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File #: 126931

December 20, 2013

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Duquesne Light Company - Supplement No. 86 to Tariff Electric - PA PUC No. 24
(Smart Meter Charge)**

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Duquesne Light Company, please find Supplement No. 86 to Tariff Electric – PA PUC No. 24. Supplement No. 86 is being filed to update the Smart Meter Charge and contains supporting schedules. Copies of this document have been served as indicated on the Certificate of Service.

If you have any questions regarding this filing, please do not hesitate to contact me.

Respectfully submitted,



Andrew S. Tubbs

AST/skr
Enclosure

cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

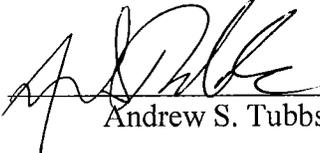
VIA FIRST CLASS MAIL:

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101-1303

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – 2 West
PO Box 3265
Harrisburg, PA 17105-3265

DATED: December 20, 2013



Andrew S. Tubbs



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: December 20, 2013

EFFECTIVE: January 1, 2014

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

NOTICE

THIS TARIFF SUPPLEMENT INCREASES RATES WITHIN AN EXISTING RIDER

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

INCREASE

Rider No. 20 – Smart Meter Charge

Nineteenth Revised Page No. 108
Cancelling Eighteenth Revised Page No. 108

The Smart Meter Charge has been adjusted as required by the provisions of the Rider. The monthly charge per meter has increased from (\$0.10) to \$0.13 for Single-Phase meters and from (\$0.10) to \$0.11 for Poly-Phase type meters.

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 | \$0.13 |
| Poly-Phase | \$0.11 |

(I)
(I)

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.

(I) – Indicates Increase

Duquesne Light Company
Smart Meter Cost Recovery Charge
Calculation of Smart Meter Charge Rates
Tariff Rider No. 20
Effective January 1, 2014

| <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 | \$7,833 | \$692,217 | \$1,227 |
| 2 | Annual Depreciation (years) | 10 | 15 | 15 |
| 3 | Annual Depreciation | \$783 | \$46,148 | \$82 |
| 4 | Accrued Depreciation | \$65 | \$6,409 | \$11 |
| 5 | Weighted Average Pre-Tax Rate of Return (PTRR)(page 2) | 11.11% | 11.11% | 11.11% |
| <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 | \$7,833 | \$692,217 | \$1,227 |
| 10 | Less Accrued Depreciation | (\$65) | (\$6,409) | (\$11) |
| 11 | Less Accumulated Deferred Income Taxes | \$0 | \$0 | \$0 |
| 12 | Net Plant | \$7,768 | \$685,808 | \$1,215 |
| 13 | Weighted Rate of Return/4 | 2.78% | 2.78% | 2.78% |
| 14 | Return | \$216 | \$19,043 | \$33.75 |
| 15 | Depreciation/4 | \$196 | \$11,537 | \$20.44 |
| 16 | O&M Expense (Projected for Quarter) | \$20,000 | \$0 | \$0 |
| 17 | Savings | \$0 | \$0 | \$0 |
| 18 | e-Factor/4 (1) | \$167,402 | \$0 | \$0 |
| 19 | Smart Meter Revenue Requirement (SMRR) | \$187,814 | \$30,580 | \$54.19 |
| 20 | Meters | | 589,289 | 21,937 |
| 21 | Share of Total Meters | | 96.4% | 3.6% |
| 22 | Allocated Common Plant SMRR Based on Meters | | \$181,073 | \$6,741 |
| 23 | Total Revenue Requirement by Meter Type for Upcoming Quarter | | \$211,652 | \$6,795 |
| 24 | Current Meter Count | | 589,289 | 21,937 |
| 25 | Projected Meter Count for Quarter for Billing Purposes | | 1,767,867 | 65,811 |
| 26 | Monthly Charge per Meter for Upcoming Quarter | | \$0.12 | \$0.10 |
| 27 | Pennsylvania Gross Receipts Tax Rate (PA GRT) | | 5.9% | 5.9% |
| 28 | Monthly Smart Meter Charge Including GRT (\$/month/meter) | | \$0.13 | \$0.11 |

(1) E-factor component of \$669,608 under collection for the period July 1, 2012 through June 30, 2013. Under collection to be refunded over the one-year period commencing on January 1, 2014 (\$669,608 / 4 = \$167,402).

Duquesne Light Company
Smart Meter Cost Recovery Charge
Weighted Average Cost of Capital
Tariff Rider No. 20
Effective January 1, 2014

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) | 48.42% | 5.54% | 2.68% | | 2.68% |
| 2 Preferred Equity (2) | 5.58% | 5.89% | 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% | | 7.61% | | 11.11% |

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 First Quarter 2013 Quarterly Financial Report.
- 2/ Preferred equity ratio and cost of preferred equity per Company's records. This information was submitted in the Company's First Quarter 2013 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 per the Company's base rate case proceeding at Docket No. R-2010-2179522, in accordance with Commission's Order entered February 24, 2011.