,330,359	141,437,479	*
EQUITY YEAR ENDING	1,212,496,435		
EQUITY YEAR BEGINNING	1,202,301,092		
NET WORTH	1,212,496,435	1,212,496,435	
CAPITAL STOCK VALUE	1,198,430,158	1,198,993,947	*
APPORTIONMENT PROPORTION	.699981	.699981	
CAPITAL STOCK/FRANCHISE TAX	10,695,699	10,700,731	*

SCHEDULE A-1: APPORTIONMENT SCHEDULE FOR CAPITAL STOCK/FRANCHISE TAX

PROPERTY FACTOR - PA	
PROPERTY FACTOR - TOTAL	
PAYROLL FACTOR - PA	
PAYROLL FACTOR - TOTAL	
SALES FACTOR - PA	
SALES FACTOR - TOTAL	
SINGLE FACTOR - NUMERATOR	2,966,648,660
SINGLE FACTOR - DENOMINATOR	4,238,183,930

SECTION B - LOANS TAX

INDEBTEDNESS	1,355,761	
LOANS TAX	5,346	5,346

SECTION C - CORPORATE NET INCOME TAX

NET INCOME	411,065,565	
DIVIDENDS	3,152,495	
US INTEREST	5,466,948	
OTHER	0	
TOTAL DEDUCTIONS	8,619,443	8,619,443
INCOME TAXES	41,387,255	
TAX PREFERENCE ITEMS	722,852	
EIP ADJUSTMENTS	0	
OTHER	0	
TOTAL ADDITIONS	40,664,403	40,664,403
ADJUSTED INCOME	443,110,525	443,110,525
TOTAL NONBUSINESS INCOME		
INCOME TO BE APPORTIONED		443,110,525
APPORTIONMENT PROPORTION	.856768	.856768
PA APPORTIONED INCOME		379,642,918
PA NONBUSINESS INCOME		
INCOME PRIOR TO NL DEDUCTION	379,642,918	379,642,918
NET LOSS DEDUCTION		0
PA TAXABLE INCOME		379,642,918
CORPORATE NET INCOME TAX	37,926,328	37,926,328

SCHEDULE C-1: APPORTIONMENT SCHEDULE FOR CORPORATE NET INCOME TAX

PROPERTY FACTOR - PA	3,941,913,987
PROPERTY FACTOR - TOTAL	4,992,963,049
PAYROLL FACTOR - PA	159,760,213
PAYROLL FACTOR - TOTAL	171,593,065
SALES FACTOR - PA	1,159,925,169
SALES FACTOR - TOTAL	1,359,389,685
SINGLE FACTOR - PA	
SINGLE FACTOR - TOTAL	

SCHEDULE C-2: NET LOSS DEDUCTION AND CARRYFORWARD

NL CARRYFWD TO CURRENT TAXABLE YEAR	NL CARRYFWD TO NEXT TAXABLE YEAR
12-31-89	0
12-31-90	0
12-31-91	0
12-31-92	0
12-31-93	0
12-31-94	0
12-31-95	0
	0



RCT-900A (12-98)

December 22, 1998

DUQUESNE LIGHT CO
1 OXFORD CTR
301 GRANT ST
PITTSBURGH PA 15279

Re: Pennsylvania Public Utility Realty Tax
1997 Notice of Additional Assessment and Determination pursuant to Title 72 P.S. § 8104-A(b)

Dear Taxpayer:

Title 72 P.S. § 8107-A(b) of the Pennsylvania Code provides that, on or before October 1 of each year, the Department of Revenue shall distribute to each local taxing authority its share of the total realty tax equivalent. Funding for this distribution is indirectly linked to the Public Utility Realty Tax (PURTA) collected from utility companies under Title 72 P.S. § 8102-A(a). If in any calendar year the amount determined by the Department pursuant to § 8107-A shall exceed the total amount of tax collected pursuant to § 8102-A(a), the Department shall determine the ratio which the amount of such excess bears to the total state taxable value of all utility realty reported to it pursuant to § 8102-A(b). In the event that the amount of the distribution exceeds the amount of tax collected, the Department of Revenue is required to assess an additional tax. The 1997 Realty Tax Equivalent shown in the reports required by Title 72 P.S. § 8106-A was \$167,503,199. The 1997 State taxable value shown in the reports required by Title 72 P.S. § 8102-A(b) was \$3,204,671,382.86.

The computed ratio and the amount of additional tax due is calculated below. Please detach the coupon and return it along with full payment in the enclosed pre-addressed envelope. You have 45 days from the date of this notice to remit or satisfy your pro-rata share of additional tax. Failure to timely remit may result in the assessment of interest and underpayment penalties. If you have over payments/credits that may be applied toward this assessment, please provide transfer instructions along with your remittance. If you have any questions, please contact the Pennsylvania Department of Revenue, Bureau of Corporation Taxes, Specialty Tax Unit at (717) 783-6035.

Sincerely,

Thomas S. Rominiecki

Director

PURTA Coupon
Public Utility Realty Tax

Tax Period: 12 / 97

Department Use Only

Box Number:	3500023	Report Code:	KA
EIN:	250451600		
DUQUESNE LIGHT CO 1 OXFORD CTR 301 GRANT ST PITTSBURGH PA 15279			

CALCULATION OF REASSESSMENT

Taxpayer's taxable value of realty property x PURTA
assessment ratio = Amount Due

\$98,318,276.90 x 0.0222684 = **\$2,189,395.00**

Amount Paid:

Duquesne Light Company
Explanatory Notes to STA Calculation

1. The capital stock tax decrease to be refunded through the STAS is calculated in two parts.

The first part is the calculation of the .76 mill decrease of the rate signed into law in 1998. For this STAS, twelve months of that decrease is computed, as the refund of the .76 mills factor for the months of January, February and March 1999 was accomplished through the STAS in effect from May 14, 1998 through April 9, 1999. (The refunds made through the current STAS that became effective on April 10, 1999 are reconciled in step 4 of the calculation.)

The second part is the calculation of the 1.0 mill decrease enacted on May 12, 1999 effective January 1, 1999. For this, fifteen months of the decrease is computed.

The two pieces are added to a net adjustment of (\$1,686,939) to be refunded through the new STAS.

2. In January, the first Revenue Neutral Reconciliation (RNR) factor was incorporated into the Gross Receipts Tax, amounting to a reduction of 2.0 mills. At the same time, Duquesne received an additional PURTA Tax assessment, which more than offset the RNR reduction. The excess of that variance is being offset here against the decrease in the Capital Stock Tax. The excess was not utilized in the calculation supporting the April 10, 1999 STAS.
3. The over/under refund of the May 14, 1998 through April 9, 1999 STAS is restated here for inclusion in the new STAS. (The recovery of this factor made through the current STAS that became effective on April 10, 1999 is reconciled in step 4 of the calculation.)
4. "Amount refunded through current STAS" represents that portion of the .76 mill decrease and the reconciliation of the prior period over/under collection will have been refunded from April 10, 1999 through June 2, 1999.

May 24, 1999