



17 North Second Street  
12th Floor  
Harrisburg, PA 17101-1601  
717-731-1970 Main  
717-731-1985 Main Fax  
www.postschell.com

---

Michael W. Gang

mgang@postschell.com  
717-612-6026 Direct  
717-731-1985 Direct Fax  
File #: 152193

January 16, 2014

***VIA ELECTRONIC FILING***

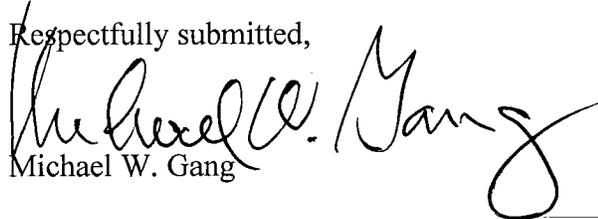
Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**Re: Pennsylvania Public Utility Commission, et al. v. Duquesne Light Company**  
**Docket No. R-2013-2372129, et al.**

Dear Secretary Chiavetta:

Enclosed please find the Joint Petition for Approval of Non-Unanimous Settlement in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

  
Michael W. Gang

MWG/skr  
Enclosure

cc: Certificate of Service  
Honorable Conrad A. Johnson

## 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 E-MAIL AND FIRST CLASS MAIL

Charles Daniel Shields, Esquire  
Scott B. Granger, Esquire  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265

Candis A. Tunilo, Esquire  
David T. Evrard, Esquire  
Amy E. Hirakis, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

Sharon E. Webb, Esquire  
Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101

Scott J. Rubin, Esquire  
Public Utility Consulting  
333 Oak Lane  
Bloomsburg, PA 17815  
*Counsel for International Brotherhood  
Of Electrical Workers, Local 29*

Derrick P. Williamson, Esquire  
Barry A. Naum, Esquire  
Spilman Thomas & Battle  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
*Counsel for United States Steel Corporation*

Theodore S. Robinson  
Citizen Power Inc.  
2121 Murray Avenue  
Pittsburgh, PA 15217  
*Counsel for Citizen Power*

Pamela C. Polacek, Esquire  
Teresa K. Schmittberger, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166  
*Counsel for Duquesne Industrial Intervenors*

Todd S. Stewart, Esquire  
Hawke McKeon & Sniscak LLP  
100 N. 10th Street  
PO Box 1778  
Harrisburg, PA 17101  
*Counsel for Interstate Gas Supply, Inc.*

Harry S. Geller, Esquire  
Patrick Cicero, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101-1414  
*Counsel for Coalition for Affordable Utility  
Services and Energy Efficiency in PA*

Joseph L. Vullo, Esquire  
Burke Vullo Reilly Roberts  
1460 Wyoming Avenue  
Forty Fort, PA 18704  
*Counsel for Community Action Association  
of PA*

David P. Zambito Esquire  
Joshua L. Belcher, Esquire  
Cozen O'Connor  
305 North Front Street, Suite 400  
Harrisburg, PA 17101-1236  
*Counsel for NRG Companies*

John F. Povilaitis, Esquire  
Alan Michael Seltzer, Esquire  
Buchanan Ingersoll & Rooney PC  
409 N. Second Street, Suite 500  
Harrisburg, PA 17101-1357  
*Counsel for Beaver Falls Municipal  
Authority*

George Jugovic, Jr., Esquire  
Heather M. Langeland, Esquire  
Citizens for Pennsylvania's Future  
200 First Avenue, Suite 200  
Pittsburgh, PA 15222  
*Counsel for Citizens for Pennsylvania's  
Future*

**VIA FIRST CLASS MAIL:**

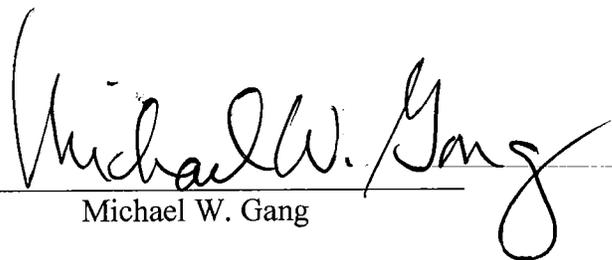
Jacquelyn and Robert Miller  
3011 May Street Exit  
Pittsburgh, PA 15234

Connie Schiavo  
404 Wingate Drive  
Pittsburgh, PA 15205

Gwendolyn Levert  
431 Kenmawr Avenue  
Apartment 1  
Rankin, PA 15104

Aimee Marie Dorsten  
4338 McCaslin Street  
Pittsburgh, PA 15217

Date: January 16, 2014

  
\_\_\_\_\_  
Michael W. Gang

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2013-2372129
Office of Consumer Advocate	:	C-2013-2379084
Office of Small Business Advocate	:	C-2013-2380474
Jacquelyn and Robert Miller	:	C-2013-2383835
Gwendolyn L. LeVert	:	C-2013-2383980
Duquesne Industrial Intervenors	:	C-2013-2385292
Aimee-Marie Dorsten	:	C-2013-2386037
Connie Schiavo	:	C-2013-2386284
NRG Midwest, NRG Energy Center Pittsburgh LLC, and Reliant Energy Northeast LLC	:	C-2013-2390562
	:	
	:	
v.	:	
	:	
	:	
Duquesne Light Company	:	

---

**JOINT PETITION FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT**

---

**TO THE HONORABLE CONRAD A. JOHNSON, ADMINISTRATIVE LAW JUDGE:**

Duquesne Light Company (“Duquesne Light” or the “Company”), the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Duquesne Industrial Intervenors (“DII”),<sup>1</sup> Citizens for Pennsylvania’s Future (“PennFuture”) and United States Steel Corporation (“U. S. Steel”) (collectively the “Joint Petitioners”) hereby join in this Joint Petition for Approval of Non-Uniform Settlement (“Settlement”) which resolves all issues among the Joint Petitioners. Other parties in this proceeding, including the Community Action Association of Pennsylvania

---

<sup>1</sup> WHEMCO Inc./WHEMCO-Steel Castings, Inc. has participated in this proceeding as a member of DII, however, for purposes of this Joint Petition for Approval of Non-Uniform Settlement, WHEMCO Inc./WHEMCO-Steel Castings, Inc. has elected status as a non-objecting party.

“CAAP”), Citizen Power, Inc. (“Citizen Power”), Interstate Gas Supply, Inc. (“IGS”), International Brotherhood of Electrical Workers, Local 29 (“IBEW”), and Beaver Falls Municipal Authority (“Beaver Falls”) have all indicated that they do not oppose the Settlement.<sup>2</sup> NRG Power Midwest LP (“NRG Midwest”), NRG Energy Center Pittsburgh LLC (“NRGP”) and Reliant Energy Northeast LLC (“REN”) (collectively the “NRG Companies”) have indicated that they may oppose the Settlement. The NRG Companies are the only active parties in this proceeding that have reserved the right to oppose the Settlement. In their Main Brief at pages 7 through 8, the NRG Companies state that they “have decided not to contest the various non-unanimous settlement issues” but then “reserve the right to challenge whether the terms and conditions of any such petition, once it is made available, are in the public interest” and specifically “argue that terms regarding Rider No. 18 should be included in any approval by the Commission of a settlement.”

The Joint Petitioners respectfully request that Administrative Law Judge Conrad A. Johnson (the “ALJ”) recommend and the Commission approve all terms and conditions of the Settlement without modification. The Settlement provides for increases in rates, as set forth in the form of tariff supplements attached as Appendix “A” and the proof of revenues attached as Appendix “B” to this Petition, designed to produce a net increase in annual distribution operating revenues of \$48 million, based upon a Fully Projected Future Test Year (“FPFTY”) ending April 30, 2015, as adjusted for ratemaking purposes, to become effective for service rendered on and after May 1, 2014.

In support of this Settlement, the Joint Petitioners state the following:

---

<sup>2</sup> There are four customer complainants in the above-captioned proceeding: Jacquelyn and Robert Miller, Docket No. C-2013-2383835; Gwendolyn L. LeVert, Docket No. C-2013-2383980; Aimee-Marie Dorsten, Docket No. C-2013-2386037; and Connie Schiavo, Docket No. C-2013-2386284. These customer complainants have not been active parties. Duquesne Light is serving a copy of the Settlement on the customer complainants.

## I. BACKGROUND

1. Duquesne Light provides electric distribution and transmission services to approximately 580,000 customers in Allegheny and Beaver Counties, Pennsylvania. Duquesne Light is a “public utility” and an “electric distribution company” as defined under the Public Utility Code, *see* 66 Pa. C.S. §§ 102 & 2803, serving customers within its certificated service territory and subject to the regulatory jurisdiction of this Commission. Duquesne Light also provides default service to customers that are not being served by an electric generation supplier (“EGS”).

2. On August 2, 2013, Duquesne Light filed with the Commission Supplement No. 81 become effective on October 1, 2013, together with supporting data, written testimony, and exhibits. In Supplement No. 81, Duquesne Light proposed a general increase in distribution base rates designed to produce approximately \$76.3 million in additional annual base rate operating revenues based upon data for a FPFTY ending April 30, 2015.

3. On September 26, 2013, the Commission opened an investigation of Duquesne Light’s proposed rate increase and suspended the effective date of that increase by operation of law from October 1, 2013, until May 1, 2014, unless permitted by Commission Order to become effective at an earlier date. The matter was assigned to the Office of Administrative Law Judge, and ALJ Conrad Johnson was assigned to preside over the proceeding.

4. I&E filed a Notice of Appearance. The following complaints against the proposed rate increase were filed prior to the date set for the Prehearing Conference: OCA, OSBA, Jacquelyn and Robert Miller, Gwendolyn L. LeVert, DII, Aimee-Marie Dorsten, and Connie Schiavo. OCA and OSBA also filed Public Statements and Notices of Appearance.

5. The following Parties filed Petitions to Intervene prior to the date of the prehearing conference: IBEW, U. S. Steel, Citizen Power, CAAP, CAUSE-PA and IGS.

6. An initial Prehearing Conference was held as scheduled on October 4, 2013. Parties participating in the Prehearing Conference filed Prehearing Memoranda identifying potential issues and their expected witnesses. At the Prehearing Conference, the parties proposed a procedural schedule, which was adopted by the ALJ. In addition, the parties agreed to, and the ALJ approved, modified discovery rules for the above-captioned proceeding, which included shorter response times than those provided for in the Commission's regulations at 52 Pa. Code §§ 5.321 et seq.

7. On October 16, 2013, Duquesne Light filed a Motion for Protective Order.

8. In the Prehearing Order issued October 22, 2013, the ALJ set forth the litigation schedule for the proceeding and revised time periods for responding to discovery requests. In addition, the ALJ listed the parties who had filed notices of intervention, petitions to intervene and complaints. The ALJ also granted the Petitions to Intervene of IBEW, U. S. Steel, Citizen Power, CAAP, CAUSE-PA and IGS. Further, the ALJ indicated that there would be one public input hearing.

9. The public input hearing was held on October 28, 2013, at the Borough of Green Tree. Two customers made statements but did not testify on the record.

10. On October 31, 2013, Duquesne Light was served by the Commission with the Formal Complaint jointly filed by the NRG Companies at Docket No. C-2013-2390562 ("NRG Complaint"). The NRG Companies challenged, among other things, Duquesne Light's Tariff Rider No. 18 – Rate for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities (hereinafter "Rider No. 18").

11. On November 1, 2013, I&E, OCA, OSBA, DII, U. S. Steel, CAUSE-PA and certain of the NRG Companies served their direct testimony and exhibits.

12. By Order dated November 7, 2013, the ALJ granted Duquesne Light's Motion for Protective Order.

13. On November 12, 2013, Duquesne Light filed an Answer to the NRG Complaint. Also on November 12, 2013, Duquesne Light filed Preliminary Objections raising the following three objections to the portions of the NRG Complaint pertaining to Rider No. 18: (1) it is beyond the scope of this base rate proceeding; (2) it failed to join parties indispensable to its claims regarding the PURPA rates paid under Rider No. 18; and (3) the relief requested is beyond the scope of the Commission's jurisdiction.

14. On November 22, 2013, the NRG Companies filed an Answer to the Duquesne Light Preliminary Objections.

15. On November 25, 2013, the OCA filed a letter in support of the Duquesne Light Preliminary Objections.

16. On November 26, 2013, Duquesne Light, I&E, OCA, OSBA, DII and U. S. Steel served rebuttal testimony and exhibits.

17. On December 3, 2013, PennFuture filed a Petition to Intervene Out of Time and also filed direct testimony.

18. On December 9, 2013, I&E, OCA, OSBA, DII, CAUSE-PA and NRG served surrebuttal testimony and exhibits.

19. On December 12, 2013, Duquesne Light served supplemental rebuttal testimony in response to the direct testimony served by PennFuture.

20. On December 12, 2013, the ALJ issued an Order denying Duquesne Light's Preliminary Objections to portions of the NRG Complaint.

21. On December 13, 2013, Duquesne Light served rejoinder testimony and exhibits. DII also filed supplemental surrebuttal testimony.

22. On December 13, 2013, Duquesne Light filed a Petition for Interlocutory Review and Answer to Material Questions with the Commission, pursuant to 52 Pa. Code § 5.302, raising the following material questions:

(1) Whether NRG's Complaint must be dismissed for failure to join the affected QFs as necessary and indispensable parties?

(2) Whether the Commission lacks authority to change the wholesale PURPA rate set forth in Rider No. 18?

23. Also on December 13, 2013, Duquesne Light filed a Motion to Sever From This Base Rate Proceeding The Rider No. 18 Portion of the NRG Companies' Complaint.

24. The parties engaged in substantial formal and informal discovery in support of their respective positions, and Duquesne Light responded to approximately 500 discovery requests.

25. On December 16, 2013, Beaver Falls Municipal Authority ("Beaver Falls") filed a Petition to Intervene.

26. Evidentiary hearings were held before the ALJ on December 16, 17, and 20, 2013 in Harrisburg. At the hearings, the parties advised the ALJ that all parties other than the NRG Companies had achieved a settlement of all base rate issues, and that the only issues remaining to be decided are those raised by the NRG Companies. At the hearing, the ALJ granted the unopposed Petitions to Intervene filed by PennFuture and Beaver Falls. The ALJ also resolved outstanding discovery disputes between the NRG Companies and Duquesne Light. In addition, the ALJ denied Duquesne Light's Motion to Sever the Rider No. 18 issues from the base rate proceeding. At the hearing, the parties' respective testimony and exhibits were admitted into the evidentiary record. Certain parties' witnesses were cross-examined on the issues raised by the

NRG Companies. In addition, NRG cross-examined I&E and OCA witnesses. The evidentiary record was closed on December 20, 2013.

27. As explained above, all parties except the NRG Companies have entered into the Settlement. The terms and conditions of the Settlement are set forth below.

## **II. SETTLEMENT TERMS AND CONDITIONS**

### **A. REVENUE REQUIREMENT**

28. Duquesne Light will be permitted to increase rates by amounts designed to produce an increase in distribution revenues of \$48.0 million annually. These rates will become effective for service rendered on and after May 1, 2014. Rates will be designed based upon the billing usage determinants set forth in the Company's original filing and based upon the updated customer counts reflected in Exhibit JH 1-R as submitted on December 2, 2013, and reflected in the proof of revenues at Settlement rates attached as Appendix "B".

29. Commencing with calendar year 2014, Duquesne Light will deposit into its pension trusts an amount equal to \$37,200,000 per year; provided, however, that contribution(s) in any year in excess of the foregoing may be used on a cumulative basis to satisfy future contribution obligations under this Settlement. The Settlement provides for recovery of the expense component of \$18,600,000 (50% of the average cash contributions) of projected future pension contributions. Additionally, Duquesne Light will be permitted to include the other 50% of actual pension contributions from January 1, 2007, forward, net of related accumulated deferred income taxes, in rate base for rate making purposes. The rate base adjustment for pensions shall be the amount necessary to adjust the ASC 715 capitalized pension amounts to equal accumulated capitalized pension contributions, net of applicable deferred income taxes, from January 1, 2007 forward. The depreciation expense for book and ratemaking purposes will be based on the ASC 715 capitalized amounts. The adjusted amounts will be used for reporting

rate base in reports to the Commission. If Duquesne Light concludes that a contribution less than \$37,200,000 to the pension trust is appropriate, the Company may reduce the pension contribution and will record a regulatory liability on its books of account that is equal to 50% of the reduction to the pension contribution below the level of \$37,200,000. Any regulatory liability recorded will be reduced to the extent of 50% of contributions in excess of \$37,200,000 in subsequent years. If a regulatory liability remains at the time of the Company's next rate proceeding, the regulatory liability amount will be returned to ratepayers as directed in the next base rate proceeding. Any amount recorded as a regulatory liability shall not bear an interest obligation. Duquesne Light shall provide a report and affidavit attesting to the actual contributions to pension trusts during each calendar year. The report and affidavit shall be filed with the Commission, with copies provided to I&E, OCA and OSBA on or before January 31 of the following calendar year, with the first report and affidavit due on or before January 31, 2015.

30. The Company's distribution rate allowance for OPEBs is based upon the estimated ASC 715 cost for the Fully Projected Future Test Year of approximately \$3,265,500, which reflects a two-year normalization of the Net Periodic Benefit Cost for historic and future test year distribution costs. The distribution expense component included in rates is approximately 50% of this estimated cost less the annual effect of the 3-year amortization of the regulatory liability of \$1.1 million (\$970,900 on a distribution basis) as explained in Duquesne Light St. No. 2, p. 27, for a net distribution expense of \$1,309,117 ( $\$1,632,750 - \$323,633 = \$1,309,117$ ). The remaining 50% of actual ASC 715 cost will be the amount to be capitalized on the Company's books. The actual labor capitalization ratio will be used to determine the split between capitalized and expensed amounts. The Company accounts for and funds OPEBs through a Voluntary Employees Beneficiary Associated ("VEBA") trust, into which it will

deposit the full amount of annual costs calculated by the Company's actuary pursuant to ASC 715. Retiree OPEBs and administrative costs of maintaining the trusts and/or accounts are paid from amounts deposited in the trust. The Company accounts for the difference between the net periodic postretirement benefit expense determined annually by the actuary in accordance with ASC 715 and the amount of ASC 715 postretirement benefit expense used to establish rates. That difference is recorded as a regulatory asset or liability and will be expensed or credited in future rate proceedings in determining OPEB expense included in rates.

31. Duquesne Light's jurisdictional separation study of distribution and transmission costs and assets shall be approved for purposes of this case only and shall hold no precedential value in a future base rate proceeding. All parties reserve the right to challenge the jurisdictional separation study in future matters.

32. This Settlement reflects a compromise of the Parties' positions regarding rate base and rate of return. If Duquesne Light is authorized to implement a Distribution System Improvement Charge ("DSIC"), then following the effective date of rates in this proceeding, Duquesne Light will be eligible to include plant additions in the DSIC once eligible account balances exceed the levels projected by Duquesne Light at April 30, 2015. The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

33. In order to meet the Commission's smart meter surcharge requirements in *Petition of Duquesne Light Company for Approval of Smart Meter Technology Procurement and Installation Plan*, Docket No. M-2009-2123948, and for that purpose only, Duquesne Light will use a 10% return on common equity and the capital structure proposed by the Company in this

proceeding for establishing smart meter surcharge rates. The return on common equity and capital structure ratios are limited solely to establishing the Company's smart meter surcharge for a three-year period following the effective date of rates in this proceeding consistent with the Commission's Smart Meter Order at Docket No. M-2009-2123948 entered on May 11, 2010 or until the return on equity percentage and capital structure ratios are reset in the Company's next base rate case, whichever is sooner. It is understood and agreed that this Settlement is the result of compromise and does not reflect any Party's position with respect to the current cost of common equity or capital structure for Duquesne Light. The Commission's approval of this Settlement shall not be construed to represent approval of any Party's position on these issues.

34. Duquesne Light commits to spend \$15 million on distribution system vegetation management on a twelve-month basis for three years commencing May 1, 2014; provided that any shortfall below that level of spending on a twelve-month basis shall be expended no later than April 30, 2017. Duquesne Light will report its distribution vegetation management spending for the three 12-month periods commencing May 1, 2014. These annual reports will be filed with the Commission, with copies provided to I&E, OCA and OSBA by October 31, 2015, October 31, 2016 and October 31, 2017.

35. Duquesne Light will file a Total Company and Pennsylvania jurisdictional report showing capital expenditures, plant additions and retirements, by month, for the FTY (April 2013 through March 2014), plus the gap month of April 2014 by October 31, 2014. A similar report for the FPFTY (May 1, 2014 through April 30, 2015) will be filed by October 31, 2015. In Duquesne Light's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the twelve-months ended April 30, 2015 to its

projections in this case. However, it is recognized by the Parties that this is a black box settlement that is a compromise of the Parties' positions on various issues.

36. The Parties agreed to support a request by Duquesne Light that its Petition filed at Docket No. M-2009-2123948 to amend, to the extent necessary, the Commission's May 6, 2013 Order approving the Company's Final Smart Meter Procurement and Installation Plan requesting that FOCUS project costs, exclusive of costs that have been previously recovered through the Company's Smart Meter Charge, be recovered in base rates, be consolidated with this base-rate proceeding and be granted. Settlement rates include the projected FOCUS costs to be capitalized in the FPFTY. Settlement rates also include a normalized level (average of \$5,446,000) of Information Technology development expenses for the Historic Test Year, Future Test Year and Fully Projected Future Test Year. All other smart meter costs (*i.e.*, non-FOCUS smart meter costs) will be recovered in the Smart Meter Charge. The parties recognize that the Company's Petition was granted by Order entered January 9, 2014.

37. Consistent with the Company's normalization treatment of its IRS repair allowance approved in the Company's last base rate proceeding, if the Company implements a change in income tax accounting for its 263A mixed service costs ("MSC") as permitted under IRS guidance, the Company will record the "catch up" reduction to its income tax liability in account 282 on its regulated books of account. The "catch up" adjustment represents the refund for the cumulative effect of the election to change a method of accounting, also referred to as the IRC Section 481(a) adjustment. This will increase the ADIT which results in a decrease to rate base. MSC are general and administrative costs that are allocable to activities related to self-constructed assets and inventory and must be partially capitalized under IRC Section 263A rather than deducted for tax purposes. The MSC allocation and capitalization amounts differ for book

and tax purposes, resulting in the acceleration of tax deductions. Also consistent with its tax repairs accounting method, the Company will normalize the annual IRC 263A deductions for federal income tax purposes which result in a different book versus tax basis on self-constructed assets. Finally, the Company will reflect all adjustments to the foregoing as a result of IRS adjustments originally claimed by the Company in account 282 on its regulated books of account for reporting and ratemaking purposes as adjustments occur. It is understood that any subsequent adjustments by the IRS could increase or decrease the amounts recorded in account 282 on the Company's regulated books of account and thereby increase or decrease the ADIT deducted from rate base.

**B. UNIVERSAL SERVICE AND CUSTOMER SERVICE**

38. Duquesne Light agrees to an increase in the annual target of LIURP visits from 2,555 in its currently filed Universal Service and Energy Conservation Plan ("USECP") for 2014 to 2017 to 3,100 visits. Duquesne Light also agrees to increase the maximum CAP credits for non-heat customers from \$560 per year to \$700 per year and for heating customers from \$1,400 per year to \$1,800 per year, effective January 1, 2015. Any increases in costs will be recovered in the Universal Service Charge. Duquesne Light agrees to file an amendment to its USECP within 60 days of approval of the Settlement to incorporate these changes.

39. The Company agrees to initiate a collaborative with interested parties within 6 months of the conclusion of this proceeding to discuss storm communications-related issues, and in particular the issues raised by OCA witness Colton. At the conclusion of the collaborative, the Company will provide to interested parties any updates to its plan on storm communications.

40. The Company agrees to refresh its Red Flags Plan and provide the Plan to interested parties within 6 months of the conclusion of this proceeding.

41. The Company will refrain from making the supply of a Social Security Number (“SSN”) a prerequisite to participation in CAP and will notify CAP applicants that SSNs are not required for CAP participation, provided the customer can provide sufficient alternative identification.

**C. REVENUE ALLOCATION AND RATE DESIGN**

42. The Parties have agreed to allocate the \$48.0 million revenue allocation in the manner set forth in Appendix “B”. The Parties agree that the revenue allocation is a reasonable compromise of the revenue allocation positions advanced by the Parties.

43. The rate design for each rate class to recover the revenue allocation to each class at the settlement increase of \$48.0 million is set forth in Appendix “B”. The fixed monthly customer charge for Rates RS, RA and RH will be increased from \$7.00 per month to \$10.00 per month. The Rate L redesign that provides a new rate only for service taken at transmission voltage (138 kV) is approved.

**D. DUQUESNE LIGHT LED STREET LIGHT PILOT PROGRAM**

44. Working in concert with interested municipalities, the Company agrees to install up to a total of 1,500 LED lights per year at nominal lamp wattages of 43 or 106 watts, which are the 70 watt and 150 watt High Pressure Sodium Light (“HPS”) equivalents, respectively, under Rate SM. The distribution rates for these LED lights will be \$11.16 per month and \$12.82 per month, respectively.

45. Light conversions from HPS to LED fixtures are subject to the charges provided under the Special Terms and Conditions of Rate SM to recover the remaining costs of the HPS fixtures and removal costs.

46. Duquesne Light will contact municipalities in advance of May annually and offer participation in this program beginning May 2014. Interested municipalities would be required

to accept a minimum of 10 LED lights to be installed in a contiguous location to produce economies of scale in installation. Municipalities that elect to participate would receive an allocation of the programs annual quantity of 1,500 LED lights if the program is oversubscribed; provided, however, that the Company may select, in consultation with PennFuture, a limited number of municipalities to participate in the first year of the pilot to achieve significant installation levels for demonstration to other municipalities.

47. The LED pilot will remain in effect until the end of the Future Test Year in the Company's next general rate proceeding.

48. Duquesne Light agrees to submit a report to PennFuture, the Commission, I&E, OCA and OSBA within 90 days after the end of each annual period commencing May 1 that this program is in effect that will outline the actions that Duquesne Light has taken to roll out the program, the responses that have been received from the municipalities, the number of LED fixtures installed in Duquesne's territory during the preceding year, average cost of the fixtures, average costs of installation and replacement costs for any failed fixtures.

49. The proposed LED lighting rates other than those identified in Paragraph 43 are withdrawn from Duquesne Light's proposed tariff.

#### **E. STATE TAX ADJUSTMENT SURCHARGE**

50. The Company's current base rates reflect a Capital Stock and Franchise Tax ("CST") rate of 2.89 mills and a Public Utility Realty Tax ("PURTA") rate of 30 mills. The Company's FPFTY in this base rate proceeding reflects a blended CST rate of .60 mills (.67 mills for May 1, 2014 – December 31, 2014 and .45 mills for January 1, 2015 – April 30, 2015) and a PURTA rate of 30 mills.

51. In December 2013, the Company made a State Tax Adjustment Surcharge ("STAS") filing that became effective on January 1, 2014 to reflect the difference between the

CST and PURTA tax rates that will be included in the Company's base rates in 2014 (.60 mills for CTS and 30 mills for PURTA) and the actual CST and PURTA tax rates for 2014. The Company also will make a STAS filing in December 2014, to become effective January 1, 2015, to adjust the STAS to reflect the difference between the CST and PURTA tax rates reflected in base rates in the FPFTY and the actual CST and PURTA tax rates for 2015.

### **III. THIS SETTLEMENT IS IN THE PUBLIC INTEREST**

52. This Settlement was achieved by the Joint Petitioners after an extensive investigation of Duquesne Light's filing, including extensive informal and formal discovery and the filing of direct, rebuttal, surrebuttal and rejoinder testimony by a number of the Joint Petitioners.

53. The Settlement rates will allocate the agreed upon revenue increase to each customer class in a manner that is reasonable given the rate structure and cost of service positions advanced in the testimony and exhibits of the various parties.

54. Attached to this Settlement Petition are the respective Statements in Support of the Joint Petitioners setting forth the basis upon which they consider the Settlement to be in the public interest. The Joint Petitioners' respective Statements in Support are attached hereto as Appendices "C" through "J".

### **IV. ADDITIONAL TERMS AND CONDITIONS**

55. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission modifies the Settlement, then any Joint Petitioner may elect to withdraw from this Settlement and may proceed with litigation and, in such event, this entire Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served

upon all parties within five (5) business days after the entry of an Order modifying the Settlement.

56. This Settlement is proposed by the Joint Petitioners to settle all issues among them in the instant proceeding. If the Commission does not approve the Settlement, the Joint Petitioners reserve their respective rights to conduct further hearings, including further cross-examination, and briefing regarding contested issues. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of this proceeding or in any other proceeding.

57. The Joint Petitioners acknowledge and agree that this Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding resulting in the establishment of rates that are Commission-made, just and reasonable.

58. The Joint Petitioners acknowledge that this Settlement reflects a compromise and does not necessarily reflect any Party's position with respect to any issues raised in this proceeding. The Joint Petitioners agree that this Settlement shall not constitute or be cited as precedent in any other proceeding, except to the extent required to implement this Settlement.

59. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner which is fair and reasonable. The Settlement is presented without prejudice to any position which any of the parties may have advanced and without prejudice to the position any of the parties may advance in the future on the merits of the issues in future proceedings except to the extent necessary to effectuate the terms and conditions of the Settlement. This Settlement does not preclude the parties from taking other positions in proceedings of other public utilities under Section 1308 of the Public Utility Code, 66 Pa.C.S. § 1308, or any other proceeding.

60. A copy of the Settlement will be served upon the customer complainants.

61. If the ALJ adopts this Settlement without modification in his Recommended Decision, the Joint Petitioners waive their rights to file exceptions as to the issues addressed by the Settlement. This does not preclude the Joint Petitioners from filing Exceptions in response to issues raised by the NRG Companies.

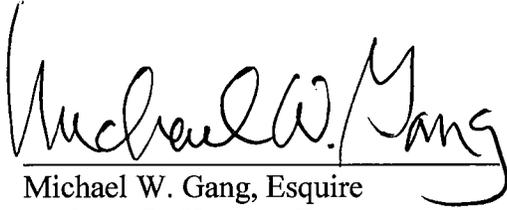
**WHEREFORE**, the Joint Petitioners, by their respective counsel, respectfully request:

1. That Administrative Law Judge Conrad A. Johnson recommend and that the Pennsylvania Public Utility Commission approve this Settlement, including all the terms and modifications thereof, without modification;

2. That the NRG Companies opposition to the Settlement, if any, be denied;

3. That the investigation into this matter be terminated and the matter marked closed; and

4. That the Commission issue an Order terminating the proceeding, and authorizing Duquesne Light to file the tariff attached as Appendix A hereto to become effective for service on and after May 1, 2014.

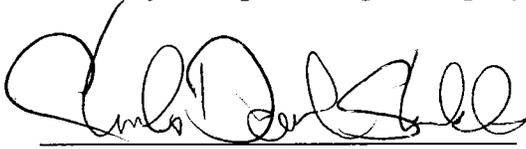


Michael W. Gang, Esquire  
Anthony D. Kanagy, Esquire  
Post & Schell, P.C.  
17 North Second Street, 12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601  
Phone: 717-731-1970  
Fax: 717-731-1985  
E-mail: mgang@postschell.com  
E-mail: akanagy@postschell.com

Respectfully Submitted,

Date: 1/16/14

Robert H. Hoaglund, Esquire  
Tishekia Williams, Esquire  
Duquesne Light Company  
411 Seventh Avenue  
Pittsburgh, PA 15219  
Phone: (412) 393-1058  
Fax: (412) 393-5897  
E-mail: TWilliams@duqlight.com  
*Counsel for Duquesne Light Company*



Charles Daniel Shields, Esquire  
Senior Prosecutor  
Scott B. Granger, Esquire  
Prosecutor  
Bureau of Investigation & Enforcement  
Commonwealth Keystone Building  
400 North Street, 2nd Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265  
*Counsel for The Bureau of Investigation & Enforcement*

Date: 1/16/14

Candis A. Tunilo

Candis A. Tunilo, Esquire  
David T. Evrard, Esquire  
Amy E. Hirakis, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923  
*Counsel for The Office of Consumer Advocate*

Date: 1/16/14

Sharon E. Webb

Sharon E. Webb, Esquire  
Small Business Advocate  
Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101  
*Counsel for The Office of Small Business Advocate*

Date: January 16, 2014

Harry S. Geller

Harry S. Geller, Esquire  
Patrick Cicero, Esquire  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101-1414  
*Counsel for Coalition for Affordable Utility Services and Energy Efficiency in PA*

Date: January 16, 2014

Pamela C. Polacek

Pamela C. Polacek, Esquire  
Teresa K. Schmittberger, Esquire  
McNees Wallace & Nurick LLC  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166  
*Counsel for Duquesne Industrial Intervenors*

Date: January 16, 2014



George Jugovic, Jr., Esquire  
Heather M. Langeland, Esquire  
Citizens for Pennsylvania's Future  
200 First Avenue, Suite 200  
Pittsburgh, PA 15222  
*Counsel for Citizens for Pennsylvania's Future*

Date: 1/14/14

---

Derrick P. Williamson, Esquire  
Barry A. Naum, Esquire  
Spilman Thomas & Battle  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
*Counsel for United States Steel Corporation*

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
George Jugovic, Jr., Esquire  
Heather M. Langeland, Esquire  
Citizens for Pennsylvania's Future  
200 First Avenue, Suite 200  
Pittsburgh, PA 15222  
*Counsel for Citizens for Pennsylvania's Future*



Date: 1/14/14

\_\_\_\_\_  
Derrick P. Williamson, Esquire  
Barry A. Naum, Esquire  
Spilman Thomas & Battle  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
*Counsel for United States Steel Corporation*

# Appendix A



# 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:

EFFECTIVE: May 1, 2014

Filed at Docket No. R-2013-2372129

---

# NOTICE

**THIS SUPPLEMENT MAKES CHANGES TO  
THE TABLE OF CONTENTS, A RULE, RATE SCHEDULES AND RIDERS, AND  
MAKES INCREASES AND DECREASES TO THE RATES**

**See Page Two**

---

**LIST OF MODIFICATIONS MADE BY THIS TARIFF****CHANGES****List of Modifications****Page No. 2**

Pages No. 2A through 2D were added to the Tariff.

**Table of Contents****Twenty-Fourth Revised Page No. 3  
Cancelling Twenty-Third Revised Page No. 3**

Pages No. 2A through 2D were added to the Table of Contents.

Due to repagination, Page No. 116A was added to the Table of Contents.

**Rule No. 21.1 Payment of Bills for Residential Service****First Revised Page No. 23A  
Cancelling Original Page No. 23A**

Language has been modified to reflect the current operations of the Company.

**Rate L – Large Power Service****Fifth Revised Page No. 53  
Cancelling Fourth Revised Page No. 53**

Language has been modified to reflect the addition of “Service Voltage Less than 138 Kv” and “Service Voltage 138 Kv and Greater.”

The “Next 10,000 kilowatts of Demand” block has been eliminated from the Rate Schedule.

A Fixed Monthly Charge has been added under “Service Voltage 138 Kv and Greater.”

**Rate L – Large Power Service****Second Revised Page No. 54  
Cancelling First Revised Page No. 54**

Language has been modified in the second paragraph under “Contract Provisions” to reflect the elimination of the 10,000, 25,000 and 750,000 kilowatt-hour blocks under the Energy Charge.

Language has been modified to replace the word “Capacity” with the word “Demand.”

**Rate SM – Street Lighting Municipal****Sixth Revised Page No. 68  
Cancelling Fifth Revised Page No. 68**

Language has been modified to include Light-Emitting Diode (LED) fixtures and pricing.

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

---

**LIST OF MODIFICATIONS MADE BY THIS TARIFF****CHANGES – (Continued)****Rate SM – Street Lighting Municipal****Sixth Revised Page No. 69  
Cancelling Fifth Revised Page No. 69****Rate SM – Street Lighting Municipal****Second Revised Page No. 70  
Cancelling First Revised Page No. 70**

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

**Rider No. 8 – Default Service Supply****Third Revised Page No. 88A  
Cancelling Second Revised Page No. 88A**

The Table has been modified to include Light-Emitting Diode (LED) fixtures and pricing.

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

**Rider No. 8 – Default Service Supply****Third Revised Page No. 88B  
Cancelling Second Revised Page No. 88B**

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

**Rider No. 16 – Service to Non-Utility Generating Facilities****Fourth Revised Page No. 101  
Cancelling Third Revised Page No. 101**

Language and definitions have been modified to reflect current operations of the Company.

**Rider No. 16 – Service to Non-Utility Generating Facilities****Fourth Revised Page No. 102  
Cancelling Third Revised Page No. 102**

Language has been modified to remove the “Contract Demand” under B. Back-Up Power.

Language has been modified to add a distribution charge to be applied to the Back-Up Billing Determinants for Back-Up Power under B. Back-Up Power.

**Appendix A – Transmission Service Charges****Twelfth Revised Page No. 113  
Cancelling Eleventh Revised Page No. 113****Fifth Revised Page No. 114  
Cancelling Fourth Revised Page No. 114****Fifth Revised Page No. 115  
Cancelling Fourth Revised Page No. 115**

---

**LIST OF MODIFICATIONS MADE BY THIS TARIFF****CHANGES – (Continued)****Appendix A – Transmission Service Charges****Seventh Revised Page No. 116  
Cancelling Sixth Revised Page No. 116****Original Page No. 116A**

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

**Appendix A – Transmission Service Charges****Fifth Revised Page No. 114  
Cancelling Fourth Revised Page No. 114**

The table has been modified to include Light-Emitting Diode (LED) fixtures and pricing.

**Appendix A – Transmission Service Charges****Original Page No. 116A**

Original Page No. 116A has been added to the Tariff to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

**INCREASES****Rate RS – Residential Service****Sixth Revised Page No. 32  
Cancelling Fifth Revised Page No. 32****Rate RH – Residential Service Heating****Sixth Revised Page No. 34  
Cancelling Fifth Revised Page No. 34****Rate RA – Residential Service Add-On Heat Pump****Sixth Revised Page No. 37  
Cancelling Fifth Revised Page No. 37****Rate GS/GM – General Service Small and Medium****Fifth Revised Page No. 40  
Cancelling Fourth Revised Page No. 40****Rate GMH – General Service Medium Heating****Fifth Revised Page No. 43  
Cancelling Fourth Revised Page No. 43****Rate GL – General Service Large****Fifth Revised Page No. 47  
Cancelling Fourth Revised Page No. 47****Rate GLH – General Service Large Heating****Fifth Revised Page No. 50  
Cancelling Fourth Revised Page No. 50**

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

## INCREASES – (Continued)

Rate L – Large Power Service	Fifth Revised Page No. 53 Cancelling Fourth Revised Page No. 53
Rate PAL – Private Area Lighting	Fifth Revised Page No. 77 Cancelling Fourth Revised Page No. 77
Rate PAL – Private Area Lighting	Third Revised Page No. 78 Cancelling Second Revised Page No. 78
Rate UMS – Unmetered Service	Sixth Revised Page No. 74 Cancelling Fifth Revised Page No. 74

Unit prices have changed resulting in increases.

Rider No. 5 – Universal Service Charge	Fourth Revised Page No. 85 Cancelling Third Revised Page No. 85
--	--

Rider No. 5 – Universal Service Charge has been updated as directed in the Rider to reflect the participation level of CAP customers.

DECREASES

Rate GS/GM – General Service Small and Medium	Fifth Revised Page No. 40 Cancelling Fourth Revised Page No. 40
Rate GMH – General Service Medium Heating	Fifth Revised Page No. 43 Cancelling Fourth Revised Page No. 43
Rate HVPS – High Voltage Power Service	Fifth Revised Page No. 57 Cancelling Fourth Revised Page No. 57
Rate AL – Architectural Lighting Service	Sixth Revised Page No. 61 Cancelling Fifth Revised Page No. 61
Rate SE – Street Lighting Energy	Sixth Revised Page No. 64 Cancelling Fifth Revised Page No. 64
Rate SM – Street Lighting Municipal	Sixth Revised Page No. 68 Cancelling Fifth Revised Page No. 68
Rate SM – Street Lighting Municipal	Second Revised Page No. 70 Cancelling First Revised Page No. 70
Rate SH – Street Lighting Highway	Sixth Revised Page No. 71 Cancelling Fifth Revised Page No. 71

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASES – (Continued)

Rate UMS – Unmetered Service

Sixth Revised Page No.74  
Cancelling Fifth Revised Page No. 74

Rate PAL – Private Area Lighting

Sixth Revised Page No. 76  
Cancelling Fifth Revised Page No. 76

Unit prices have changed resulting in decreases.

TABLE OF CONTENTS

	Page Number	
List of Modifications.....	2-2D	(C)
Table of Contents.....	3	
List of Communities Served .....	4-5	
<b>RULES AND REGULATIONS.....</b>	<b>6-31A</b>	
 <b>RATES:</b>		
RS Residential Service .....	32-33	
RH Residential Service Heating .....	34-36	
RA Residential Service Add-on Heat Pump.....	37-39	
GS/GM General Service Small and Medium.....	40-42	
GMH General Service Medium Heating.....	43-46	
GL General Service Large .....	47-49	
GLH General Service Large Heating .....	50-52	
L Large Power Service.....	53-56	
HVPS High Voltage Power Service .....	57-60	
AL Architectural Lighting Service .....	61-63	
SE Street Lighting Energy .....	64-67	
SM Street Lighting Municipal.....	68-70	
SH Street Lighting Highway.....	71-73	
UMS Unmetered Service .....	74-75	
PAL Private Area Lighting .....	76-78	
 <b>STANDARD CONTRACT RIDERS:</b>		
General .....	79	
Rider Matrix.....	79A	
No. 1 Consumer Education Surcharge.....	80-80A	
No. 2 Untransformed Service .....	81	
No. 3 School and Government Service Discount Period .....	82	
No. 4 Budget Billing HUD Finance Multi-Family Housing.....	83	
No. 5 Universal Service Charge.....	84-85A	
No. 6 Temporary Service .....	86	
No. 7 SECA Charge.....	87	
No. 8 Default Service Supply.....	88-88E	
No. 9 Day-Ahead Hourly Price Service.....	89-93A	
No. 10 State Tax Adjustment Surcharge.....	94	
No. 11 Street Railway Service.....	95	
No. 12 Billing Option - Volunteer Fire Companies and Nonprofit Senior Citizen Centers .....	96	
No. 13 General Service Separately Metered Electric Space Heating Service .....	97	
No. 14 Residential Service Separately Metered Electric Space and Water Heating.....	98-99	
No. 15 Energy Efficiency and Conservation and Demand Response Surcharge .....	100-100C	
No. 15A Phase II Energy Efficiency and Conservation Surcharge.....	100D-100G	
No. 16 Service to Non-Utility Generating Facilities .....	101-102	
No. 17 Emergency Energy Conservation .....	103-104	
No. 18 Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities.....	105	
No. 19 Standard Offer Program Cost Recovery Rider .....	106-107	
No. 20 Smart Meter Charge .....	108-109B	
No. 21 Net Metering Service .....	110-112A	
 <b>APPENDIX A:</b>		
Transmission Service Charges .....	113-116A	(C)
 <b>APPENDIX B:</b>		
Rate R-TOU – Residential Service Time-of-Use .....	117-119	

(C) – Indicates Change

**RULES AND REGULATIONS – (Continued)**

**BILLS AND NET PAYMENT PERIODS – (Continued)**

**21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE** The Company will designate a due date on its bill which shall be a business day no less than 20 days from the date of transmittal of the bill. The Company may accommodate changes to due dates for residential customers upon written customer request and when a demonstrated financial burden for the current due date exists for ratepayers receiving Social Security or equivalent monthly checks. (C)

(C)

RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, and general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

**DISTRIBUTION CHARGES**

Customer Charge.....	\$10.00	(I)
Energy Charge.....	4.7172 cents per kilowatt hour	(I)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for residential customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to residential customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charges, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

**(I) – Indicates Increase**

**ISSUED:**

**EFFECTIVE: MAY 1, 2014**

**RATE RH - RESIDENTIAL SERVICE HEATING**

**AVAILABILITY**

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

**MONTHLY RATE**

**DISTRIBUTION CHARGES**

Customer Charge.....\$10.00 (I)

Winter Monthly Rate — For the Billing Months of November through April:

Energy Charge.....3.5845 cents per kilowatt hour (I)

Summer Monthly Rate — For the Billing Months of May through October:

Energy Charge.....4.7172 cents per kilowatt hour (I)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for residential customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to residential customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

**(I) – Indicates Increase**

**ISSUED:**

**EFFECTIVE: MAY 1, 2014**

**RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP**

**AVAILABILITY**

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and an add-on heat pump for space heating. Other energy sources may be used to supplement the add-on heat pump provided that the supplemental energy source is thermostatically controlled to operate only when the outdoor temperature falls to at least 40<sup>o</sup> F and the add-on heat pump cannot provide the total heating requirements.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

**MONTHLY RATE**

**DISTRIBUTION CHARGES**

Customer Charge.....\$10.00 (I)

Winter Monthly Rate — For the Billing Months of November through April:

Energy Charge..... 1.1586 cents per kilowatt hour (I)

Summer Monthly Rate — For the Billing Months of May through October:

Energy Charge.....4.7172 cents per kilowatt hour (I)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for residential customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to residential customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

**(I) – Indicates Increase**

**RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM**

**AVAILABILITY**

Available for all the standard electric service taken on a small or medium general service customer's premises for which a residential rate is not available.

**MONTHLY RATE FOR NON-DEMAND METERED CUSTOMERS**

**CUSTOMER CHARGE**

Customer Distribution Charge .....\$10.00 (I)

**ENERGY CHARGES**

**Distribution Charge**  
**cents per kilowatt-hour**

All kilowatt-hours 5.6862 (I)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**MONTHLY RATE FOR DEMAND METERED CUSTOMERS**

**DISTRIBUTION CHARGES**

	<u>GM &lt; 25 kW</u>	<u>GM ≥ 25 kW</u>	
<b>Customer Charge</b>	\$42.00	\$54.00	(I) (I)
<b>Demand Charges</b>	<b>\$ per kilowatt</b>		
First 5 kilowatts or less of Demand	No Charge	No Charge	
Additional kilowatts of Demand	5.60	5.58	(D) (I)
<b>Energy Charges</b>	<b>¢ per kilowatt-hour</b>		
All kilowatt-hours	1.1159	0.9453	

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**(I) – Indicates Increase**

**(D) – Indicates Decrease**

**ISSUED:**

**EFFECTIVE: MAY 1, 2014**

**RATE GMH - GENERAL SERVICE MEDIUM HEATING**

**AVAILABILITY**

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE\* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

\* American Society of Heating, Refrigerating and Air Conditioning Engineers

**CUSTOMER CHARGE**

Customer Distribution Charge .....\$42.00 (I)

**WINTER MONTHLY RATE**

For the Billing Months of October through May:

**ENERGY CHARGES**

**Distribution Charge  
cents per kilowatt-hour**

All kilowatt-hours 2.4805 (I)

**SUMMER MONTHLY RATE**

For the Billing Months of June through September:

**DEMAND CHARGES**

**Distribution Charge  
\$ per kilowatt**

First 5 kilowatts or less of Demand	No Charge	
Additional kilowatts of Demand	5.60	(D)

**RATE GL - GENERAL SERVICE LARGE**

**AVAILABILITY**

Available for all the standard electric service taken on a customer's premises where the demand is not less than 300 kilowatts.

**MONTHLY RATE**

**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

**DISTRIBUTION**

**DEMAND CHARGES**

First 300 kilowatts or less of Demand	\$2,700.00	(I)
Additional kilowatts of Demand	\$8.15per kW	(I)

**ELECTRIC CHARGES**

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

**(I) – Indicates Increase**

**RATE GLH - GENERAL SERVICE LARGE HEATING**

**AVAILABILITY**

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE\* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

\* American Society of Heating, Refrigerating and Air Conditioning Engineers

**MONTHLY RATE**

**CUSTOMER CHARGE**

Customer Distribution Charge .....\$50.00 (I)

**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

**DISTRIBUTION**

For the Billing Months of October through May:

**ENERGY CHARGES**

All kilowatt-hours 1.9996 cents per kWh (I)

For the Billing Months of June through September:

Rate GL shall apply.

**(I) – Indicates Increase**

**RATE L - LARGE POWER SERVICE**

**AVAILABILITY**

Available for all the standard electric service taken on a customer's premises where the Contract Demand is not less than 5,000 kilowatts.

**MONTHLY RATE**

**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

**DISTRIBUTION**

**DEMAND CHARGES**

<b>Service Voltage Less than 138 Kv:</b>		<b>(C)</b>
First 5,000 kilowatts or less of Demand	\$34,900.00	<b>(I)</b>
Additional kilowatts of Demand	\$11.08 per kW	<b>(C)</b> <b>(I)</b>
<b>Service Voltage 138 Kv and Greater:</b>		<b>(C)</b>
Fixed Monthly Charge	\$9,696.59 per month	<b>(C)</b>

**ELECTRIC CHARGES**

The Company will provide and charge for Transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

---

**RATE L - LARGE POWER SERVICE - (Continued)****STANDARD CONTRACT RIDERS**

For modifications of the above rate under special conditions, see "Standard Contract Riders".

**CONTRACT DEMAND**

The Contract Demand is the maximum electrical capacity in kilowatts that the Company shall be required by the contract to deliver to the customer.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

**CONTRACT PROVISIONS**

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Effective on January 26, 1985, such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term.

When a customer takes delivery at 69 Kv or higher for delivery into its own electric system operated at either of such voltages, and has a Contract Demand of at least 100,000 kilowatts, the customer may apply for service at two or more delivery points interconnected by the customer's facilities. If the Company is satisfied that such multiple delivery points will protect the Company from substantial loss of load and otherwise will be consistent with operation of the Company's system, it will provide such multiple delivery points. In such case the various delivery points will be billed as if metered at one point, but the 5,000 kilowatt and additional kilowatt block of the Demand Charge will be multiplied by the number of delivery points before the rates stated for them are applied. (C)  
(C)  
(C)

The Company reserves the right to refuse contracts hereunder if, in its judgment, its generating or transmission capacity is no more than adequate to meet the requirements of its existing customers.

Where the customer has established an energy management and conservation program and has demonstrated to the satisfaction of the Company that such program has resulted in a reduced demand, the Company will, upon the customer's request, amend the contract to reflect such reduced demand for the purpose of calculating the Minimum Charge, but in no case shall the Billing Demand be reduced to less than 5,000 kilowatts if the customer remains on this rate.

**RATE HVPS - HIGH VOLTAGE POWER SERVICE**

**AVAILABILITY**

Available to customers with Contract On-Peak Demands greater than 30,000 kilowatts where service is supplied at 69,000 volts or higher.

**MONTHLY RATE**

**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

**DISTRIBUTION**

**FIXED MONTHLY CHARGE**

Up to and Including 50,000 kW Billing Demand	\$9,696.59	(D)
50,001 kW to 100,000 kW Billing Demand	\$14,047.63	(D)
Greater than 100,000 kW Billing Demand	\$19,104.04	(D)

**ELECTRIC CHARGES**

The Company will provide and charge for Transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE AL - ARCHITECTURAL LIGHTING SERVICE

AVAILABILITY

Available for separately metered circuitry connected solely to outdoor architectural lighting equipment, with demand of 5 kilowatts or greater, to be operated during non-peak periods.

MONTHLY RATE

**DISTRIBUTION CHARGES**

Customer Charge.....	\$6.89	(D)
Demand Charge.....	\$1.29 per kilowatt	(D)
Energy Charge.....	0.1827 cents per kilowatt hour	(D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for Rate AL – Architectural Lighting Service customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate AL customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charges, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

**(D) – Indicates Decrease**

**ISSUED:**

**EFFECTIVE: MAY 1, 2014**

RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

Available for the entire electric energy requirements of municipal street lighting systems where the municipality has not less than 15,000 street lamp installations and provides for the ownership, operation, and maintenance of its own street lamp installations and takes its entire energy requirements for street lighting under this rate.

MONTHLY RATE

**DISTRIBUTION CHARGE**

Monthly charge per lamp.....\$2.79 (D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for Rate SE – Street Lighting Energy customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate SE customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charge, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

**(D) – Indicates Decrease**

**ISSUED:**

**EFFECTIVE: MAY 1, 2014**

**RATE SM - STREET LIGHTING MUNICIPAL****AVAILABILITY**

Available for mercury vapor, high pressure sodium and light-emitting diode (LED) lighting of public streets, highways, bridges, parks and similar public places, for normal dusk to dawn operation of approximately 4,200 hours per year. (C)

(Available for mercury vapor street lighting only where served prior to January 30, 1983, and continuously thereafter at the same location.)

**MONTHLY RATE****DISTRIBUTION CHARGE****Monthly Rate Per Unit**

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	
<b>Mercury Vapor</b>			
100	44	\$12.11	(D)
175	74	\$12.37	(D)
250	102	\$12.60	(D)
400	161	\$13.10	(D)
1,000	386	\$15.08	(D)
<b>Sodium Vapor</b>			
70	29	\$12.51	(D)
100	50	\$12.61	(D)
150	71	\$12.79	(D)
250	110	\$13.13	(D)
400	170	\$13.65	(D)
1,000	387	\$15.70	(D)
<b>Light-Emitting Diode (LED)</b>			
43	15	\$11.16	(C)
106	37	\$12.82	

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

(C)

(C) – Indicates Change

(D) – Indicates Decrease

ISSUED:

EFFECTIVE: MAY 1, 2014

---

**RATE SM - STREET LIGHTING MUNICIPAL - (Continued)****MONTHLY RATE – (Continued)****ELECTRIC CHARGES**

(C)

The Supply Charges for Rate SM – Street Lighting Municipal customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate SM customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

(C)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charge, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

**RIDERS**

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

**LATE PAYMENT CHARGE**

Bills will be calculated on the rates stated herein, and are due and payable on or before thirty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

(C)

RATE SM - STREET LIGHT MUNICIPAL - (Continued)MONTHLY RATE – (Continued)

(C)

**POLES**

(C)

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$9.85 for each pole required.

(D)

SPECIAL TERMS AND CONDITIONS

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service, except that poles, ducts, conduits, manholes and junction boxes shall be the property of and maintained by the customer if they are an integral part of bridges, viaducts or similar structures, or highway project constructed by the joint participation of the customer and other governmental agencies.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

**RATE SH - STREET LIGHTING HIGHWAY****AVAILABILITY**

Available for high intensity discharge lighting of state highways for normal dusk to dawn operation of approximately 4,200 hours per year where the highway lighting system acceptable to Duquesne Light Company is installed by the State and ownership of the entire highway lighting system has been transferred to the Company for a nominal consideration.

**MONTHLY RATE****DISTRIBUTION CHARGE****Monthly Rate Per Unit**

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	
<b>Sodium Vapor</b>			
100	50	\$11.97	(D)
150	71	\$12.14	(D)
200	95	\$12.30	(D)
400	170	\$12.96	(D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for Rate SH – Street Lighting Highway customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate SH customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

**(D) – Indicates Decrease****ISSUED:****EFFECTIVE: MAY 1, 2014**

**RATE UMS – UNMETERED SERVICE**

**AVAILABILITY**

Available to customers using unmetered standard service at each point of connection for customer-owned and maintained equipment such as traffic signals, communication devices and billboard lighting.

**MONTHLY RATE**

**DISTRIBUTION CHARGES**

Customer Charge.....	\$10.00	(I)
Energy Charge.....	1.5836cents per kilowatt hour	(D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for Rate UMS – Unmetered Service customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate UMS customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charges, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

RATE PAL - PRIVATE AREA LIGHTINGAVAILABILITY

Available for high pressure sodium lighting and flood lighting of residential, commercial and industrial private property installations including parking lots, for normal dusk to dawn operation of approximately 4,200 hours per year.

MONTHLY RATE**DISTRIBUTION CHARGE**DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT**Monthly Rate Per Unit**

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	
<b>High Pressure Sodium</b>			
70	29	\$12.51	(D)
100	50	\$12.61	(D)
150	71	\$12.79	(D)
250	110	\$13.13	(D)
400	170	\$13.65	(D)
<b>Flood Lighting</b>			
100	46	\$12.51	(D)
250	100	\$13.09	(D)
400	155	\$13.68	(D)

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$2.79	(D)
100	46	\$2.79	(D)
150	67	\$2.79	(D)
250	100	\$2.79	(D)
400	155	\$2.79	(D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

(D) – Indicates Decrease

ISSUED:

EFFECTIVE: MAY 1, 2014

---

**RATE PAL - PRIVATE AREA LIGHTING - (Continued)****MONTHLY RATE - (Continued)****POLES – (Continued)**

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$9.85 for each pole required.

**(D)****SPECIAL TERMS AND CONDITIONS**

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

**STANDARD CONTRACT RIDERS - (Continued)****RIDER NO. 5 – UNIVERSAL SERVICE CHARGE - (Continued)**  
**(Applicable to Rate Schedules RS, RH and RA)****CALCULATION OF CHARGE – (Continued)**

previous year at normalized annual sales volumes. The projected customer additions to the CAP program during the Computational Year will be based on the number of CAP customers receiving a discount at the end of the Reconciliation Year plus a projection of the average monthly number of CAP customers during the Computational Year. The projected number of CAP customers will include net additions to the program (additions minus exits), an estimate of the average monthly number of auto-enrolled customers receiving a discount, and a projection of customers enrolled through expected changes in policy (e.g. changes in the definition of poverty, changes in regulatory mandates). An auto-enrolled customer is not considered to be a CAP participant for purposes of this Rider unless and until the customer has completed the CAP enrollment process. The projected CAP program costs will include the estimated costs for new applications, maintenance and annual recertification, and the projected CAP pre-program arrearages to be forgiven and written off during the USC Computational Year.

- Smart Comfort Program [Low Income Usage Reduction Program (“LIURP”)] : LIURP costs will be calculated based on the projected number of homes that participate in the usage reduction program and the average cost per visit.
- Customer Assistance and Referral Evaluation Services (“CARES”) : CARES costs will be calculated based on the projected annual Community Based Organization (“CBO”) program costs and CBO costs for administering the program.
- Hardship Fund: Hardship Fund costs will be calculated based on the projected annual program costs and CBO costs for administering the program.
- Any other replacement or Commission-mandated Universal Service Program or low income program that is implemented during the Reconciliation or Computational Year.

Cr = A credit to reduce CAP customer discounts included in the USC to the extent that the monthly CAP enrollment level exceeds 41,650 customers. Specifically, the recoverable CAP discounts will be reduced by the number of CAP participants in excess of 41,650 times the average CAP credit and arrearage forgiveness costs times 10.43%. The participation level above which the offset shall be applied will be reset in each distribution rate case. (I)

E = The over- or under- collection of actual Universal Service Program costs and revenue that result from the billing of the USC during the USC Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest. Interest shall be computed monthly at the statutory legal rate of interest, from the month the over or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped. (I)

**STANDARD CONTRACT RIDERS - (Continued)**

**RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)**

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

**DEFAULT SERVICE SUPPLY RATE – (Continued)**

Lighting (Rate Schedules SM, SH and PAL) — Lamp wattage as available on applicable rate schedule.

Wattage	Nominal kWh Energy Usage per Unit per Month	Application Period			
		06/01/2013 through 11/30/2013	12/01/2013 through 05/31/2014	06/01/2014 through 11/30/2014	12/01/2014 through 05/31/2015
<b>Supply Charge ¢ per kWh</b>		3.9258	3.9177	X.XXXX	X.XXXX
		<b>Fixture Charge — \$ per Month</b>			
<b>Mercury Vapor</b>					
100	44	1.73	1.72	X.XX	X.XX
175	74	2.91	2.90	X.XX	X.XX
250	102	4.00	4.00	X.XX	X.XX
400	161	6.32	6.31	X.XX	X.XX
1000	386	15.15	15.12	X.XX	X.XX
<b>High Pressure Sodium</b>					
70	29	1.14	1.14	X.XX	X.XX
100	50	1.96	1.96	X.XX	X.XX
150	71	2.79	2.78	X.XX	X.XX
200	95	3.73	3.72	X.XX	X.XX
250	110	4.32	4.31	X.XX	X.XX
400	170	6.67	6.66	X.XX	X.XX
1000	387	15.19	15.16	X.XX	X.XX
<b>Flood Lighting - Unmetered</b>					
70	29	1.14	1.14	X.XX	X.XX
100	46	1.81	1.80	X.XX	X.XX
150	67	2.63	2.62	X.XX	X.XX
250	100	3.93	3.92	X.XX	X.XX
400	155	6.08	6.07	X.XX	X.XX
<b>Light-Emitting Diode (LED)</b>					
43	15	X.XX	0.59	X.XX	X.XX
106	37	X.XX	1.45	X.XX	X.XX

(C)

(C)

(C) – Indicates Change

ISSUED:

EFFECTIVE: MAY 1, 2014

---

**STANDARD CONTRACT RIDERS - (Continued)****RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)****(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)****DEFAULT SERVICE SUPPLY RATE – (Continued)**

The Company will provide default service supply under this Rider by obtaining the requirements from suppliers through competitive procurements using a Request for Proposal (“RFP”) process. The charges for DSS calculated based on the results of the RFP process for service under this Rider will be effective as defined above. (C)

DSS obtained through the RFP process includes energy, capacity, transmission and distribution line losses, congestion and congestion management costs, Alternative Energy Credits (“AECs”), ancillary services, PJM grid management charges and other such services or products that are required to provide default service to the Company’s customers including Auction Revenue Rights and Financial Transmission Rights (“ARRs/FTRs”). DSS shall not include transmission service within Duquesne’s zone. Duquesne will be responsible for and continue to provide network integration transmission service. The applicable charges for transmission service are defined in Appendix A of this Tariff.

Service under this Rider No. 8 – Default Service Supply shall commence in accordance with the switching protocols in Rule No. 45.1.

**PROCUREMENT PROCESS**

The Company will conduct separate RFP solicitations for DSS for each customer procurement group under this Rider. The customer procurement groups for the RFP solicitations are defined as residential and lighting, small commercial and industrial and medium commercial and industrial. The small commercial and industrial group includes those customers with monthly metered demand less than 25 kW. The medium commercial and industrial group includes those customers with monthly metered demand equal to or greater than 25 kW and less than 300 kW. The RFP process will be bid separately to ensure that there is no cross subsidization.

The Company will update the rates for the DSS according to the schedule in the above tables. The Company will issue RFPs prior to the beginning of each Application Period to update the default service supply rates. The updated rates will be based on the new price(s) available from the winning suppliers through the RFP process. The rates will include a reconciliation adjustment as described in the “Calculation of Rate” section of this Rider. In the month prior to the beginning of each Application Period, the Company will file new DSS charges with the Pennsylvania Public Utility Commission (“Commission”) for the subsequent Application Period, and, upon Commission approval, these charges shall become effective on the first day of the following month.

The load of the customer procurement group for the RFP will be divided into Tranches. Winning suppliers will provide DSS for the percentage of DSS load corresponding to the number of Tranches won in the RFP. Duquesne seeks to procure all Tranches in the RFP process pursuant to the RFP schedule approved by the Commission.

The selection of bids will be submitted to the Commission for its approval or rejection within one business day after submittal. If the bids are not acted on by the Commission within one business day, the Company may proceed on the basis that they are approved and award the bids pursuant to 52 Pa. Code § 54.188(d).

**(C) – Indicates Change****ISSUED:****EFFECTIVE: MAY 1, 2014**

## STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES

(Applicable to all General Service Rates Except Non-Demand Metered GS/GM Customers)

(C)

The following applies to non-utility generating facilities including, but not limited to cogeneration and small power production facilities that are qualified in accord with Part 292 of Chapter I, Title 18, Code of Federal Regulations (qualifying facility). Electric energy will be delivered to a non-utility generating facility in accord with the following:

**A. DEFINITIONS**

**Supplementary Power** is electric energy and capacity supplied by the Company or by an Electric Generation Supplier (EGS) to a non-utility generating facility and regularly used in addition to that electric energy which the non-utility generating facility generates itself. The Company's regular and appropriate General Service Rates will be utilized for billing for Supplementary Power. Customers purchasing Supplementary Power from an EGS will be billed for charges according to their applicable rate and billing arrangement with their EGS.

(C)

**Back-Up Power** is electric energy and capacity supplied by the Company to a non-utility generating facility during any outage of the non-utility generating facility's electric generating equipment to replace electric energy ordinarily generated by the non-utility generating facility's generating equipment.

(C)

**Base Period** is the twelve consecutive monthly billing periods applicable to the customer ending one month prior to the installation of new on-site generation or increase in capacity to existing on-site supply.

**Contract Demand** is the maximum electrical capacity in kilowatts that the Company shall be required by the contract to deliver to the customer for Back-Up Power. A Contract Demand may be established for Supplementary Power to the customer's facility.

(C)

(C)

**Supplementary Power Billing Determinants** are the monthly billing period billing demand in kilowatts (kW) and the energy usage in kilowatt-hours (kWh) for Supplementary Power during the current billing month under which the on-site generation is operable. The Supplementary Power kW shall not exceed the Contract Demand kW for Supplementary Power, if applicable.

(C)

(C)

(C)

**Back-Up Power Billing Determinants** are the monthly billing period billing demand in kilowatts (kW) and energy usage (kWh) in excess of those provided as Supplementary Power. If a Contract Demand exists for Supplementary Power, the Back-Up Billing Determinants are the kW and kWh in excess of the Supplementary Power Contract Demand.

(C)

**Distribution Base Period Billing Determinants** are the billing demand (kW) and the energy usage (kWh) for the month in the Base Period corresponding to the current billing month under which the on-site generation is operable. For new customers, the Company will use existing procedures to estimate Base Period Billing Determinants.

**Supply Billing Determinants** for customers on Rate Schedules GL, GLH, L and HVPS are the billing demand (kW) and energy usage (kWh) during the current billing month then in effect under Rider No. 9. Supply Billing Determinants for customers on Rate Schedule GS/GM and GMH shall be the same as those defined above for Distribution.

(C) – Indicates Change

ISSUED:

EFFECTIVE: MAY 1, 2014

**STANDARD CONTRACT RIDERS - (Continued)****RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)****(Applicable to all General Service Rates)****B. BACK-UP POWER**

The Company will supply such service each month at the following rates:

**DISTRIBUTION**

A distribution charge of \$2.50 per kW shall be applied to the Back-Up Power Billing Determinants for Back-Up Power. (C)

The distribution charges will be applied in each month based on the customer's Contract Demand without regard to whether or not back-up energy is supplied. (C)

**SUPPLY**

In any month that the Company provides energy to back up the customer's equipment, supply service shall be supplied and billed under Rider No. 9 for customers with Contract Demand of 300 kW or more. For customers having Contract Demand of less than 300 kW, the Company will bill the applicable supply demand and energy charges then in effect under Rate Schedule GS/GM. (C)

The use of backup power at this price level will be limited to 15% usage for all hours in a year. Incremental usage above this limit will be billed on the applicable general service rates, including all ratchets applicable.

If a customer's actual kW demand at the time back-up is being supplied exceeds the customer's back-up Contract Demand by 5% or more, the actual kW demand as established will become the customer's new back-up Contract Demand for the remaining term of the back-up contract. If a customer's actual kW demand at the time back-up service is being supplied exceeds the customer's back-up Contract Demand by 10% or more, the customer will be assessed a fee determined by the difference between the actual demand established when back-up service is being supplied and the back-up Contract Demand multiplied by two times the applicable charge per kilowatt.

**C. INTERCONNECTION**

Each non-utility generating facility will be required to install at its expense or pay in advance to have the Company install interconnection equipment and facilities which are over and above that equipment and facilities required to provide electric service to the non-utility generating facility according to the Company's General Service Rates, except as noted below. Any such equipment to be installed by the non-utility generating facility must be reviewed and approved in writing by the Company prior to installation. Nothing in this Rider shall exempt a new customer from the application of Rule No. 7 and Rule No. 9 regarding Supply Line Extensions and Relocation of Facilities.

However, customers may elect to pay the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power via a monthly charge rather than in total at the onset of the contract. The monthly charge for transformation equipment for customers with contract demand under this rider of 5,000 kW or more will be determined by the Company on a case-by-case basis. For all others, the rate of \$0.2523 per kW per month will apply.

**(C) – Indicates Change****ISSUED:****EFFECTIVE: MAY 1, 2014**

## APPENDIX A

TRANSMISSION SERVICE CHARGES

(Applicable to All Rates)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission (FERC) for customers who receive Default Service from the Company. Customers taking Default Service from the Company shall be charged in accordance with the charges of the applicable rate schedules stated below. These charges shall also apply to riders applicable to each rate schedule.

MONTHLY RATES

Rate Class	Energy Charge \$/kWh	Demand Charge \$/kW	Monthly Charge Per Fixture	Monthly Charge Per Fixture
RS	\$0.014587			
RH	\$0.006577			
RA	\$0.014550			
GS	\$0.008338			
GM < 25 kW	\$0.006195	\$1.09		
GM = > 25 kW	\$0.007361	\$1.44		
GMH < 25 kW	\$0.007343	\$1.21 <sup>(1)</sup>		
GMH = > 25 kW	\$0.005822	\$4.04 <sup>(1)</sup>		
GL		\$3.12		
GLH		\$3.18		
L		\$3.17		
HVPS		\$3.17		
AL	\$0.003455			
SE	\$0.001139			
UMS	\$0.000061	\$5.18		
			<b>Rate Class</b>	
<b>By Wattage</b>			<b>SH and PAL</b>	<b>SM</b>
<b>Mercury Vapor</b>				
100				\$0.12
175				\$0.20
250				\$0.28
400				\$0.44
1000				\$1.05
<b>High Pressure Sodium</b>				
70			\$0.04	\$0.08
100			\$0.07	\$0.14
150			\$0.10	\$0.19
200			\$0.14	
250			\$0.15	\$0.30
400			\$0.24	\$0.46
1000				\$1.05

(1) June through September

(C)

(C) – Indicates Change

ISSUED:

EFFECTIVE: MAY 1, 2014

## APPENDIX A – (Continued)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

MONTHLY RATES – (Continued)

(C)

Rate Class	Energy Charge \$/kWh	Demand Charge \$/kW	Monthly Charge Per Fixture	Monthly Charge Per Fixture
			<b>Rate Class</b>	
<b>By Wattage</b>			<b>SH and PAL</b>	<b>SM</b>
<b>Flood Lighting - Unmetered</b>				
70			\$0.04	
100			\$0.06	
150			\$0.09	
250			\$0.14	
400			\$0.22	
<b>Light-Emitting Diode (LED)</b>				
43				\$0.00
106				\$0.00

(C)

**BILLING DEMAND**

Billing Demand subject to Transmission Service Charges for customers taking service under Rate Schedules GS/GM and GMH shall be the same as that determined for distribution and supply charges under the applicable rate schedules.

Billing Demand subject to Transmission Service Charges for Customers taking service under Rate Schedules GL, GLH, L, HVPS and UMS shall be the customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

**ANNUAL UPDATE**

The Transmission Service Charges (TSC) defined herein will be updated effective June 1<sup>st</sup> of each calendar year or more often upon determination that the rates then in effect would result in a significant over or under collection. On or about May 1<sup>st</sup>, the Company will file revised TSC rates with the PA Public Utility Commission (Commission) defining rates in effect from June 1 to May 31 of the following year, the computation year. These rates shall be determined based on the projected revenue requirement for the computation year, the projected cost of PJM charges and the over or under collection of expenses based on actual TSC revenue and expense incurred up to March 1 of each filing year. The revenue requirement and over or under collection shall be allocated to each rate class based on the class contribution to the Company's coincident peak load (1CP) and Default Service share of the 1CP load from the previous calendar year. The costs for ancillary services and PJM administrative expenses are included in the Default Service Supply rates defined in Rider No. 8. The costs for ancillary services and PJM administrative expenses for rate classes GL, GLH, L and HVPS will be billed in accordance with Rider No. 9. The rates applicable to each Rate Schedule shall be determined in accordance with the following formulas.

(C)

**(C) – Indicates Change**

ISSUED:

EFFECTIVE: MAY 1, 2014

## APPENDIX A – (Continued)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

ANNUAL UPDATE - (Continued)

For Rate Schedules RS, RH, RA and applicable Riders:

$$\text{TSC-kWh} = \left\{ (\text{RCRR} - "e") / \text{RCSales} \right\} * \left\{ 1/(1-T) \right\}$$

For Rate Schedules GS/GM and GMH with monthly Billing Demand less than 25 kW:

Non-Demand Metered:

$$\text{TSC-kWh} = \left\{ (\text{RCRR} - "e") / \text{RCSales} \right\} * \left\{ 1/(1-T) \right\}$$

Demand Metered:

$$\text{TSC-kW} = \left\{ ((\text{RCRR} - "e") \times 50\%) / \text{RCDemand} \right\} * \left\{ 1/(1-T) \right\}$$

For Rate Schedules GS/GM and GMH with monthly Billing Demand less than 25 kW: - (Continued)

Demand Metered: - (Continued)

$$\text{TSC-kWh} = \left\{ ((\text{RCRR} - "e") \times 50\%) / \text{RCSales} \right\} * \left\{ 1/(1-T) \right\}$$

For Rate Schedules GS/GM and GMH with monthly Billing Demand equal to or greater than 25 kW:

$$\text{TSC-kW} = \left\{ ((\text{RCRR} - "e") \times 50\%) / \text{RCDemand} \right\} * \left\{ 1/(1-T) \right\}$$

$$\text{TSC-kWh} = \left\{ ((\text{RCRR} - "e") \times 50\%) / \text{RCSales} \right\} * \left\{ 1/(1-T) \right\}$$

For Rate Schedules GL, GLH, L, HVPS:

$$\text{TSC-kW} = \left\{ (\text{RCRR} - "e") / (\text{RC1CP} \times 12) \right\} * \left\{ 1/(1-T) \right\}$$

For Rate Schedule UMS:

$$\text{TSC-kW} = \left\{ (\text{RCRR} - "e") / (\text{RC1CP} \times 12) \right\} * \left\{ 1/(1-T) \right\}$$

(C)

(C)

**APPENDIX A – (Continued)****TRANSMISSION SERVICE CHARGES – (Continued)****(Applicable to All Rates)****ANNUAL UPDATE - (Continued)****(C)****For Rate Schedules AL, SE, SM, SH and PAL:**

The annual revenue requirement and over or under collection shall be allocated to each rate class for cost recovery based on the rate class contribution to the coincident peak load from the previous calendar year. PJM charges that are load based will also be allocated to each rate class for cost recovery based on the rate class contribution to the coincident peak load. PJM charges that are energy based will be billed on a per kWh basis. All such charges will be adjusted for Pennsylvania gross receipts tax. For rate schedules SM, SH and PAL, a kWh charge will be determined to recover the allocated revenue requirement and PJM charges. An equivalent fixed monthly charge will be determined based on the monthly kWh usage applicable for each fixture.

Where:

- TSC = Transmission service charge to be applied to all Transmission billing units (either kWh or kW, as indicated.)
- RCRR = Projected total revenue requirement and PJM charges established for the computation year of June 1<sup>st</sup> through May 31<sup>st</sup>, corresponding to the PJM planning year. The revenue requirement shall be allocated to the specific rate classes by applying the ratio of the RC1CP to the Duquesne Zone 1CP for the prior year. PJM charges shall be allocated to each rate class on the basis incurred (i.e. 1CP, kW, kWh).
- “e” = Total over or under collection calculated by comparing total TSC revenues billed to the specific rate class during the reconciliation year of the twelve month period ending February 28<sup>th</sup> or 29<sup>th</sup> to the total charges billed by PJM under its OATT as approved or accepted by FERC and allocated to the specific rate class based upon its Default Service share of the Duquesne Zone 1CP for the prior year, including applicable interest. Interest shall be computed monthly at the statutory rate, from the month the over or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped.
- RCSales = Projected kWh sales for the specific rate class for the computation year.
- RCDemand = Projected kW billing demand for the specific rate class for the computation year.
- RC1CP = Rate Class load coincident with the peak hour of the peak day of the Duquesne Zone during the calendar year prior to the computation year.
- T = The total Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.

**(C) – Indicates Change****ISSUED:****EFFECTIVE: MAY 1, 2014**

---

**APPENDIX A – (Continued)****(C)****TRANSMISSION SERVICE CHARGES – (Continued)****(Applicable to All Rates)****MISCELLANEOUS**

Minimum bills shall not be reduced by reason of the TSC, nor shall charges hereunder comprise any portion of a monthly rate schedule minimum. The TSC shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS).

The Company shall file a report of TSC collections within thirty days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission.

Application of the TSC shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the TSC and the costs included therein.



# 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:

EFFECTIVE: May 1, 2014

Filed at Docket No. R-2013-2372129

---

# NOTICE

**THIS SUPPLEMENT MAKES CHANGES TO  
THE TABLE OF CONTENTS, A RULE, RATE SCHEDULES AND RIDERS, AND  
MAKES INCREASES AND DECREASES TO THE RATES**

See Page Two

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES**List of Modifications** **Page No. 2**

Pages No. 2A through 2D were added to the Tariff.

**Table of Contents** **Twenty-Fourth Revised Page No. 3**  
**Cancelling Twenty-Third Revised Page No. 3**

Pages No. 2A through 2D were added to the Table of Contents.

Due to repagination, Page No. 116A was added to the Table of Contents.

**Rule No. 21.1 Payment of Bills for Residential Service** **First Revised Page No. 23A**  
**Cancelling Original Page No. 23A**

Language has been modified to reflect the current operations of the Company.

**Rate L – Large Power Service** **Fifth Revised Page No. 53**  
**Cancelling Fourth Revised Page No. 53**

Language has been modified to reflect the addition of “Service Voltage Less than 138 Kv” and “Service Voltage 138 Kv and Greater.”

The “Next 10,000 kilowatts of Demand” block has been eliminated from the Rate Schedule.

A Fixed Monthly Charge has been added under “Service Voltage 138 Kv and Greater.”

**Rate L – Large Power Service** **Second Revised Page No. 54**  
**Cancelling First Revised Page No. 54**

Language has been modified in the second paragraph under “Contract Provisions” to reflect the elimination of the 10,000, 25,000 and 750,000 kilowatt-hour blocks under the Energy Charge.

Language has been modified to replace the word “Capacity” with the word “Demand.”

**Rate SM – Street Lighting Municipal** **Sixth Revised Page No. 68**  
**Cancelling Fifth Revised Page No. 68**

Language has been modified to include Light-Emitting Diode (LED) fixtures and pricing.

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

LIST OF MODIFICATIONS MADE BY THIS TARIFFCHANGES – (Continued)

Rate SM – Street Lighting Municipal Sixth Revised Page No. 69  
Cancelling Fifth Revised Page No. 69

Rate SM – Street Lighting Municipal Second Revised Page No. 70  
Cancelling First Revised Page No. 70

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

Rider No. 8 – Default Service Supply Third Revised Page No. 88A  
Cancelling Second Revised Page No. 88A

The Table has been modified to include Light-Emitting Diode (LED) fixtures and pricing.

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

Rider No. 8 – Default Service Supply Third Revised Page No. 88B  
Cancelling Second Revised Page No. 88B

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

Rider No. 16 – Service to Non-Utility Generating Facilities Fourth Revised Page No. 101  
Cancelling Third Revised Page No. 101

Language and definitions have been modified to reflect current operations of the Company.

Rider No. 16 – Service to Non-Utility Generating Facilities Fourth Revised Page No. 102  
Cancelling Third Revised Page No. 102

Language has been modified to remove the “Contract Demand” under B. Back-Up Power.

Language has been modified to add a distribution charge to be applied to the Back-Up Billing Determinants for Back-Up Power under B. Back-Up Power.

Appendix A – Transmission Service Charges Twelfth Revised Page No. 113  
Cancelling Eleventh Revised Page No. 113

Fifth Revised Page No. 114  
Cancelling Fourth Revised Page No. 114

Fifth Revised Page No. 115  
Cancelling Fourth Revised Page No. 115

LIST OF MODIFICATIONS MADE BY THIS TARIFFCHANGES – (Continued)

Appendix A – Transmission Service Charges Seventh Revised Page No. 116  
Cancelling Sixth Revised Page No. 116

Original Page No. 116A

Currently approved language has been moved to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

Appendix A – Transmission Service Charges Fifth Revised Page No. 114  
Cancelling Fourth Revised Page No. 114

The table has been modified to include Light-Emitting Diode (LED) fixtures and pricing.

Appendix A – Transmission Service Charges Original Page No. 116A

Original Page No. 116A has been added to the Tariff to accommodate the addition of the Light-Emitting Diode (LED) fixtures and pricing information.

INCREASES

Rate RS – Residential Service Sixth Revised Page No. 32  
Cancelling Fifth Revised Page No. 32

Rate RH – Residential Service Heating Sixth Revised Page No. 34  
Cancelling Fifth Revised Page No. 34

Rate RA – Residential Service Add-On Heat Pump Sixth Revised Page No. 37  
Cancelling Fifth Revised Page No. 37

Rate GS/GM – General Service Small and Medium Fifth Revised Page No. 40  
Cancelling Fourth Revised Page No. 40

Rate GMH – General Service Medium Heating Fifth Revised Page No. 43  
Cancelling Fourth Revised Page No. 43

Rate GL – General Service Large Fifth Revised Page No. 47  
Cancelling Fourth Revised Page No. 47

Rate GLH – General Service Large Heating Fifth Revised Page No. 50  
Cancelling Fourth Revised Page No. 50

LIST OF MODIFICATIONS MADE BY THIS TARIFFINCREASES – (Continued)

Rate L – Large Power Service Fifth Revised Page No. 53  
Cancelling Fourth Revised Page No. 53

Rate PAL – Private Area Lighting Fifth Revised Page No. 77  
Cancelling Fourth Revised Page No. 77

Rate PAL – Private Area Lighting Third Revised Page No. 78  
Cancelling Second Revised Page No. 78

Rate UMS – Unmetered Service Sixth Revised Page No. 74  
Cancelling Fifth Revised Page No. 74

Unit prices have changed resulting in increases.

Rider No. 5 – Universal Service Charge Fourth Revised Page No. 85  
Cancelling Third Revised Page No. 85

Rider No. 5 – Universal Service Charge has been updated as directed in the Rider to reflect the participation level of CAP customers.

DECREASES

Rate GS/GM – General Service Small and Medium Fifth Revised Page No. 40  
Cancelling Fourth Revised Page No. 40

Rate GMH – General Service Medium Heating Fifth Revised Page No. 43  
Cancelling Fourth Revised Page No. 43

Rate HVPS – High Voltage Power Service Fifth Revised Page No. 57  
Cancelling Fourth Revised Page No. 57

Rate AL – Architectural Lighting Service Sixth Revised Page No. 61  
Cancelling Fifth Revised Page No. 61

Rate SE – Street Lighting Energy Sixth Revised Page No. 64  
Cancelling Fifth Revised Page No. 64

Rate SM – Street Lighting Municipal Sixth Revised Page No. 68  
Cancelling Fifth Revised Page No. 68

Rate SM – Street Lighting Municipal Second Revised Page No. 70  
Cancelling First Revised Page No. 70

Rate SH – Street Lighting Highway Sixth Revised Page No. 71  
Cancelling Fifth Revised Page No. 71

---

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASES – (Continued)

Rate UMS – Unmetered Service Sixth Revised Page No.74  
Cancelling Fifth Revised Page No. 74

Rate PAL – Private Area Lighting Sixth Revised Page No. 76  
Cancelling Fifth Revised Page No. 76

Unit prices have changed resulting in decreases.

TABLE OF CONTENTS

Page Number

List of Modifications.....	2-2D	(C)
Table of Contents.....	3	
List of Communities Served .....	4-5	
<b>RULES AND REGULATIONS.....</b>	<b>6-31A</b>	
<b>RATES:</b>		
RS Residential Service .....	32-33	
RH Residential Service Heating .....	34-36	
RA Residential Service Add-on Heat Pump.....	37-39	
GS/GM General Service Small and Medium.....	40-42	
GMH General Service Medium Heating.....	43-46	
GL General Service Large .....	47-49	
GLH General Service Large Heating .....	50-52	
L Large Power Service.....	53-56	
HVPS High Voltage Power Service .....	57-60	
AL Architectural Lighting Service .....	61-63	
SE Street Lighting Energy .....	64-67	
SM Street Lighting Municipal.....	68-70	
SH Street Lighting Highway.....	71-73	
UMS Unmetered Service .....	74-75	
PAL Private Area Lighting .....	76-78	
<b>STANDARD CONTRACT RIDERS:</b>		
General .....	79	
Rider Matrix.....	79A	
No. 1 Consumer Education Surcharge.....	80-80A	
No. 2 Untransformed Service .....	81	
No. 3 School and Government Service Discount Period .....	82	
No. 4 Budget Billing HUD Finance Multi-Family Housing.....	83	
No. 5 Universal Service Charge.....	84-85A	
No. 6 Temporary Service .....	86	
No. 7 SECA Charge.....	87	
No. 8 Default Service Supply.....	88-88E	
No. 9 Day-Ahead Hourly Price Service.....	89-93A	
No. 10 State Tax Adjustment Surcharge.....	94	
No. 11 Street Railway Service.....	95	
No. 12 Billing Option - Volunteer Fire Companies and Nonprofit Senior Citizen Centers .....	96	
No. 13 General Service Separately Metered Electric Space Heating Service .....	97	
No. 14 Residential Service Separately Metered Electric Space and Water Heating.....	98-99	
No. 15 Energy Efficiency and Conservation and Demand Response Surcharge .....	100-100C	
No. 15A Phase II Energy Efficiency and Conservation Surcharge.....	100D-100G	
No. 16 Service to Non-Utility Generating Facilities .....	101-102	
No. 17 Emergency Energy Conservation .....	103-104	
No. 18 Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities.....	105	
No. 19 Standard Offer Program Cost Recovery Rider .....	106-107	
No. 20 Smart Meter Charge .....	108-109B	
No. 21 Net Metering Service .....	110-112A	
<b>APPENDIX A:</b>		
Transmission Service Charges .....	113-116A	(C)
<b>APPENDIX B:</b>		
Rate R-TOU – Residential Service Time-of-Use .....	117-119	

(C) – Indicates Change

ISSUED:

EFFECTIVE: MAY 1, 2014

RULES AND REGULATIONS – (Continued)

BILLS AND NET PAYMENT PERIODS – (Continued)

**21.1 PAYMENT OF BILLS FOR RESIDENTIAL SERVICE** The Company will designate a due date on its bill which shall be a business day no less than 20 days from the date of transmittal of the bill. The Company may accommodate changes to due dates for residential customers upon written customer request and when a demonstrated financial burden for the current due date exists. ~~When the due date for residential service occurs from the 21st day of the month through the 5th day of the following month, the due date may be extended upon request to the 6th day of the latter month for ratepayers receiving Social Security or equivalent monthly checks on or about the first of the month.~~ (C)

RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, and general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

MONTHLY RATE

**DISTRIBUTION CHARGES**

Customer Charge.....	<del>\$7.00</del> <u>\$10.00</u>	(I)
Energy Charge.....	<del>4.3657</del> <u>4.7172</u> cents per kilowatt hour	(I)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for residential customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to residential customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charges, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

(I) – Indicates Increase

**RATE RH - RESIDENTIAL SERVICE HEATING**

**AVAILABILITY**

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

**MONTHLY RATE**

**DISTRIBUTION CHARGES**

Customer Charge.....	<del>\$7.00</del> <u>\$10.00</u>	<b>(I)</b>
----------------------	----------------------------------	------------

Winter Monthly Rate — For the Billing Months of November through April:

Energy Charge.....	<del>3.2174</del> <u>3.5845</u> cents per kilowatt hour	<b>(I)</b>
--------------------	---	------------

Summer Monthly Rate — For the Billing Months of May through October:

Energy Charge.....	<del>4.3657</del> <u>4.7172</u> cents per kilowatt hour	<b>(I)</b>
--------------------	---	------------

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for residential customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to residential customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

**(I) – Indicates Increase**

**RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP**

**AVAILABILITY**

Available to residential or combined residential and farm customers using the Company's standard low voltage service for lighting, appliance operation, general household purposes and for commercial or professional activity where associated consumption represents less than 25% of the total monthly usage at the premise, and an add-on heat pump for space heating. Other energy sources may be used to supplement the add-on heat pump provided that the supplemental energy source is thermostatically controlled to operate only when the outdoor temperature falls to at least 40<sup>o</sup> F and the add-on heat pump cannot provide the total heating requirements.

Available only when supplied at 240 volt (or less) single phase service through a single meter directly by the Company to a single family dwelling or to an individual dwelling unit in a multiple dwelling structure. For the purposes of this rate, a dwelling unit is defined as one or more rooms arranged for the use of one or more individuals for shelter, sleeping, dining, and with permanent provisions for cooking and sanitation.

**MONTHLY RATE**

**DISTRIBUTION CHARGES**

Customer Charge..... ~~\$7.00~~ \$10.00 (I)

Winter Monthly Rate — For the Billing Months of November through April:

Energy Charge..... ~~0.9039~~ 1.1586 cents per kilowatt hour (I)

Summer Monthly Rate — For the Billing Months of May through October:

Energy Charge..... ~~4.3657~~ 4.7172 cents per kilowatt hour (I)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for residential customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to residential customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

**(I) – Indicates Increase**

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM

AVAILABILITY

Available for all the standard electric service taken on a small or medium general service customer's premises for which a residential rate is not available.

MONTHLY RATE FOR NON-DEMAND METERED CUSTOMERS

**CUSTOMER CHARGE**

Customer Distribution Charge .....	\$7.00	<u>\$10.00</u>	<b>(I)</b>
------------------------------------	--------	----------------	------------

**ENERGY CHARGES**

**Distribution Charge  
cents per kilowatt-hour**

All kilowatt-hours	5.30	<u>15.6862</u>	<b>(I)</b>
--------------------	------	----------------	------------

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

MONTHLY RATE FOR DEMAND METERED CUSTOMERS

**DISTRIBUTION CHARGES**

	<u>GM &lt; 25 kW</u>	<u>GM ≥ 25 kW</u>	
<b>Customer Charge</b>	\$30.00	<u>\$42.00</u>	<u>\$43.00</u> <u>\$54.00</u>

**Demand Charges**

**\$ per kilowatt**

	<u>GM &lt; 25 kW</u>	<u>GM ≥ 25 kW</u>	
First 5 kilowatts or less of Demand	No Charge	No Charge	
Additional kilowatts of Demand	6.16	<u>5.60</u>	<u>4.98</u> <u>5.58</u>

**Energy Charges**

**¢ per kilowatt-hour**

All kilowatt-hours	1.1159	0.9453	
--------------------	--------	--------	--

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**(I) – Indicates Increase**

**(D) – Indicates Decrease**

ISSUED: \_\_\_\_\_

EFFECTIVE: **MAY 1, 2014**

**RATE GMH - GENERAL SERVICE MEDIUM HEATING**

**AVAILABILITY**

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE\* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

\* American Society of Heating, Refrigerating and Air Conditioning Engineers

**CUSTOMER CHARGE**

Customer Distribution Charge .....	<del>\$30.00</del>	<u>\$42.00</u>	<b>(I)</b>
------------------------------------	--------------------	----------------	------------

**WINTER MONTHLY RATE**

For the Billing Months of October through May:

**ENERGY CHARGES**

**Distribution Charge  
cents per kilowatt-hour**

All kilowatt-hours	2.2666	<u>2.4805</u>	<b>(I)</b>
--------------------	--------	---------------	------------

**SUMMER MONTHLY RATE**

For the Billing Months of June through September:

**DEMAND CHARGES**

**Distribution Charge  
\$ per kilowatt**

First 5 kilowatts or less of Demand	No Charge		
Additional kilowatts of Demand	6.165	<u>.60</u>	<b>(D)</b>

**(I) – Indicates Increase**

**(D) – Indicates Decrease**

ISSUED: \_\_\_\_\_

EFFECTIVE: **MAY 1, 2014**

RATE GL - GENERAL SERVICE LARGE

AVAILABILITY

Available for all the standard electric service taken on a customer's premises where the demand is not less than 300 kilowatts.

MONTHLY RATE

**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

**DISTRIBUTION**

**DEMAND CHARGES**

First 300 kilowatts or less of Demand	<del>\$2,478.00</del> <u>\$2,700.00</u>	<b>(I)</b>
Additional kilowatts of Demand	<del>\$7.53</del> <u>\$8.15</u> per kW	<b>(I)</b>

**ELECTRIC CHARGES**

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

**(I) – Indicates Increase**

**ISSUED:** \_\_\_\_\_ **EFFECTIVE: MAY 1, 2014**

**RATE GLH - GENERAL SERVICE LARGE HEATING**

**AVAILABILITY**

Available for all the standard electric service taken on a customer's premises for which a residential rate is not available, where the Company's service is the sole method of space heating, and where the heat loss of the customer's premises is calculated in accordance with the ASHRAE\* Handbook of Fundamentals, and where such calculated heat loss converted into kilowatt-hour consumption during the heating season is determined by the Company to be at least 25% of the customer's entire electric energy requirements during the heating season. The space heating system may be supplemented with renewable energy sources such as solar, wind, wood, or hydro.

\* American Society of Heating, Refrigerating and Air Conditioning Engineers

**MONTHLY RATE**

**CUSTOMER CHARGE**

Customer Distribution Charge ..... ~~\$43.00~~ \$50.00 (I)

**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

**DISTRIBUTION**

For the Billing Months of October through May:

**ENERGY CHARGES**

All kilowatt-hours ..... ~~1.7019~~ 1.9996 cents per kWh (I)

For the Billing Months of June through September:

Rate GL shall apply.



RATE L - LARGE POWER SERVICE - (Continued)

STANDARD CONTRACT RIDERS

For modifications of the above rate under special conditions, see "Standard Contract Riders".

CONTRACT DEMAND

The Contract Demand is the maximum electrical capacity in kilowatts that the Company shall be required by the contract to deliver to the customer.

The customer shall not establish a demand greater than 105 percent of the individual demands specified in the customer's contract unless written approval shall first have been obtained from the Company. If the customer establishes a repeated pattern of exceeding the Contract Demand, the Contract Demand may be raised to the highest demand established for the remaining term of the contract.

CONTRACT PROVISIONS

Contracts shall be written for an original term of not less than five years for Contract Demand of 100,000 kilowatts or less, and not less than ten years for Contract Demands in excess of 100,000 kilowatts. Effective on January 26, 1985, such contracts shall continue in force after the expiration of the original term until one year following the date of written notice of cancellation by either party. Such notice of cancellation may not be given earlier than one year before the expiration of the original term.

When a customer takes delivery at 69 Kv or higher for delivery into its own electric system operated at either of such voltages, and has a Contract Demand of at least 100,000 kilowatts, the customer may apply for service at two or more delivery points interconnected by the customer's facilities. If the Company is satisfied that such multiple delivery points will protect the Company from substantial loss of load and otherwise will be consistent with operation of the Company's system, it will provide such multiple delivery points. In such case the various delivery points will be billed as if metered at one point, but the 5,000 kilowatt, ~~10,000 kilowatt~~ and ~~25,000 additional kilowatt~~ blocks of the Capacity Demand Charge, and the ~~750,000 kilowatt-hour block of the Energy Charge~~, will be multiplied by the number of delivery points before the rates stated for them are applied. (C)  
(C)  
(C)

The Company reserves the right to refuse contracts hereunder if, in its judgment, its generating or transmission capacity is no more than adequate to meet the requirements of its existing customers.

Where the customer has established an energy management and conservation program and has demonstrated to the satisfaction of the Company that such program has resulted in a reduced demand, the Company will, upon the customer's request, amend the contract to reflect such reduced demand for the purpose of calculating the Minimum Charge, but in no case shall the Billing Demand be reduced to less than 5,000 kilowatts if the customer remains on this rate.

RATE HVPS - HIGH VOLTAGE POWER SERVICE

AVAILABILITY

Available to customers with Contract On-Peak Demands greater than 30,000 kilowatts where service is supplied at 69,000 volts or higher.

MONTHLY RATE

**SUPPLY**

Customers who elect to purchase their electric supply requirements from the Company may do so under the provisions of Rider No. 9 – Hourly Price Service and will be billed in accordance with the terms contained therein.

**DISTRIBUTION**

**FIXED MONTHLY CHARGE**

Up to and Including 50,000 kW Billing Demand	<del>\$11,671.00</del> \$9,696.59	<b>(D)</b>
50,001 kW to 100,000 kW Billing Demand	<del>\$16,908.00</del> \$14,047.63	<b>(D)</b>
Greater than 100,000 kW Billing Demand	<del>\$22,994.00</del> \$19,104.04	<b>(D)</b>

**ELECTRIC CHARGES**

The Company will provide and charge for Transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy requirements from an EGS will be charged the full Distribution Charge by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity pursuant to Rider No. 9 – Hourly Price Service.

Customers who choose an EGS may elect Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(D) – Indicates Decrease

**RATE AL - ARCHITECTURAL LIGHTING SERVICE**

**AVAILABILITY**

Available for separately metered circuitry connected solely to outdoor architectural lighting equipment, with demand of 5 kilowatts or greater, to be operated during non-peak periods.

**MONTHLY RATE**

**DISTRIBUTION CHARGES**

	Customer Charge.....	<del>\$7.49</del> \$6.89	(D)
	Demand Charge.....	<del>\$1.40</del> \$1.29 per kilowatt	(D)
	Energy Charge.....	<del>0.1987</del> 0.1827 cents per kilowatt hour	(D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for Rate AL – Architectural Lighting Service customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate AL customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company, and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charges, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

**(D) – Indicates Decrease**

RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

Available for the entire electric energy requirements of municipal street lighting systems where the municipality has not less than 15,000 street lamp installations and provides for the ownership, operation, and maintenance of its own street lamp installations and takes its entire energy requirements for street lighting under this rate.

MONTHLY RATE

**DISTRIBUTION CHARGE**

Monthly charge per lamp..... ~~\$3.16~~ \$2.79

(D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for Rate SE – Street Lighting Energy customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate SE customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charge, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

(D) – Indicates Decrease

ISSUED:

EFFECTIVE: **MAY 1, 2014**

**RATE SM - STREET LIGHTING MUNICIPAL**

**AVAILABILITY**

Available for mercury vapor, ~~and~~ high pressure sodium and light-emitting diode (LED) lighting of public streets, highways, bridges, parks and similar public places, for normal dusk to dawn operation of approximately 4,200 hours per year. (C)

(Available for mercury vapor street lighting only where served prior to January 30, 1983, and continuously thereafter at the same location.)

**MONTHLY RATE**

**DISTRIBUTION CHARGE**

**Monthly Rate Per Unit**

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	
<b>Mercury Vapor</b>			
100	44	\$13.18 \$12.11	(D)
175	74	\$13.46 \$12.37	(D)
250	102	\$13.72 \$12.60	(D)
400	161	\$14.26 \$13.10	(D)
1,000	386	\$16.41 \$15.08	(D)
<b>Sodium Vapor</b>			
70	29	\$13.62 \$12.51	(D)
100	50	\$13.73 \$12.61	(D)
150	71	\$13.92 \$12.79	(D)
250	110	\$14.29 \$13.13	(D)
400	170	\$14.86 \$13.65	(D)
1,000	387	\$17.09 \$15.70	(D)
<b><u>Light-Emitting Diode (LED)</u></b> <span style="float: right;">(C)</span>			
43	15	\$11.16	
106	37	\$12.82	

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

(C)

(C) – Indicates Change

(D) – Indicates Decrease

ISSUED:

EFFECTIVE: MAY 1, 2014

**RATE SM - STREET LIGHTING MUNICIPAL - (Continued)**

**MONTHLY RATE – (Continued)**

**ELECTRIC CHARGES – (Continued)**

(C)

The Supply Charges for Rate SM – Street Lighting Municipal customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate SM customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

(C)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the EGS becomes unavailable or during which the customer has not chosen an EGS, the Company will supply electricity at the above Distribution Charge, the Supply Charges in Rider No. 8 and the Transmission Service Charges in Appendix A.

Customers who choose an EGS may select Consolidated Billing or Separate Billing as defined in Rule No. 20.1.

**RIDERS**

Bills rendered under this schedule are subject to the charges stated in any applicable rider.

**LATE PAYMENT CHARGE**

Bills will be calculated on the rates stated herein, and are due and payable on or before thirty days from the date of mailing of the bill to the ratepayer. The bill is overdue when not paid on or before the due date indicated on the bill. An overdue bill is subject to a Late Payment Charge of 1.25% interest per month on the full unpaid and overdue balance of the Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period.

(C)

RATE SM - STREET LIGHT MUNICIPAL - (Continued)

MONTHLY RATE – (Continued)

(C)

**POLES**

(C)

No charge is made for wood poles used jointly for street lighting and the support of the Company's general distribution system or for tubular steel poles, trolley type, used jointly for street lighting and the support of trolley span wires.

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of ~~\$10.80~~ \$9.85 for each pole required.

(D)

SPECIAL TERMS AND CONDITIONS

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service, except that poles, ducts, conduits, manholes and junction boxes shall be the property of and maintained by the customer if they are an integral part of bridges, viaducts or similar structures, or highway project constructed by the joint participation of the customer and other governmental agencies.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

**RATE SH - STREET LIGHTING HIGHWAY**

**AVAILABILITY**

Available for high intensity discharge lighting of state highways for normal dusk to dawn operation of approximately 4,200 hours per year where the highway lighting system acceptable to Duquesne Light Company is installed by the State and ownership of the entire highway lighting system has been transferred to the Company for a nominal consideration.

**MONTHLY RATE**

**DISTRIBUTION CHARGE**

**Monthly Rate Per Unit**

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	
<b>Sodium Vapor</b>			
100	50	<del>\$13.04</del> \$11.97	<b>(D)</b>
150	71	<del>\$13.19</del> \$12.14	<b>(D)</b>
200	95	<del>\$13.37</del> \$12.30	<b>(D)</b>
400	170	<del>\$14.08</del> \$12.96	<b>(D)</b>

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

**ELECTRIC CHARGES**

The Supply Charges for Rate SH – Street Lighting Highway customers will be updated through competitive requests for proposal as described in Rider No. 8 – Default Service Supply. The Supply rate shall be determined based on the formula described in the “Calculation of Rate” section in Rider No. 8. Applicability of the Supply rate to Rate SH customers shall be as described in Rider No. 8 and for the effective period defined in Rider No. 8.

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission for customers who receive Default Service from the Company. The Transmission Service Charges are included, for informational purposes, in Appendix A of this Tariff.

Customers who elect to purchase their electric energy supply requirements from an EGS will be charged the Distribution Charges by the Company and must purchase their transmission and supply requirements from their selected EGS. Customers may change suppliers or return to the Company for electric supply requirements as defined in Rule No. 45.

**(D) – Indicates Decrease**



RATE PAL - PRIVATE AREA LIGHTING

AVAILABILITY

Available for high pressure sodium lighting and flood lighting of residential, commercial and industrial private property installations including parking lots, for normal dusk to dawn operation of approximately 4,200 hours per year.

MONTHLY RATE

**DISTRIBUTION CHARGE**

DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT

**Monthly Rate Per Unit**

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	
<b>High Pressure Sodium</b>			
70	29	\$12.91	\$12.51 (D)
100	50	\$13.04	\$12.61 (D)
150	71	\$13.19	\$12.79 (D)
250	110	\$13.54	\$13.13 (D)
400	170	\$14.08	\$13.65 (D)
<b>Flood Lighting</b>			
100	46	\$14.32	\$12.51 (D)
250	100	\$14.90	\$13.09 (D)
400	155	\$15.49	\$13.68 (D)

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$3.16	\$2.79 (D)
100	46	\$3.16	\$2.79 (D)
150	67	\$3.16	\$2.79 (D)
250	100	\$3.16	\$2.79 (D)
400	155	\$3.16	\$2.79 (D)

**SUPPLY CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will do so under the provisions of Rider No. 8 – Default Service Supply and will be billed in accordance with the terms contained therein.

(D) – Indicates Decrease

ISSUED: \_\_\_\_\_ EFFECTIVE: **MAY 1, 2014**

**RATE PAL - PRIVATE AREA LIGHTING - (Continued)****MONTHLY RATE - (Continued)****POLES – (Continued)**

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of ~~\$10.24~~\$9.85 for each pole required.

**(D)****SPECIAL TERMS AND CONDITIONS**

1. The above charges include installation of standard Company facilities including lamps, fixtures or luminaries, brackets and ballasts, all when installed on the overhead distribution system. The above charges include normal operation and maintenance. Normal operation and maintenance does not include periodic tree trimming around the fixture or luminaire.
2. Where it is necessary to install wood, metal, or ornamental poles, or other special facilities or services not in conformance with the Company's standard overhead practice, the additional cost shall be borne by the customer. Title to all facilities, except as noted below, shall vest in the Company.
3. All facilities used in providing street lighting service shall be and remain the property of the Company and may be removed upon termination of service.
4. The customer agrees that the facilities installed under this rate shall not be removed or converted, or the use thereof discontinued by the customer, except upon payment to the Company of the original investment in such facilities, less depreciation to the date of discontinuance of such facilities, less salvage, plus the cost of removal.

**(D) – Indicates Decrease****ISSUED:** \_\_\_\_\_**EFFECTIVE: MAY 1, 2014**

**STANDARD CONTRACT RIDERS - (Continued)**

**RIDER NO. 5 – UNIVERSAL SERVICE CHARGE - (Continued)**  
**(Applicable to Rate Schedules RS, RH and RA)**

**CALCULATION OF CHARGE – (Continued)**

previous year at normalized annual sales volumes. The projected customer additions to the CAP program during the Computational Year will be based on the number of CAP customers receiving a discount at the end of the Reconciliation Year plus a projection of the average monthly number of CAP customers during the Computational Year. The projected number of CAP customers will include net additions to the program (additions minus exits), an estimate of the average monthly number of auto-enrolled customers receiving a discount, and a projection of customers enrolled through expected changes in policy (e.g. changes in the definition of poverty, changes in regulatory mandates). An auto-enrolled customer is not considered to be a CAP participant for purposes of this Rider unless and until the customer has completed the CAP enrollment process. The projected CAP program costs will include the estimated costs for new applications, maintenance and annual recertification, and the projected CAP pre-program arrearages to be forgiven and written off during the USC Computational Year.

- Smart Comfort Program [Low Income Usage Reduction Program (“LIURP”)]: LIURP costs will be calculated based on the projected number of homes that participate in the usage reduction program and the average cost per visit.
- Customer Assistance and Referral Evaluation Services (“CARES”): CARES costs will be calculated based on the projected annual Community Based Organization (“CBO”) program costs and CBO costs for administering the program.
- Hardship Fund: Hardship Fund costs will be calculated based on the projected annual program costs and CBO costs for administering the program.
- Any other replacement or Commission-mandated Universal Service Program or low income program that is implemented during the Reconciliation or Computational Year.

Cr = A credit to reduce CAP customer discounts included in the USC to the extent that the monthly CAP enrollment level exceeds ~~35,700~~41,650 customers. Specifically, the recoverable CAP discounts will be reduced by the number of CAP participants in excess of ~~35,700~~41,650 times the average CAP credit and arrearage forgiveness costs times 10.43%. The participation level above which the offset shall be applied will be reset in each distribution rate case. (I)

E = The over- or under- collection of actual Universal Service Program costs and revenue that result from the billing of the USC during the USC Reconciliation Year (an over-collection is denoted by a positive E and an under-collection by a negative E), including applicable interest. Interest shall be computed monthly at the statutory legal rate of interest, from the month the over or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped. (I)

## STANDARD CONTRACT RIDERS - (Continued)

## RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)

## DEFAULT SERVICE SUPPLY RATE – (Continued)

Lighting (Rate Schedules SM, SH and PAL) — Lamp wattage as available on applicable rate schedule.

Wattage	Nominal kWh Energy Usage per Unit per Month	Application Period			
		06/01/2013 through 11/30/2013	12/01/2013 through 05/31/2014	06/01/2014 through 11/30/2014	12/01/2014 through 05/31/2015
<b>Supply Charge ¢ per kWh</b>		3.9258	3.9177	X.XXXX	X.XXXX
		<b>Fixture Charge — \$ per Month</b>			
<b>Mercury Vapor</b>					
100	44	1.73	1.72	X.XX	X.XX
175	74	2.91	2.90	X.XX	X.XX
250	102	4.00	4.00	X.XX	X.XX
400	161	6.32	6.31	X.XX	X.XX
1000	386	15.15	15.12	X.XX	X.XX
<b>High Pressure Sodium</b>					
70	29	1.14	1.14	X.XX	X.XX
100	50	1.96	1.96	X.XX	X.XX
150	71	2.79	2.78	X.XX	X.XX
200	95	3.73	3.72	X.XX	X.XX
250	110	4.32	4.31	X.XX	X.XX
400	170	6.67	6.66	X.XX	X.XX
1000	387	15.19	15.16	X.XX	X.XX
<b>Flood Lighting - Unmetered</b>					
70	29	1.14	1.14	X.XX	X.XX
100	46	1.81	1.80	X.XX	X.XX
150	67	2.63	2.62	X.XX	X.XX
250	100	3.93	3.92	X.XX	X.XX
400	155	6.08	6.07	X.XX	X.XX
<b>Light-Emitting Diode (LED)</b>					
<b>43</b>	<b>15</b>	X.XX	0.59	X.XX	X.XX
<b>106</b>	<b>37</b>	X.XX	1.45	X.XX	X.XX

(C)

(C)

(C) – Indicates Change

ISSUED: \_\_\_\_\_

EFFECTIVE: MAY 1, 2014

**STANDARD CONTRACT RIDERS - (Continued)**

**RIDER NO. 8 – DEFAULT SERVICE SUPPLY – (Continued)**

**(Applicable to Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, UMS and PAL)**

**DEFAULT SERVICE SUPPLY RATE – (Continued)**

The Company will provide default service supply under this Rider by obtaining the requirements from suppliers through competitive procurements using a Request for Proposal (“RFP”) process. The charges for DSS calculated based on the results of the RFP process for service under this Rider will be effective as defined above. **(C)**

DSS obtained through the RFP process includes energy, capacity, transmission and distribution line losses, congestion and congestion management costs, Alternative Energy Credits (“AECs”), ancillary services, PJM grid management charges and other such services or products that are required to provide default service to the Company’s customers including Auction Revenue Rights and Financial Transmission Rights (“ARRs/FTRs”). DSS shall not include transmission service within Duquesne’s zone. Duquesne will be responsible for and continue to provide network integration transmission service. The applicable charges for transmission service are defined in Appendix A of this Tariff.

Service under this Rider No. 8 – Default Service Supply shall commence in accordance with the switching protocols in Rule No. 45.1.

**PROCUREMENT PROCESS**

The Company will conduct separate RFP solicitations for DSS for each customer procurement group under this Rider. The customer procurement groups for the RFP solicitations are defined as residential and lighting, small commercial and industrial and medium commercial and industrial. The small commercial and industrial group includes those customers with monthly metered demand less than 25 kW. The medium commercial and industrial group includes those customers with monthly metered demand equal to or greater than 25 kW and less than 300 kW. The RFP process will be bid separately to ensure that there is no cross subsidization.

The Company will update the rates for the DSS according to the schedule in the above tables. The Company will issue RFPs prior to the beginning of each Application Period to update the default service supply rates. The updated rates will be based on the new price(s) available from the winning suppliers through the RFP process. The rates will include a reconciliation adjustment as described in the “Calculation of Rate” section of this Rider. In the month prior to the beginning of each Application Period, the Company will file new DSS charges with the Pennsylvania Public Utility Commission (“Commission”) for the subsequent Application Period, and, upon Commission approval, these charges shall become effective on the first day of the following month.

The load of the customer procurement group for the RFP will be divided into Tranches. Winning suppliers will provide DSS for the percentage of DSS load corresponding to the number of Tranches won in the RFP. Duquesne seeks to procure all Tranches in the RFP process pursuant to the RFP schedule approved by the Commission.

The selection of bids will be submitted to the Commission for its approval or rejection within one business day after submittal. If the bids are not acted on by the Commission within one business day, the Company may proceed on the basis that they are approved and award the bids pursuant to 52 Pa. Code § 54.188(d).

**(C) – Indicates Change**

**ISSUED:** \_\_\_\_\_

**EFFECTIVE: MAY 1, 2014**

## STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES(Applicable to all General Service Rates Except Non-Demand Metered GS/GM Customers)

(C)

The following applies to non-utility generating facilities including, but not limited to cogeneration and small power production facilities that are qualified in accord with Part 292 of Chapter I, Title 18, Code of Federal Regulations (qualifying facility). Electric energy will be delivered to a non-utility generating facility in accord with the following:

**A. DEFINITIONS**

**Supplementary Power** is electric energy and capacity supplied by the Company or by an Electric Generation Supplier (EGS) to a non-utility generating facility and regularly used in addition to that electric energy which the non-utility generating facility generates itself. The Company's regular and appropriate General Service Rates will be utilized for billing for Supplementary Power. Customers purchasing Supplementary Power from an EGS will be billed for charges according to their applicable rate and billing arrangement with their EGS.

(C)

**Back-Up Power** is ~~defined~~ electric energy and capacity supplied by the Company to a non-utility generating facility during any outage of the non-utility generating facility's electric generating equipment to replace electric energy ordinarily generated by the non-utility generating facility's generating equipment.

(C)

**Base Period** is the twelve consecutive monthly billing periods applicable to the customer ending one month prior to the installation of new on-site generation or increase in capacity to existing on-site supply.

**Contract Demand** is the maximum electrical capacity in kilowatts that the Company shall be required by the contract to deliver to the customer for Back-Up Power. ~~for back-up service~~ A Contract Demand may be established for Supplementary Power to the customer's ~~generating facility~~.

(C)

(C)

~~**Distribution Supplementary Power Billing Determinants**~~ are the monthly billing period billing demand in kilowatts (kW) and the energy usage in kilowatt-hours (kWh) for Supplementary Power during the current billing month under which the on-site generation is operable. The Supplementary Power kW shall not exceed the Contract Demand kW for Supplementary Power, if applicable.

(C)

(C)

(C)

**Back-Up Power Billing Determinants** are the monthly billing period billing demand in kilowatts (kW) and energy usage (kWh) in excess of those provided as Supplementary Power. If a Contract Demand exists for Supplementary Power, the Back-Up Billing Determinants are the kW and kWh in excess of the Supplementary Power Contract Demand.

(C)

**Distribution Base Period Billing Determinants** are the billing demand (kW) and the energy usage (kWh) for the month in the Base Period corresponding to the current billing month under which the on-site generation is operable. For new customers, the Company will use existing procedures to estimate Base Period Billing Determinants.

**Supply Billing Determinants** for customers on Rate Schedules GL, GLH, L and HVPS are the billing demand (kW) and energy usage (kWh) during the current billing month then in effect under Rider No. 9. Supply Billing Determinants for customers on Rate Schedule GS/GM and GMH shall be the same as those defined above for Distribution.

(C) – Indicates Change

ISSUED:

EFFECTIVE: MAY 1, 2014

**STANDARD CONTRACT RIDERS - (Continued)**

**RIDER NO. 16 - SERVICE TO NON-UTILITY GENERATING FACILITIES - (Continued)**

**(Applicable to all General Service Rates)**

**B. BACK-UP POWER**

The Company will supply such service each month at the following rates:

**DISTRIBUTION**

Contract Demand of 5,000 kW or more \_\_\_\_\_ \$6.04 per kW, but no less than \$1,405.00 (C)

Contract Demand of less than 5,000 kW \_\_\_\_\_ \$6.45 per kW, but no less than \$185.00 (C)

A distribution charge of \$2.50 per kW shall be applied to the Back-Up Power Billing Determinants for Back-Up Power. (C)

The distribution charges will be applied in each month based on the customer's Contract Demand without regard to whether or not back-up energy is supplied.

**SUPPLY**

In any month that the Company provides energy to back up the customer's equipment, supply service shall be supplied and billed under Rider No. 9 for customers with Contract Demand of 300 kW or more. For customers having Contract Demand of less than 300 kW, the Company will bill the applicable supply demand and energy charges then in effect under Rate Schedule GS/GM.

The use of backup power at this price level will be limited to 15% usage for all hours in a year. Incremental usage above this limit will be billed on the applicable general service rates, including all ratchets applicable.

If a customer's actual kW demand at the time back-up is being supplied exceeds the customer's back-up Contract Demand by 5% or more, the actual kW demand as established will become the customer's new back-up Contract Demand for the remaining term of the back-up contract. If a customer's actual kW demand at the time back-up service is being supplied exceeds the customer's back-up Contract Demand by 10% or more, the customer will be assessed a fee determined by the difference between the actual demand established when back-up service is being supplied and the back-up Contract Demand multiplied by two times the applicable charge per kilowatt.

**C. INTERCONNECTION**

Each non-utility generating facility will be required to install at its expense or pay in advance to have the Company install interconnection equipment and facilities which are over and above that equipment and facilities required to provide electric service to the non-utility generating facility according to the Company's General Service Rates, except as noted below. Any such equipment to be installed by the non-utility generating facility must be reviewed and approved in writing by the Company prior to installation. Nothing in this Rider shall exempt a new customer from the application of Rule No. 7 and Rule No. 9 regarding Supply Line Extensions and Relocation of Facilities.

However, customers may elect to pay the cost of existing or newly required transformation equipment that is over and above that equipment necessary for the Company to supply the customer with its contracted Supplemental Power via a monthly charge rather than in total at the onset of the contract. The monthly charge for transformation equipment for customers with contract demand under this rider of 5,000 kW or more will be determined by the Company on a case-by-case basis. For all others, the rate of \$0.2523 per kW per month will apply.

**(C) – Indicates Change**

**ISSUED:** \_\_\_\_\_ **EFFECTIVE: MAY 1, 2014**

## APPENDIX A

TRANSMISSION SERVICE CHARGES

(Applicable to All Rates)

The Company will provide and charge for transmission service consistent with the PJM Open Access Transmission Tariff approved or accepted by the Federal Energy Regulatory Commission (FERC) for customers who receive Default Service from the Company. Customers taking Default Service from the Company shall be charged in accordance with the charges of the applicable rate schedules stated below. These charges shall also apply to riders applicable to each rate schedule.

MONTHLY RATES

Rate Class	Energy Charge \$/kWh	Demand Charge \$/kW	Monthly Charge Per Fixture	Monthly Charge Per Fixture
RS	\$0.014587			
RH	\$0.006577			
RA	\$0.014550			
GS	\$0.008338			
GM < 25 kW	\$0.006195	\$1.09		
GM = > 25 kW	\$0.007361	\$1.44		
GMH < 25 kW	\$0.007343	\$1.21 <sup>(1)</sup>		
GMH = > 25 kW	\$0.005822	\$4.04 <sup>(1)</sup>		
GL		\$3.12		
GLH		\$3.18		
L		\$3.17		
HVPS		\$3.17		
AL	\$0.003455			
SE	\$0.001139			
UMS	\$0.000061	\$5.18		
			<b>Rate Class</b>	
			<b>SH and PAL</b>	<b>SM</b>
<b>By Wattage</b>				
<b>Mercury Vapor</b>				
100				\$0.12
175				\$0.20
250				\$0.28
400				\$0.44
1000				\$1.05
<b>High Pressure Sodium</b>				
70			\$0.04	\$0.08
100			\$0.07	\$0.14
150			\$0.10	\$0.19
200			\$0.14	
250			\$0.15	\$0.30
400			\$0.24	\$0.46
1000				\$1.05

(1) June through September

(C)

(C) – Indicates Change

ISSUED: \_\_\_\_\_

EFFECTIVE: MAY 1, 2014

## APPENDIX A – (Continued)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

MONTHLY RATES – (Continued)

(C)

Rate Class	Energy Charge \$/kWh	Demand Charge \$/kW	Monthly Charge Per Fixture	Monthly Charge Per Fixture
			<b>Rate Class</b>	
<b>By Wattage</b>			<b>SH and PAL</b>	<b>SM</b>
<b>Flood Lighting - Unmetered</b>				
70			\$0.04	
100			\$0.06	
150			\$0.09	
250			\$0.14	
400			\$0.22	
<b>Light-Emitting Diode (LED)</b>				
43				\$0.00
106				\$0.00

(C)

**BILLING DEMAND**

Billing Demand subject to Transmission Service Charges for customers taking service under Rate Schedules GS/GM and GMH shall be the same as that determined for distribution and supply charges under the applicable rate schedules.

Billing Demand subject to Transmission Service Charges for Customers taking service under Rate Schedules GL, GLH, L, HVPS and UMS shall be the customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

**ANNUAL UPDATE**

The Transmission Service Charges (TSC) defined herein will be updated effective June 1<sup>st</sup> of each calendar year or more often upon determination that the rates then in effect would result in a significant over or under collection. On or about May 1<sup>st</sup>, the Company will file revised TSC rates with the PA Public Utility Commission (Commission) defining rates in effect from June 1 to May 31 of the following year, the computation year. These rates shall be determined based on the projected revenue requirement for the computation year, the projected cost of PJM charges and the over or under collection of expenses based on actual TSC revenue and expense incurred up to March 1 of each filing year. The revenue requirement and over or under collection shall be allocated to each rate class based on the class contribution to the Company's coincident peak load (1CP) and Default Service share of the 1CP load from the previous calendar year. The costs for ancillary services and PJM administrative expenses are included in the Default Service Supply rates defined in Rider No. 8. The costs for ancillary services and PJM administrative expenses for rate classes GL, GLH, L and HVPS will be billed in accordance with Rider No. 9. The rates applicable to each Rate Schedule shall be determined in accordance with the following formulas.

(C)

(C) – Indicates Change

ISSUED: \_\_\_\_\_

EFFECTIVE: **MAY 1, 2014**

## APPENDIX A – (Continued)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

ANNUAL UPDATE - (Continued)

For Rate Schedules RS, RH, RA and applicable Riders:

$$\text{TSC-kWh} = \{ (\text{RCRR} - "e") / \text{RCSales} \} * \{ 1/(1-T) \}$$

For Rate Schedules GS/GM and GMH with monthly Billing Demand less than 25 kW:

Non-Demand Metered:

$$\text{TSC-kWh} = \{ (\text{RCRR} - "e") / \text{RCSales} \} * \{ 1/(1-T) \}$$

Demand Metered:

$$\text{TSC-kW} = \{ ((\text{RCRR} - "e") \times 50\%) / \text{RCDemand} \} * \{ 1/(1-T) \}$$

For Rate Schedules GS/GM and GMH with monthly Billing Demand less than 25 kW: - (Continued)

Demand Metered: - (Continued)

$$\text{TSC-kWh} = \{ ((\text{RCRR} - "e") \times 50\%) / \text{RCSales} \} * \{ 1/(1-T) \}$$

For Rate Schedules GS/GM and GMH with monthly Billing Demand equal to or greater than 25 kW:

$$\text{TSC-kW} = \{ ((\text{RCRR} - "e") \times 50\%) / \text{RCDemand} \} * \{ 1/(1-T) \}$$

$$\text{TSC-kWh} = \{ ((\text{RCRR} - "e") \times 50\%) / \text{RCSales} \} * \{ 1/(1-T) \}$$

For Rate Schedules GL, GLH, L, HVPS:

$$\text{TSC-kW} = \{ (\text{RCRR} - "e") / (\text{RC1CP} \times 12) \} * \{ 1/(1-T) \}$$

For Rate Schedule UMS:

$$\text{TSC-kW} = \{ (\text{RCRR} - "e") / (\text{RC1CP} \times 12) \} * \{ 1/(1-T) \}$$

(C)

(C)

(C) – Indicates Change

ISSUED:

EFFECTIVE: MAY 1, 2014

APPENDIX A – (Continued)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

ANNUAL UPDATE - (Continued)

**For Rate Schedules AL, SE, SM, SH and PAL:**

(C)

The annual revenue requirement and over or under collection shall be allocated to each rate class for cost recovery based on the rate class contribution to the coincident peak load from the previous calendar year. PJM charges that are load based will also be allocated to each rate class for cost recovery based on the rate class contribution to the coincident peak load. PJM charges that are energy based will be billed on a per kWh basis. All such charges will be adjusted for Pennsylvania gross receipts tax. For rate schedules SM, SH and PAL, a kWh charge will be determined to recover the allocated revenue requirement and PJM charges. An equivalent fixed monthly charge will be determined based on the monthly kWh usage applicable for each fixture.

Where:

- TSC = Transmission service charge to be applied to all Transmission billing units (either kWh or kW, as indicated.)
- RCRR = Projected total revenue requirement and PJM charges established for the computation year of June 1<sup>st</sup> through May 31<sup>st</sup>, corresponding to the PJM planning year. The revenue requirement shall be allocated to the specific rate classes by applying the ratio of the RC1CP to the Duquesne Zone 1CP for the prior year. PJM charges shall be allocated to each rate class on the basis incurred (i.e. 1CP, kW, kWh).
- “e” = Total over or under collection calculated by comparing total TSC revenues billed to the specific rate class during the reconciliation year of the twelve month period ending February 28<sup>th</sup> or 29<sup>th</sup> to the total charges billed by PJM under its OATT as approved or accepted by FERC and allocated to the specific rate class based upon its Default Service share of the Duquesne Zone 1CP for the prior year, including applicable interest. Interest shall be computed monthly at the statutory rate, from the month the over or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped.
- RCSales = Projected kWh sales for the specific rate class for the computation year.
- RCDemand = Projected kW billing demand for the specific rate class for the computation year.
- RC1CP = Rate Class load coincident with the peak hour of the peak day of the Duquesne Zone during the calendar year prior to the computation year.
- T = The total Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.

(C) – Indicates Change

ISSUED: \_\_\_\_\_

EFFECTIVE: **MAY 1, 2014**

---

APPENDIX A – (Continued)

(C)

TRANSMISSION SERVICE CHARGES – (Continued)(Applicable to All Rates)**MISCELLANEOUS**

Minimum bills shall not be reduced by reason of the TSC, nor shall charges hereunder comprise any portion of a monthly rate schedule minimum. The TSC shall not be subject to any credits or discounts and shall not be affected by the State Tax Adjustment Surcharge (STAS).

The Company shall file a report of TSC collections within thirty days following the conclusion of each computation-year quarter. These reports will be in a form prescribed by the Commission.

Application of the TSC shall be subject to review and audit by the Commission at intervals it shall determine. The Commission shall review the level of charges produced by the TSC and the costs included therein.

# Appendix B

**APPENDIX B**  
**Duquesne Light Company**  
**Summary of Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Summary of Distribution Revenue Calculations**  
**Docket No. R-2013-2372129**

A	B	C	D	E	F
<u>Rate Class</u>	<u>Current Base Rate Revenue</u>	<u>Adjusted Customer Count Revenue</u>	<u>Adjusted Current Base Rate Revenue</u>	<u>Base Rate Revenue at Settlement Rates</u>	<u>Change</u>
	DFR-IV-A	Note 1	[B+C]		[E-D]
RS	\$205,126,445	\$152,287	\$205,278,732	\$236,486,441	\$31,207,709
RH	\$16,922,326	\$1,661	\$16,923,987	\$19,512,745	\$2,588,758
RA	\$1,656,271	(\$2,245)	\$1,654,026	\$1,946,869	\$292,842
GS	\$6,732,924	(\$13,559)	\$6,719,365	\$7,897,971	\$1,178,606
GM<25	\$23,446,031	\$61,483	\$23,507,515	\$25,459,771	\$1,952,257
GM=>25	\$56,595,597	\$130,371	\$56,725,969	\$61,794,489	\$5,068,520
GMH (Note 2)	\$8,358,378	(\$17,495)	\$8,340,882	\$9,115,965	\$775,083
GL	\$58,234,104	(\$675,145)	\$57,558,959	\$62,530,959	\$4,972,000
GLH	\$8,709,561	(\$77,083)	\$8,632,477	\$9,893,477	\$1,261,000
L	\$20,403,692	\$0	\$20,403,692	\$20,403,692	\$0
HVPS	\$756,982	\$0	\$756,982	\$630,538	(\$126,444)
AL (Note 3)	\$918	\$0	\$918	\$845	(\$73)
SE	\$1,522,396	\$0	\$1,522,396	\$1,344,134	(\$178,262)
SM (Note3)	\$9,397,463	\$0	\$9,397,463	\$8,643,388	(\$754,074)
SH (Note 3)	\$111,191	\$0	\$111,191	\$102,436	(\$8,756)
UMS	\$1,201,097	(\$218)	\$1,200,879	\$997,182	(\$203,696)
PAL (Note 3)	\$419,461	\$0	\$419,461	\$393,992	(\$25,469)
<b>Total</b>	<b>\$419,594,837</b>	<b>(\$439,944)</b>	<b>\$419,154,893</b>	<b>\$467,154,894</b>	<b>\$48,000,000</b>
<b>Other Electric Revenue:</b>					
Late Fee (Acct. 450)	\$3,621,897		\$3,621,897	\$3,621,897	\$0
Reconnect Fee (Acct. 451)	\$1,088,709		\$1,088,709	\$1,088,709	\$0
Rent (Acct. 454)	\$8,699,062		\$8,699,062	\$8,699,062	\$0
Other (Acct. 456)	\$455,685		\$455,685	\$455,685	\$0
Other Revenue	\$13,865,353	\$0	\$13,865,353	\$13,865,353	\$0
<b>Total Revenue Requirement</b>	<b>\$433,460,190</b>	<b>(\$439,944)</b>	<b>\$433,020,246</b>	<b>\$481,020,246</b>	<b>\$48,000,000</b>

1/ Revenue adjustment associated with residential and general service revised customer forecast in Exhibit JH 1-R. Excludes adjustment for Rate HVPS which was already included in original filing.

2/ Rate GMH shown as a single line item for presentation since it is a single tariff rate for all eligible customers less than 25 kW and greater than or equal 25 kW.

3/ Individual lighting rate classes shown for presentation purposes since these are tariff rates. Consolidated as Lighting Class SL for cost allocation purposes.

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate RS - Residential Service**

<b>CURRENT RATES</b>				
	Units	Rate	Revenue	
<b>Rate RS</b>				
<b>Distribution</b>				
Total Bills	5,904,825	\$7.00	\$41,333,776	
All kWh	3,761,425,792	\$0.043657	\$164,212,566	
CAP Revenue Credit			(\$13,366,785)	
Subtotal	3,761,425,792		\$192,179,557	
<b>Surcharges</b>				
Consumer Education, May, Bills	491,486	\$0.00	\$0	
Consumer Education, June-April, Bills	5,408,959	\$0.00	\$0	
Smart Meter, May-June, Bills	982,628	\$0.15	\$147,394	
Smart Meter, July-September, Bills	1,472,670	\$0.15	\$220,900	
Smart Meter, October-December, Bills	1,475,370	\$0.15	\$221,306	
Smart Meter, January-April, Bills	1,969,778	\$0.15	\$295,467	
Energy Efficiency, May-August, kWh	1,447,943,286	\$0.0022	\$3,185,475	
Energy Efficiency, September-April, kWh	2,310,765,824	\$0.0022	\$5,083,685	
Universal Service Charge, May-December, Non-CAP kWh	2,431,176,083	\$0.0039	\$9,432,963	
Universal Service Charge, January-April, Non-CAP kWh	1,044,121,092	\$0.0039	\$4,051,190	
Subtotal	3,758,709,109		\$22,638,380	
<b>Transmission, All kWh</b>				
Transmission, May	107,487,942	\$0.014587	\$1,567,927	
Transmission, June-April	1,240,001,204	\$0.014587	\$18,087,898	
Subtotal	1,347,489,147		\$19,655,824	
<b>Generation</b>				
All kWh	1,347,546,776	\$0.051399	\$69,262,557	
Subtotal	1,347,546,776		\$69,262,557	
<b>Rate RS &amp; Rider 14</b>				
<b>Distribution</b>				
Meter Charge	264	\$1.63	\$430	
Winter kWh	73,416	\$0.032174	\$2,362	
Subtotal	73,416		\$2,792	
<b>Transmission - Winter, All kWh</b>				
Transmission, May	5,239	\$0.006577	\$34	
Transmission, June-April	57,629	\$0.006577	\$379	
Subtotal	62,868		\$413	
<b>Generation, Winter, All kWh</b>				
Generation, May	5,239	\$0.051399	\$269	
Generation, June-April	57,629	\$0.051399	\$2,962	
Subtotal	62,868		\$3,231	
Subtotal Revenue			\$303,742,755	
Rider 10 - State Tax Adjustment		-0.1185%	(\$270,402)	
<b>Total Calculated Revenue</b>			<b>\$303,472,353</b>	
<b>PROPOSED RATES</b>				
	Units	Rate	Revenue	
<b>Rate RS</b>				
<b>Distribution</b>				
Total Bills	5,904,825	\$10.00	\$59,048,251	
All kWh	3,761,425,792	\$0.047172	\$177,435,128	
CAP Revenue Credit			(\$13,366,785)	
Subtotal	3,761,425,792		\$223,116,594	
<b>Surcharges</b>				
Consumer Education, May, Bills	491,486	\$0.00	\$0	
Consumer Education, June-April, Bills	5,408,959	\$0.00	\$0	
Smart Meter, May-June, Bills	982,628	\$0.15	\$147,394	
Smart Meter, July-September, Bills	1,472,670	\$0.15	\$220,900	
Smart Meter, October-December, Bills	1,475,370	\$0.15	\$221,306	
Smart Meter, January-April, Bills	1,969,778	\$0.15	\$295,467	
Energy Efficiency, May-August, kWh	1,447,943,286	\$0.0022	\$3,185,475	
Energy Efficiency, September-April, kWh	2,310,765,824	\$0.0022	\$5,083,685	
Universal Service Charge, May-December, Non-CAP kWh	2,431,176,083	\$0.0039	\$9,432,963	
Universal Service Charge, January-April, Non-CAP kWh	1,044,121,092	\$0.0039	\$4,051,190	
Subtotal	3,475,297,174		\$22,638,380	
<b>Transmission, All kWh</b>				
Transmission, May	107,487,942	\$0.014587	\$1,567,927	
Transmission, June-April	1,240,001,204	\$0.014587	\$18,087,898	
Subtotal	1,347,489,147		\$19,655,824	
<b>Generation</b>				
All kWh	1,347,546,776	\$0.051399	\$69,262,557	
Subtotal	1,347,546,776		\$69,262,557	
<b>Rate RS &amp; Rider 14</b>				
<b>Distribution</b>				
Meter Charge	264	\$1.63	\$430	
Winter kWh	73,416	\$0.035845	\$2,632	
Subtotal	73,416		\$3,062	
<b>Transmission - Winter, All kWh</b>				
Transmission, May	5,239	\$0.006577	\$34	
Transmission, June-April	57,629	\$0.006577	\$379	
Subtotal	62,868		\$413	
<b>Generation, Winter, All kWh</b>				
Generation, May	5,239	\$0.051399	\$269	
Generation, June-April	57,629	\$0.051399	\$2,962	
Subtotal	62,868		\$3,231	
Subtotal Revenue			\$334,680,062	
Rider 10 - State Tax Adjustment		0.0000%	\$0	
<b>Total Calculated Revenue</b>			<b>\$334,680,062</b>	
<b>Revenue Summary</b>				
	<b>Distribution</b>	<b>Transmission</b>	<b>Generation</b>	<b>Total</b>
Current Rates	\$214,550,327	\$19,656,238	\$69,265,788	\$303,472,353
Proposed Rates	\$245,758,036	\$19,656,238	\$69,265,788	\$334,680,062
Revenue Change	\$31,207,709	\$0	\$0	\$31,207,709

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate RH - Residential Service Heating**

CURRENT RATES	Units	Rate	Revenue
<b>Rate RH</b>			
<u>Distribution</u>			
Total Bills	380,717	\$7.00	\$2,665,022
Summer, All kWh	140,332,875	\$0.043657	\$6,126,512
Winter, All kWh	253,472,276	\$0.032174	\$8,155,217
CAP Revenue Credit			(\$1,305,126)
Subtotal	393,805,151		\$15,641,625
<u>Surcharges</u>			
Consumer Education, May, Bills	31,326	\$0.00	\$0
Consumer Education, June-April, Bills	349,319	\$0.00	\$0
Smart Meter, May-June, Bills	62,639	\$0.15	\$9,396
Smart Meter, July-September, Bills	94,209	\$0.15	\$14,131
Smart Meter, October-December, Bills	95,131	\$0.15	\$14,270
Smart Meter, January-April, Bills	128,667	\$0.15	\$19,300
Energy Efficiency, May-August, kWh	85,469,574	\$0.0022	\$188,033
Energy Efficiency, September-April, kWh	308,309,038	\$0.0022	\$678,280
Universal Service Charge, May-December, Non-CAP kWh	190,332,479	\$0.0039	\$738,490
Universal Service Charge, January-April, Non-CAP kWh	155,185,319	\$0.0039	\$602,119
Subtotal	393,778,611		\$2,264,019
<u>Transmission, All kWh</u>			
Transmission, May	9,123,359	\$0.006577	\$60,004
Transmission, June-April	161,977,649	\$0.006577	\$1,065,327
Subtotal	171,101,009		\$1,125,331
<u>Generation, All kWh</u>			
All kWh	171,101,009	\$0.051399	\$8,794,421
Subtotal	171,101,009		\$8,794,421
Subtotal Revenue			\$27,825,396
Rider 10 - State Tax Adjustment		-0.1185%	(\$22,765)
<b>Total Calculated Revenue</b>			<b>\$27,802,631</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate RH</b>			
<u>Distribution</u>			
Total Bills	380,717	\$10.00	\$3,807,175
Summer, All kWh	140,332,875	\$0.047172	\$6,619,825
Winter, All kWh	253,472,276	\$0.035845	\$9,085,745
CAP Revenue Credit			(\$1,305,126)
Subtotal	393,805,151		\$18,207,618
<u>Surcharges</u>			
Consumer Education, May, Bills	31,326	\$0.00	\$0
Consumer Education, June-April, Bills	349,319	\$0.00	\$0
Smart Meter, May-June, Bills	62,639	\$0.15	\$9,396
Smart Meter, July-September, Bills	94,209	\$0.15	\$14,131
Smart Meter, October-December, Bills	95,131	\$0.15	\$14,270
Smart Meter, January-April, Bills	128,667	\$0.15	\$19,300
Energy Efficiency, May-August, kWh	85,469,574	\$0.0022	\$188,033
Energy Efficiency, September-April, kWh	308,309,038	\$0.0022	\$678,280
Universal Service Charge, May-December, Non-CAP kWh	190,332,479	\$0.0039	\$738,490
Universal Service Charge, January-April, Non-CAP kWh	155,185,319	\$0.0039	\$602,119
Subtotal	345,517,798		\$2,264,019
<u>Transmission, All kWh</u>			
Transmission, May	9,123,359	\$0.006577	\$60,004
Transmission, June-April	161,977,649	\$0.006577	\$1,065,327
Subtotal	171,101,009		\$1,125,331
<u>Generation, All kWh</u>			
All kWh	171,101,009	\$0.051399	\$8,794,421
Subtotal	171,101,009		\$8,794,421
Subtotal Revenue			\$30,391,389
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$30,391,389</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$17,882,879	\$1,125,331	\$8,794,421	\$27,802,631
Proposed Rates	\$20,471,637	\$1,125,331	\$8,794,421	\$30,391,389
Revenue Change	\$2,588,758	\$0	\$0	\$2,588,758

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate RA - Residential Service Add-On Heat Pump**

CURRENT RATES	Units	Rate	Revenue
<b>Rate RA</b>			
<u>Distribution</u>			
Total Bills	45,799	\$7.00	\$320,592
Summer kWh	25,410,204	\$0.043657	\$1,109,333
Winter kWh	25,050,178	\$0.009039	\$226,429
CAP Revenue Credit			(\$188,026)
Subtotal	50,460,381		\$1,468,328
<u>Surcharges</u>			
Consumer Education, May, Bills	3,812	\$0.00	\$0
Consumer Education, June-April, Bills	42,059	\$0.00	\$0
Smart Meter, May-June, Bills	7,625	\$0.15	\$1,144
Smart Meter, July-September, Bills	11,436	\$0.15	\$1,715
Smart Meter, October-December, Bills	11,458	\$0.15	\$1,719
Smart Meter, January-April, Bills	15,352	\$0.15	\$2,303
Energy Efficiency, May-August, kWh	17,865,684	\$0.0022	\$39,305
Energy Efficiency, September-April, kWh	32,634,645	\$0.0022	\$71,796
Universal Service Charge, May-December, Non-CAP kWh	32,904,586	\$0.0039	\$127,670
Universal Service Charge, January-April, Non-CAP kWh	16,050,473	\$0.0039	\$62,276
Subtotal	50,500,328		\$307,927
<u>Transmission, All kWh</u>			
Transmission, May	1,012,807	\$0.014550	\$14,736
Transmission, June-April	11,088,554	\$0.014550	\$161,338
Subtotal	12,101,361		\$176,075
<u>Generation, All kWh</u>			
All kWh	12,101,361	\$0.051399	\$621,998
Subtotal	12,101,361		\$621,998
Subtotal Revenue			\$2,574,328
Rider 10 - State Tax Adjustment		-0.1185%	(\$2,328)
<b>Total Calculated Revenue</b>			<b>\$2,572,000</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate RA</b>			
<u>Distribution</u>			
Total Bills	45,799	\$10.00	\$457,988
Summer kWh	25,410,204	\$0.047172	\$1,198,658
Winter kWh	25,050,178	\$0.011586	\$290,222
CAP Revenue Credit			(\$188,026)
Subtotal	50,460,381		\$1,758,843
<u>Surcharges</u>			
Consumer Education, May, Bills	3,812	\$0.00	\$0
Consumer Education, June-April, Bills	42,059	\$0.00	\$0
Smart Meter, May-June, Bills	7,625	\$0.15	\$1,144
Smart Meter, July-September, Bills	11,436	\$0.15	\$1,715
Smart Meter, October-December, Bills	11,458	\$0.15	\$1,719
Smart Meter, January-April, Bills	15,352	\$0.15	\$2,303
Energy Efficiency, May-August, kWh	17,865,684	\$0.0022	\$39,305
Energy Efficiency, September-April, kWh	32,634,645	\$0.0022	\$71,796
Universal Service Charge, May-December, Non-CAP kWh	32,904,586	\$0.0039	\$127,670
Universal Service Charge, January-April, Non-CAP kWh	16,050,473	\$0.0039	\$62,276
Subtotal	48,955,059		\$307,927
<u>Transmission, All kWh</u>			
Transmission, May	1,012,807	\$0.014550	\$14,736
Transmission, June-April	11,088,554	\$0.014550	\$161,338
Subtotal	12,101,361		\$176,075
<u>Generation, All kWh</u>			
All kWh	12,101,361	\$0.051399	\$621,998
Subtotal	12,101,361		\$621,998
Subtotal Revenue			\$2,864,843
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$2,864,843</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$1,773,927	\$176,075	\$621,998	\$2,572,000
Proposed Rates	\$2,066,770	\$176,075	\$621,998	\$2,864,843
Revenue Change	\$292,842	\$0	\$0	\$292,842

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GS - Non-Demand Metered Commercial Service**

CURRENT RATES	Units	Rate	Revenue
<b>Rate GS</b>			
<b>Distribution</b>			
Total Bills	273,485	\$7.00	\$1,914,398
All kWh	90,554,646	\$0.053011	\$4,800,392
Subtotal	90,554,646		\$6,714,790
<b>Surcharges</b>			
Consumer Education, May, Bills	22,793	\$0.00	\$0
Consumer Education, June-April, Bills	251,245	\$0.00	\$0
Smart Meter, May-June, Bills	45,593	\$0.15	\$6,839
Smart Meter, July-September, Bills	68,448	\$0.15	\$10,267
Smart Meter, October-December, Bills	68,521	\$0.15	\$10,278
Smart Meter, January-April, Bills	91,476	\$0.15	\$13,721
Energy Efficiency, May-August, kWh	29,440,620	\$0.0009	\$26,497
Energy Efficiency, September-April, kWh	61,556,856	\$0.0009	\$55,401
Subtotal	90,997,477		\$123,003
<b>Transmission, All kWh</b>			
Transmission, May	4,196,135	\$0.008338	\$34,987
Transmission, June-April	50,228,681	\$0.008338	\$418,807
Subtotal	54,424,817		\$453,794
<b>Generation, All kWh</b>			
Generation, May	4,196,135	\$0.052195	\$219,017
Generation, June-April	50,228,681	\$0.052195	\$2,621,686
Subtotal	54,424,817		\$2,840,703
<b>Rate GS &amp; Rider 12</b>			
<b>Distribution</b>			
Total Bills	173	\$7.00	\$1,211
All kWh	259,648	\$0.043657	\$11,335
Subtotal	259,648		\$12,546
<b>Transmission, All kWh</b>			
Transmission, May	15,226	\$0.014587	\$222
Transmission, June-April	167,490	\$0.014587	\$2,443
Subtotal	182,716		\$2,665
<b>Generation, All kWh</b>			
All kWh	182,716	\$0.051399	\$9,391
Subtotal	182,716		\$9,391
Subtotal Revenue			\$10,156,894
Rider 10 - State Tax Adjustment		-0.1185%	(\$7,972)
<b>Total Calculated Revenue</b>			<b>\$10,148,922</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate GS</b>			
<b>Distribution</b>			
Total Bills	273,485	\$10.00	\$2,734,854
All kWh	90,554,646	\$0.056862	\$5,149,138
Subtotal	90,554,646		\$7,883,993
<b>Surcharges</b>			
Consumer Education, May, Bills	22,793	\$0.00	\$0
Consumer Education, June-April, Bills	251,245	\$0.00	\$0
Smart Meter, May-June, Bills	45,593	\$0.15	\$6,839
Smart Meter, July-September, Bills	68,448	\$0.15	\$10,267
Smart Meter, October-December, Bills	68,521	\$0.15	\$10,278
Smart Meter, January-April, Bills	91,476	\$0.15	\$13,721
Energy Efficiency, May-August, kWh	29,440,620	\$0.0009	\$26,497
Energy Efficiency, September-April, kWh	61,556,856	\$0.0009	\$55,401
Subtotal	90,997,477		\$123,003
<b>Transmission, All kWh</b>			
Transmission, May	4,196,135	\$0.008338	\$34,987
Transmission, June-April	50,228,681	\$0.008338	\$418,807
Subtotal	54,424,817		\$453,794
<b>Generation, All kWh</b>			
Generation, May	4,196,135	\$0.052195	\$219,017
Generation, June-April	50,228,681	\$0.052195	\$2,621,686
Subtotal	54,424,817		\$2,840,703
<b>Rate GS &amp; Rider 12</b>			
<b>Distribution</b>			
Total Bills	173	\$10.00	\$1,730
All kWh	259,648	\$0.047172	\$12,248
Subtotal	259,821		\$13,978
<b>Transmission, All kWh</b>			
Transmission, May	15,226	\$0.014587	\$222
Transmission, June-April	167,490	\$0.014587	\$2,443
Subtotal	182,716		\$2,665
<b>Generation, All kWh</b>			
All kWh	182,716	\$0.051399	\$9,391
Subtotal	182,716		\$9,391
Subtotal Revenue			\$11,327,528
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$11,327,528</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$6,842,368	\$456,459	\$2,850,095	\$10,148,922
Proposed Rates	\$8,020,974	\$456,459	\$2,850,095	\$11,327,528
Revenue Change	\$1,178,606	\$0	\$0	\$1,178,606

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GS/GM<25 kW - General Service Small and Medium**

CURRENT RATES	Units	Rate	Revenue
<b>Rate GSGM - Demand Metered Customers less than 25 kW</b>			
<u>Distribution</u>			
Total Bills	230,538	\$30.00	\$6,916,141
Demand first 5 kW	806,883	\$0.00	\$0
Demand additional kW	1,578,106	\$6.16	\$9,721,133
All kWh	587,041,303	\$0.011159	\$6,550,794
Subtotal	587,041,303		\$23,188,068
Meter Charge			\$647
<u>Surcharges</u>			
Consumer Education, May, Bills	19,141	\$0.00	\$0
Consumer Education, June-April, Bills	210,785	\$0.00	\$0
Smart Meter, May-June, Bills	38,284	\$0.15	\$5,743
Smart Meter, July-September, Bills	57,459	\$0.15	\$8,619
Smart Meter, October-December, Bills	57,489	\$0.15	\$8,623
Smart Meter, January-April, Bills	76,694	\$0.15	\$11,504
Energy Efficiency, May-August, kWh (1)	220,042,024	\$0.000897	\$197,357
Energy Efficiency, September-April, kWh (1)	373,020,684	\$0.000897	\$334,565
Subtotal	593,062,708		\$566,411
<u>Transmission</u>			
All kW, May	87,532	\$1.09	\$95,410
All kW, June-Apr	796,064	\$1.09	\$867,709
All kWh, May	19,232,627	\$0.006195	\$119,146
All kWh, June-Apr	196,868,164	\$0.006195	\$1,219,598
Subtotal	216,100,792		\$2,301,863
<u>Generation</u>			
Generation, May, kWh	19,232,627	\$0.052195	\$1,003,847
Generation, June-April, kWh	196,868,164	\$0.052195	\$10,275,534
Subtotal	216,100,792		\$11,279,381
<b>Rate GSGM &amp; Rider 12</b>			
<u>Distribution</u>			
Total Bills	2,350	\$7.00	\$16,450
All kWh	7,579,800	\$0.043657	\$330,911
Subtotal	7,579,800		\$347,361
<u>Transmission, All kWh</u>			
Transmission, May	303,804	\$0.014587	\$4,432
Transmission, June-April	3,341,840	\$0.014587	\$48,747
Subtotal	3,645,644		\$53,179
<u>Generation, All kWh</u>			
Generation, May	303,804	\$0.051399	\$15,615
Generation, June-April	3,341,840	\$0.051399	\$171,767
Subtotal	3,645,644		\$187,382
Subtotal Revenue			\$37,924,293
Rider 10 - State Tax Adjustment		-0.1185%	(\$28,561)
<b>Total Calculated Revenue</b>			<b>\$37,895,732</b>

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial sales.

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GS/GM<25 kW - General Service Small and Medium**

PROPOSED RATES	Units	Rate	Revenue
<b>Rate GSGM - Demand Metered Customers less than 25 kW</b>			
<u>Distribution</u>			
Total Bills	230,538	\$42.00	\$9,682,597
Demand first 5 kW	806,883	\$0.00	\$0
Demand additional kW	1,578,106	\$5.60	\$8,844,677
All kWh	587,041,303	\$0.011159	\$6,550,794
Subtotal	587,041,303		\$25,078,067
Meter Charge			\$647
<u>Surcharges</u>			
Consumer Education, May, Bills	19,141	\$0.00	\$0
Consumer Education, June-April, Bills	210,785	\$0.00	\$0
Smart Meter, May-June, Bills	38,284	\$0.15	\$5,743
Smart Meter, July-September, Bills	57,459	\$0.15	\$8,619
Smart Meter, October-December, Bills	57,489	\$0.15	\$8,623
Smart Meter, January-April, Bills	76,694	\$0.15	\$11,504
Energy Efficiency, May-August, kWh (1)	220,042,024	\$0.000897	\$197,357
Energy Efficiency, September-April, kWh (1)	373,020,684	\$0.000897	\$334,565
Subtotal	593,062,708		\$566,411
<u>Transmission</u>			
All kW, May	87,532	\$1.09	\$95,410
All kW, June-Apr	796,064	\$1.09	\$867,709
All kWh, May	19,232,627	\$0.006195	\$119,146
All kWh, June-Apr	196,868,164	\$0.006195	\$1,219,598
Subtotal	216,100,792		\$2,301,863
<u>Generation</u>			
Generation, May, kWh	19,232,627	\$0.052195	\$1,003,847
Generation, June-April, kWh	196,868,164	\$0.052195	\$10,275,534
Subtotal	216,100,792		\$11,279,381
<b>Rate GSGM &amp; Rider 12</b>			
<u>Distribution</u>			
Total Bills	2,350	\$10.00	\$23,500
All kWh	7,579,800	\$0.047172	\$357,557
Subtotal	7,579,800		\$381,057
<u>Transmission, All kWh</u>			
Transmission, May	303,804	\$0.014587	\$4,432
Transmission, June-April	3,341,840	\$0.014587	\$48,747
Subtotal	3,645,644		\$53,179
<u>Generation, All kWh</u>			
Generation, May	303,804	\$0.051399	\$15,615
Generation, June-April	3,341,840	\$0.051399	\$171,767
Subtotal	3,645,644		\$187,382
Subtotal Revenue			\$39,847,988
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$39,847,988</b>

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial sales.

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$24,073,926	\$2,355,043	\$11,466,763	\$37,895,732
Proposed Rates	\$26,026,182	\$2,355,043	\$11,466,763	\$39,847,988
Revenue Change	\$1,952,257	\$0	\$0	\$1,952,257

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GS/GM=>25 kW - General Service Small and Medium**

CURRENT RATES	Units	Rate	Revenue
<b>Rate GSGM - Demand Metered Customers Equal to or Greater than 25 kW</b>			
<b>Distribution</b>			
Total Bills	114,864	\$43.00	\$4,939,158
Demand first 5 kW	574,321	\$0.00	\$0
Demand additional kW	6,252,164	\$4.98	\$31,135,775
All kWh	2,191,451,009	\$0.009453	\$20,715,786
Subtotal	2,191,451,009		\$56,790,719
Meter Charge			\$2,550
<b>Surcharges</b>			
Consumer Education, May, Bills	9,539	\$0.00	\$0
Consumer Education, June-April, Bills	105,061	\$0.00	\$0
Smart Meter, May-June, Bills	19,080	\$0.15	\$2,862
Smart Meter, July-September, Bills	28,641	\$0.15	\$4,296
Smart Meter, October-December, Bills	28,662	\$0.15	\$4,299
Smart Meter, January-April, Bills	38,217	\$0.15	\$5,733
Energy Efficiency, May-August, kWh (1)	793,500,068	\$0.000861	\$683,399
Energy Efficiency, September-April, kWh (1)	1,392,914,181	\$0.000861	\$1,199,642
Subtotal	2,186,414,249		\$1,900,231
<b>Transmission</b>			
All kW, May	121,363	\$1.44	\$174,763
All kW, June-Apr	1,085,109	\$1.44	\$1,562,557
All kWh, May	35,927,346	\$0.007361	\$264,461
All kWh, June-Apr	348,439,588	\$0.007361	\$2,564,864
Subtotal	384,366,934		\$4,566,645
<b>Generation</b>			
All kWh, May	35,927,346	\$0.048753	\$1,751,566
All kWh, June-November	208,675,873	\$0.048753	\$10,173,575
All kWh, December-April	139,763,715	\$0.048753	\$6,813,900
Subtotal	384,366,934		\$18,739,041
Subtotal Revenue			\$81,999,185
Rider 10 - State Tax Adjustment		-0.1185%	(\$67,300)
<b>Total Calculated Revenue</b>			<b>\$81,931,885</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate GSGM - Demand Metered Customers Equal to or Greater than 25 kW</b>			
<b>Distribution</b>			
Total Bills	114,864	\$54.00	\$6,202,663
Demand first 5 kW	574,321	\$0.00	\$0
Demand additional kW	6,252,164	\$5.58	\$34,873,489
All kWh	2,191,451,009	\$0.009453	\$20,715,786
Subtotal	2,191,451,009		\$61,791,939
Meter Charge			\$2,550
<b>Surcharges</b>			
Consumer Education, May, Bills	9,539	\$0.00	\$0
Consumer Education, June-April, Bills	105,061	\$0.00	\$0
Smart Meter, May-June, Bills	19,080	\$0.15	\$2,862
Smart Meter, July-September, Bills	28,641	\$0.15	\$4,296
Smart Meter, October-December, Bills	28,662	\$0.15	\$4,299
Smart Meter, January-April, Bills	38,217	\$0.15	\$5,733
Energy Efficiency, May-August, kWh (1)	793,500,068	\$0.000861	\$683,399
Energy Efficiency, September-April, kWh (1)	1,392,914,181	\$0.000861	\$1,199,642
Subtotal	2,186,414,249		\$1,900,231
<b>Transmission</b>			
All kW, May	121,363	\$1.44	\$174,763
All kW, June-Apr	1,085,109	\$1.44	\$1,562,557
All kWh, May	35,927,346	\$0.007361	\$264,461
All kWh, June-Apr	348,439,588	\$0.007361	\$2,564,864
Subtotal	384,366,934		\$4,566,645
<b>Generation</b>			
All kWh, May	35,927,346	\$0.048753	\$1,751,566
All kWh, June-November	208,675,873	\$0.048753	\$10,173,575
All kWh, December-April	139,763,715	\$0.048753	\$6,813,900
Subtotal	384,366,934		\$18,739,041
Subtotal Revenue			\$87,000,406
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$87,000,406</b>

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial sales.

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$58,626,199	\$4,566,645	\$18,739,041	\$81,931,885
Proposed Rates	\$63,694,719	\$4,566,645	\$18,739,041	\$87,000,406
Revenue Change	\$5,068,520	\$0	\$0	\$5,068,520

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GMH<25 kW - General Service Medium Heating**

CURRENT RATES	Units	Rate	Revenue
<b>Rate GMH - Demand Metered Customers Less than 25 kW</b>			
<u>Distribution</u>			
Total Bills	27,937	\$30.00	\$838,107
Summer - first 5 kW	37,218	\$0.00	\$0
Summer - additional kW	60,042	\$6.16	\$369,859
Summer - All kWh	13,869,584	\$0.011159	\$154,771
Winter - All kWh	32,638,599	\$0.022666	\$739,786
Subtotal	46,508,183		\$2,102,523
<u>Surcharges</u>			
Consumer Education, May, Bills	2,332	\$0.00	\$0
Consumer Education, June-April, Bills	25,605	\$0.00	\$0
Smart Meter, May-June, Bills	4,664	\$0.15	\$700
Smart Meter, July-September, Bills	6,973	\$0.15	\$1,046
Smart Meter, October-December, Bills	6,975	\$0.15	\$1,046
Smart Meter, January-April, Bills	9,325	\$0.15	\$1,399
Energy Efficiency, May-August, kWh (1)	13,911,143	\$0.000898	\$12,499
Energy Efficiency, September-April, kWh (1)	32,706,110	\$0.000898	\$29,386
Subtotal	46,617,253		\$46,075
<u>Transmission</u>			
All kW, June-September	31,307	\$1.21	\$37,881
All kWh, May	1,464,909	\$0.007343	\$10,757
All kWh, June-Apr	18,981,325	\$0.007343	\$139,380
Subtotal	20,446,234		\$188,018
<u>Generation</u>			
Generation, April-May, kWh	1,464,909	\$0.052195	\$76,461
Generation, June-March, kWh	18,981,325	\$0.052195	\$990,730
Subtotal	20,446,234		\$1,067,191
<b>Rate GMH &amp; Rider 12</b>			
<u>Distribution</u>			
Total Bills	36	\$7.00	\$252
Summer - All kWh	72,713	\$0.043657	\$3,174
Winter - All kWh	36,357	\$0.032174	\$1,170
Subtotal	109,070		\$4,596
<u>Transmission, All kWh</u>			
Transmission, May	6,933	\$0.006577	\$46
Transmission, June-April	76,258	\$0.006577	\$502
Subtotal	83,190		\$547
<u>Generation, All kWh</u>			
Generation, May	6,933	\$0.051399	\$356
Generation, June-April	76,258	\$0.051399	\$3,920
Subtotal	83,190		\$4,276
Subtotal Revenue			\$3,413,226
Rider 10 - State Tax Adjustment		-0.1185%	(\$2,497)
<b>Total Calculated Revenue</b>			<b><u>\$3,410,729</u></b>

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial sales.

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GMH<25 kW - General Service Medium Heating**

PROPOSED RATES	Units	Rate	Revenue
<b>Rate GMH - Demand Metered Customers Less than 25 kW</b>			
<u>Distribution</u>			
Total Bills	27,937	\$42.00	\$1,173,349
Summer - first 5 kW	37,218	\$0.00	\$0
Summer - additional kW	60,042	\$5.60	\$336,513
Summer - All kWh	13,869,584	\$0.011159	\$154,771
Winter - All kWh	32,638,599	\$0.024805	\$809,608
Subtotal	46,508,183		\$2,474,241
<u>Surcharges</u>			
Consumer Education, May, Bills	2,332	\$0.00	\$0
Consumer Education, June-April, Bills	25,605	\$0.00	\$0
Smart Meter, May-June, Bills	4,664	\$0.15	\$700
Smart Meter, July-September, Bills	6,973	\$0.15	\$1,046
Smart Meter, October-December, Bills	6,975	\$0.15	\$1,046
Smart Meter, January-April, Bills	9,325	\$0.15	\$1,399
Energy Efficiency, May-August, kWh (1)	13,911,143	\$0.000898	\$12,499
Energy Efficiency, September-April, kWh (1)	32,706,110	\$0.000898	\$29,386
Subtotal	46,617,253		\$46,075
<u>Transmission</u>			
All kW, June-September	31,307	\$1.21	\$37,881
All kWh, May	1,464,909	\$0.007343	\$10,757
All kWh, June-Apr	18,981,325	\$0.007343	\$139,380
Subtotal	20,446,234		\$188,018
<u>Generation</u>			
Generation, April-May, kWh	1,464,909	\$0.052195	\$76,461
Generation, June-March, kWh	18,981,325	\$0.052195	\$990,730
Subtotal	20,446,234		\$1,067,191
<b>Rate GMH &amp; Rider 12</b>			
<u>Distribution</u>			
Total Bills	36	\$10.00	\$360
Summer - All kWh	72,713	\$0.047172	\$3,430
Winter - All kWh	36,357	\$0.035845	\$1,303
Subtotal	109,070		\$5,093
<u>Transmission, All kWh</u>			
Transmission, May	6,933	\$0.006577	\$46
Transmission, June-April	76,258	\$0.006577	\$502
Subtotal	83,190		\$547
<u>Generation, All kWh</u>			
Generation, May	6,933	\$0.051399	\$356
Generation, June-April	76,258	\$0.051399	\$3,920
Subtotal	83,190		\$4,276
Subtotal Revenue			\$3,785,441
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$3,785,441</b>

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial sales.

<u>Revenue Summary</u>	<u>Distribution</u>	<u>Transmission</u>	<u>Generation</u>	<u>Total</u>
Current Rates	\$2,150,697	\$188,565	\$1,071,467	\$3,410,729
Proposed Rates	\$2,525,409	\$188,565	\$1,071,467	\$3,785,441
Revenue Change	\$374,712	\$0	\$0	\$374,712

**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GMH=>25 kW - General Service Medium Heating**

CURRENT RATES	Units	Rate	Revenue
<b>Rate GMH - Demand Metered Customers Equal to or Greater than 25 kW</b>			
<b>Distribution</b>			
Total Bills	12,088	\$30.00	\$362,630
Summer - first 5 kW	20,161	\$0.00	\$0
Summer - additional kW	201,189	\$6.16	\$1,239,325
Summer - All kWh	74,468,887	\$0.011159	\$830,998
Winter - All kWh	168,124,313	\$0.022666	\$3,810,706
Subtotal	242,593,201		\$6,243,659
Meter Charge			\$0
<b>Surcharges</b>			
Consumer Education, May, Bills	1,014	\$0.00	\$0
Consumer Education, June-April, Bills	11,158	\$0.00	\$0
Smart Meter, May-June, Bills	2,028	\$0.15	\$304
Smart Meter, July-September, Bills	3,042	\$0.15	\$456
Smart Meter, October-December, Bills	3,043	\$0.15	\$456
Smart Meter, January-April, Bills	4,058	\$0.15	\$609
Energy Efficiency, May-August, kWh (1)	75,267,256	\$0.000885	\$66,641
Energy Efficiency, September-April, kWh (1)	167,932,685	\$0.000885	\$148,686
Subtotal	243,199,942		\$217,153
<b>Transmission</b>			
All kW, June-September	47,652	\$4.04	\$192,516
All kWh, May	3,981,626	\$0.005822	\$23,181
All kWh, June-Apr	41,711,312	\$0.005822	\$242,843
Subtotal	45,692,938		\$458,540
<b>Generation</b>			
All kWh, April-May	3,981,626	\$0.048753	\$194,116
All kWh, June-November	22,801,630	\$0.048753	\$1,111,648
All kWh, December-March	18,909,682	\$0.048753	\$921,904
Subtotal	45,692,938		\$2,227,668
Subtotal Revenue			\$9,147,020
Rider 10 - State Tax Adjustment		-0.1185%	(\$7,399)
<b>Total Calculated Revenue</b>			<b>\$9,139,621</b>

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial sales.

**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GMH=>25 kW - General Service Medium Heating**

PROPOSED RATES	Units	Rate	Revenue
<b>Rate GMH - Demand Metered Customers Equal to or Greater than 25 kW</b>			
<u>Distribution</u>			
Total Bills	12,088	\$42.00	\$507,682
Summer - first 5 kW	20,161	\$0.00	\$0
Summer - additional kW	201,189	\$5.60	\$1,127,588
Summer - All kWh	74,468,887	\$0.011159	\$830,998
Winter - All kWh	168,124,313	\$0.024805	\$4,170,363
Subtotal	242,593,201		\$6,636,631
Meter Charge			\$0
<u>Surcharges</u>			
Consumer Education, May, Bills	1,014	\$0.00	\$0
Consumer Education, June-April, Bills	11,158	\$0.00	\$0
Smart Meter, May-June, Bills	2,028	\$0.15	\$304
Smart Meter, July-September, Bills	3,042	\$0.15	\$456
Smart Meter, October-December, Bills	3,043	\$0.15	\$456
Smart Meter, January-April, Bills	4,058	\$0.15	\$609
Energy Efficiency, May-August, kWh (1)	75,267,256	\$0.000885	\$66,641
Energy Efficiency, September-April, kWh (1)	167,932,685	\$0.000885	\$148,686
Subtotal	243,199,942		\$217,153
<u>Transmission</u>			
All kW, June-September	47,652	\$4.04	\$192,516
All kWh, May	3,981,626	\$0.005822	\$23,181
All kWh, June-Apr	41,711,312	\$0.005822	\$242,843
Subtotal	45,692,938		\$458,540
<u>Generation</u>			
All kWh, April-May	3,981,626	\$0.04875	\$194,116
All kWh, June-November	22,801,630	\$0.04875	\$1,111,648
All kWh, December-March	18,909,682	\$0.04875	\$921,904
Subtotal	45,692,938		\$2,227,668
Subtotal Revenue			\$9,539,992
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b><u><u>\$9,539,992</u></u></b>

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial sales.

<u>Revenue Summary</u>	<u>Distribution</u>	<u>Transmission</u>	<u>Generation</u>	<u>Total</u>
Current Rates	\$6,453,413	\$458,540	\$2,227,668	\$9,139,621
Proposed Rates	\$6,853,784	\$458,540	\$2,227,668	\$9,539,992
Revenue Change	\$400,371	\$0	\$0	\$400,371

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GL - General Service Large**

CURRENT RATES	Units	Rate	Revenue
<b>Rate GL</b>			
<u>Distribution</u>			
First 300 kW or less	9,087	\$2,478.00	\$22,518,625
Additional kW	4,670,411	\$7.53	\$35,168,193
All kWh	3,129,947,794	\$0.000000	\$0
Subtotal	3,129,947,794		\$57,686,818
Untransformed Service Credit			(\$53,074)
<u>Surcharges</u>			
Consumer Education, May, Bills	767	\$0.00	\$0
Consumer Education, June-April, Bills	8,440	\$0.00	\$0
Smart Meter, May-June, Bills	1,534	\$0.15	\$230
Smart Meter, July-September, Bills	2,302	\$0.15	\$345
Smart Meter, October-December, Bills	2,302	\$0.15	\$345
Smart Meter, January-April, Bills	3,069	\$0.15	\$460
Energy Efficiency, May-August, Bills (1)	3,069	\$256.36	\$786,661
Energy Efficiency, May-August, All kW (PLC) (1)	2,212,371	\$0.47	\$1,032,520
Energy Efficiency, September-April, Bills (1)	6,139	\$256.36	\$1,573,730
Energy Efficiency, September-April, All kW (PLC) (1)	4,460,934	\$0.47	\$2,081,931
Subtotal	6,673,305		\$5,476,224
<u>Transmission, All KW (1CP)</u>			
Transmission, May	20,005	\$3.12	\$62,417
Transmission, June-April	220,060	\$3.12	\$686,586
Subtotal	240,065		\$749,003
<u>Generation, All kWh (2)</u>			
Generation, All kWh	161,794,856	\$0.040762	\$6,595,144
Subtotal Revenue			\$70,454,115
Rider 10 - State Tax Adjustment		-0.1185%	(\$74,785)
<b>Total Calculated Revenue</b>			<b>\$70,379,330</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate GL</b>			
<u>Distribution</u>			
First 300 kW or less	9,087	\$2,700.00	\$24,536,032
Additional kW	4,670,411	\$8.15	\$38,048,000
All kWh	3,129,947,794	\$0.000000	\$0
Subtotal	3,129,947,794		\$62,584,033
Untransformed Service Credit			(\$53,074)
<u>Surcharges</u>			
Consumer Education, May, Bills	767	\$0.00	\$0
Consumer Education, June-April, Bills	8,440	\$0.00	\$0
Smart Meter, May-June, Bills	1,534	\$0.15	\$230
Smart Meter, July-September, Bills	2,302	\$0.15	\$345
Smart Meter, October-December, Bills	2,302	\$0.15	\$345
Smart Meter, January-April, Bills	3,069	\$0.15	\$460
Energy Efficiency, May-August, Bills (1)	3,069	\$256.36	\$786,661
Energy Efficiency, May-August, All kW (PLC) (1)	2,212,371	\$0.47	\$1,032,520
Energy Efficiency, September-April, Bills (1)	6,139	\$256.36	\$1,573,730
Energy Efficiency, September-April, All kW (PLC) (1)	4,460,934	\$0.47	\$2,081,931
Subtotal	2,212,371		\$5,476,224
<u>Transmission, All KW (1CP)</u>			
Transmission, May	20,005	\$3.12	\$62,417
Transmission, June-April	220,060	\$3.12	\$686,586
Subtotal			\$749,003
<u>Generation, All kWh (2)</u>			
Generation, All kWh	161,794,856	\$0.040762	\$6,595,144
Subtotal Revenue			\$75,351,330
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$75,351,330</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$63,035,183	\$749,003	\$6,595,144	\$70,379,330
Proposed Rates	\$68,007,183	\$749,003	\$6,595,144	\$75,351,330
Revenue Change	\$4,972,000	\$0	\$0	\$4,972,000

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial customers, Peak Load Contribution (PLC) and tariff rates.

2/ Class average historic test year POLR generation rate.

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate GLH - General Service Large Heating**

CURRENT RATES	Units	Rate	Revenue
<b>Rate GLH</b>			
<u>Distribution</u>			
Total Bills	1,344	\$43.00	\$57,792
Winter all kWh	334,121,774	\$0.017019	\$5,686,418
Summer first 300 kW or less	448	\$2,478.00	\$1,110,144
Summer additional kW	237,611	\$7.53	\$1,789,208
Summer all kWh	163,712,665	\$0.000000	\$0
Subtotal	497,834,440		\$8,643,563
<u>Surcharges</u>			
Consumer Education, May, Bills	113	\$0.00	\$0
Consumer Education, June-April, Bills	1,243	\$0.00	\$0
Smart Meter, May-June, Bills	226	\$0.15	\$34
Smart Meter, July-September, Bills	339	\$0.15	\$51
Smart Meter, October-December, Bills	339	\$0.15	\$51
Smart Meter, January-April, Bills	452	\$0.15	\$68
Energy Efficiency, May-August, Bills (1)	452	\$172.94	\$78,170
Energy Efficiency, May-August, All kW (PLC) (1)	379,198	\$0.42	\$157,880
Energy Efficiency, September-April, Bills (1)	904	\$172.94	\$156,341
Energy Efficiency, September-April, All kW (PLC) (1)	764,599	\$0.42	\$318,342
Subtotal	1,143,798		\$710,936
<u>Transmission, All kW (1CP)</u>			
Transmission, May	3,608	\$3.18	\$11,473
Transmission, June-April	39,687	\$3.18	\$126,204
Subtotal	43,295		\$137,678
<u>Generation, All kWh (2)</u>			
Generation, All kWh	15,740,525	\$0.040196	\$632,709
Subtotal Revenue			\$10,124,886
Rider 10 - State Tax Adjustment		-0.1185%	(\$11,085)
<b>Total Calculated Revenue</b>			<b>\$10,113,801</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate GLH</b>			
<u>Distribution</u>			
Total Bills	1,344	\$50.00	\$67,200
Winter all kWh	334,121,774	\$0.019996	\$6,680,957
Summer first 300 kW or less	448	\$2,700.00	\$1,209,600
Summer additional kW	237,611	\$8.15	\$1,935,720
Summer all kWh	163,712,665	\$0.000000	\$0
Subtotal	497,834,440		\$9,893,477
<u>Surcharges</u>			
Consumer Education, May, Bills	113	\$0.00	\$0
Consumer Education, June-April, Bills	1,243	\$0.00	\$0
Smart Meter, May-June, Bills	226	\$0.15	\$34
Smart Meter, July-September, Bills	339	\$0.15	\$51
Smart Meter, October-December, Bills	339	\$0.15	\$51
Smart Meter, January-April, Bills	452	\$0.15	\$68
Energy Efficiency, May-August, Bills (1)	452	\$172.94	\$78,170
Energy Efficiency, May-August, All kW (PLC) (1)	379,198	\$0.42	\$157,880
Energy Efficiency, September-April, Bills (1)	904	\$172.94	\$156,341
Energy Efficiency, September-April, All kW (PLC) (1)	764,599	\$0.42	\$318,342
Subtotal	1,143,798		\$710,936
<u>Transmission, All kW (1CP)</u>			
Transmission, May	3,608	\$3.18	\$11,473
Transmission, June-April	39,687	\$3.18	\$126,204
Subtotal	43,295		\$137,678
<u>Generation, All kWh (2)</u>			
Generation, All kWh	15,740,525	\$0.040196	\$632,709
Subtotal Revenue			\$11,374,801
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$11,374,801</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$9,343,414	\$137,678	\$632,709	\$10,113,801
Proposed Rates	\$10,604,414	\$137,678	\$632,709	\$11,374,801
Revenue Change	\$1,261,000	\$0	\$0	\$1,261,000

- 1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial customers, Peak Load Contribution (PLC) and tariff rates.  
2/ Class average historic test year POLR generation rate.

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate L - Large Power Service**

CURRENT RATES	Units	Rate	Revenue	
<b>Rate L</b>				
<u>Distribution</u>				
First 5,000 KW or less	336	\$34,900.00	\$11,726,400	
Next 10,000 KW	1,211,007	\$6.91	\$8,368,059	
Additional KW	69,694	\$6.73	\$469,043	
All kWh	1,350,172.653	\$0.000000	\$0	
Subtotal	1,350,172,653		\$20,563,503	
Untransformed Service Credit			(\$496,244)	
<u>Surcharges</u>				
Consumer Education, May, Bills	28	\$0.00	\$0	
Consumer Education, June-April, Bills	308	\$0.00	\$0	
Smart Meter, May-June, Bills	56	\$0.15	\$8	
Smart Meter, July-September, Bills	84	\$0.15	\$13	
Smart Meter, October-December, Bills	84	\$0.15	\$13	
Smart Meter, January-April, Bills	112	\$0.15	\$17	
Energy Efficiency, May-August, Bills (1)	112	\$363.40	\$40,701	
Energy Efficiency, May-August, All kW (PLC) (1)	942,615	\$0.48	\$451,160	
Energy Efficiency, September-April, Bills (1)	224	\$363.40	\$81,401	
Energy Efficiency, September-April, All kW (PLC) (1)	1,900,650	\$0.48	\$909,701	
Subtotal	2,843,265		\$1,483,014	
<u>Transmission, All KW (1CP)</u>				
Transmission, May	0	\$3.17	\$0	
Transmission, June-April	0	\$3.17	\$0	
Subtotal	0		\$0	
<u>Generation, All kWh</u>				
Generation, All kWh (2)	0	\$0.040080	\$0	
<b>Rate L &amp; Rider 16</b>				
<u>Distribution</u>				
Demand Charge kW	60,000	\$6.04	\$362,400	
Demand Charge kW	0	\$6.45	\$0	
Subtotal	60,000		\$362,400	
Subtotal Revenue			\$21,912,672	
Rider 10 - State Tax Adjustment		-0.1185%	(\$25,967)	
<b>Total Calculated Revenue</b>			<b>\$21,886,706</b>	
<hr/>				
PROPOSED RATES	Units	Rate	Revenue	
<b>Rate L</b>				
<u>Distribution</u>				
First 5,000 KW or less	276	\$34,900.00	\$9,632,400	
Next 10,000 KW	895,409	\$11.08	\$9,917,378	
Additional KW	55,830	\$11.08	\$618,363	
All kWh	1,350,172.653	\$0.000000	\$0	
Subtotal	1,350,172,653		\$20,168,141	
138 kV Rate Eligibility	60	\$9,696.59	\$581,795	
Untransformed Service Credit			(\$496,244)	
<u>Surcharges</u>				
Consumer Education, May, Bills	28	\$0.00	\$0	
Consumer Education, June-April, Bills	308	\$0.00	\$0	
Smart Meter, May-June, Bills	56	\$0.15	\$8	
Smart Meter, July-September, Bills	84	\$0.15	\$13	
Smart Meter, October-December, Bills	84	\$0.15	\$13	
Smart Meter, January-April, Bills	112	\$0.15	\$17	
Energy Efficiency, May-August, Bills (1)	112	\$363.40	\$40,701	
Energy Efficiency, May-August, All kW (PLC) (1)	942,615	\$0.48	\$451,160	
Energy Efficiency, September-April, Bills (1)	224	\$363.40	\$81,401	
Energy Efficiency, September-April, All kW (PLC) (1)	1,900,650	\$0.48	\$909,701	
Subtotal	2,843,265		\$1,483,014	
<u>Transmission, All KW (1CP)</u>				
Transmission, May	0	\$3.17	\$0	
Transmission, June-April	0	\$3.17	\$0	
Subtotal	0		\$0	
<u>Generation, All kWh</u>				
Generation, All kWh (2)	0	\$0.040080	\$0	
<b>Rate L &amp; Rider 16</b>				
<u>Distribution</u>				
Demand Charge kW	60,000	\$2.50	\$150,000	
Demand Charge kW	0	\$2.50	\$0	
Subtotal	60,000		\$150,000	
Subtotal Revenue			\$21,886,706	
Rider 10 - State Tax Adjustment		0.0000%	\$0	
<b>Total Calculated Revenue</b>			<b>\$21,886,706</b>	
<hr/>				
<u>Revenue Summary</u>	<u>Distribution</u>	<u>Transmission</u>	<u>Generation</u>	<u>Total</u>
Current Rates	\$21,886,706	\$0	\$0	\$21,886,706
Proposed Rates	\$21,886,706	\$0	\$0	\$21,886,706
Revenue Change	\$0	\$0	\$0	\$0

1/ Energy Efficiency surcharge is a weighted rate for calculation purposes based on commercial and industrial customers, Peak Load Contribution (PLC) and tariff rates.  
2/ Class average historic test year POLR generation rate.

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate HVPS - High Voltage Power Service**

CURRENT RATES	Units	Rate	Revenue
<b>Rate HVPS</b>			
<u>Distribution</u>			
Up to and Including 50,000 kW Billing Demand	24	\$11,671.00	\$280,104
50,001 kW to 100,000 kW Billing Demand	12	\$16,908.00	\$202,896
Greater than 100,000 kW Billing Demand	12	\$22,994.00	\$275,928
Subtotal	48		\$758,928
<u>Surcharges</u>			
Consumer Education, May, Bills	4	\$0.00	\$0
Consumer Education, June-April, Bills	44	\$0.00	\$0
Smart Meter, May-June, Bills	8	\$0.15	\$1
Smart Meter, July-September, Bills	12	\$0.15	\$2
Smart Meter, October-December, Bills	12	\$0.15	\$2
Smart Meter, January-April, Bills	16	\$0.15	\$2
Energy Efficiency, May-August, Bills (1)	16	\$691.97	\$11,072
Energy Efficiency, May-August, All kW (PLC) (1)	391,316	\$0.72	\$281,748
Energy Efficiency, September-April, Bills (1)	32	\$691.97	\$22,143
Energy Efficiency, September-April, All kW (PLC) (1)	789,034	\$0.72	\$568,105
Subtotal	1,180,350		\$883,074
<u>Transmission, All KW (1CP)</u>			
Transmission, May	0	\$3.17	\$0
Transmission, June-April	0	\$3.17	\$0
Subtotal	0		\$0
<u>Generation, All kWh</u>			
Generation, All kWh	0	\$0.000000	\$0
Subtotal Revenue			\$1,642,002
Rider 10 - State Tax Adjustment		-0.1185%	(\$1,946)
<b>Total Calculated Revenue</b>			<b>\$1,640,056</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate HVPS</b>			
<u>Distribution (Fixed Monthly Charge)</u>			
Up to and Including 50,000 kW Billing Demand	24	\$9,697	\$232,718
50,001 kW to 100,000 kW Billing Demand	12	\$14,048	\$168,572
Greater than 100,000 kW Billing Demand	12	\$19,104	\$229,249
Subtotal	48		\$630,538
<u>Surcharges</u>			
Consumer Education, May, Bills	4	\$0.00	\$0
Consumer Education, June-April, Bills	44	\$0.00	\$0
Smart Meter, May-June, Bills	8	\$0.15	\$1
Smart Meter, July-September, Bills	12	\$0.15	\$2
Smart Meter, October-December, Bills	12	\$0.15	\$2
Smart Meter, January-April, Bills	16	\$0.15	\$2
Energy Efficiency, May-August, Bills (1)	16	\$691.97	\$11,072
Energy Efficiency, May-August, All kW (PLC) (1)	391,316	\$0.72	\$281,748
Energy Efficiency, September-April, Bills (1)	32	\$691.97	\$22,143
Energy Efficiency, September-April, All kW (PLC) (1)	789,034	\$0.72	\$568,105
Subtotal	1,180,350		\$883,074
<u>Transmission, All KW (1CP)</u>			
Transmission, May	0	\$3.17	\$0
Transmission, June-April	0	\$3.17	\$0
Subtotal	0		\$0
<u>Generation, All kWh</u>			
Generation, All kWh	0	\$0.000000	\$0
Subtotal Revenue			\$1,513,612
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$1,513,612</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$1,640,056	\$0	\$0	\$1,640,056
Proposed Rates	\$1,513,612	\$0	\$0	\$1,513,612
Revenue Change	(\$126,444)	\$0	\$0	(\$126,444)

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate AL - Architectural Lighting Service**

CURRENT RATES	Units	Rate	Revenue
<b>Rate AL</b>			
<u>Distribution</u>			
Total Bills	36	\$7.49	\$270
Demand All kW	336	\$1.40	\$470
All kWh	90,007	\$0.001987	\$179
Subtotal	90,007		\$919
<u>Surcharges</u>			
Smart Meter, May-June, Bills	6	\$0.15	\$1
Smart Meter, July-September, Bills	9	\$0.15	\$1
Smart Meter, October-December, Bills	9	\$0.15	\$1
Smart Meter, January-April, Bills	12	\$0.15	\$2
Subtotal			\$5
<u>Transmission, All kWh</u>			
Transmission, May	6,580	\$0.003455	\$23
Transmission, June-April	83,427	\$0.003455	\$288
Subtotal	90,007		\$311
<u>Generation, All kWh</u>			
Generation, May	6,580	\$0.039258	\$258
Generation, June-April	83,427	\$0.039258	\$3,275
Subtotal	90,007		\$3,534
Subtotal Revenue			\$4,769
Rider 10 - State Tax Adjustment		-0.1185%	(\$1)
<b>Total Calculated Revenue</b>			<b>\$4,768</b>

PROPOSED RATES	Units	Rate	Revenue
<b>Rate AL</b>			
<u>Distribution</u>			
Total Bills	36	\$6.89	\$248
Demand All kW	336	\$1.29	\$432
All kWh	90,007	\$0.001827	\$164
Subtotal	90,007		\$845
<u>Surcharges</u>			
Smart Meter, May-June, Bills	6	\$0.15	\$1
Smart Meter, July-September, Bills	9	\$0.15	\$1
Smart Meter, October-December, Bills	9	\$0.15	\$1
Smart Meter, January-April, Bills	12	\$0.15	\$2
Subtotal			\$5
<u>Transmission, All kWh</u>			
Transmission, May	6,580	\$0.003455	\$23
Transmission, June-April	83,427	\$0.003455	\$288
Subtotal	90,007		\$311
<u>Generation, All kWh</u>			
Generation, May	6,580	\$0.039258	\$258
Generation, June-April	83,427	\$0.039258	\$3,275
Subtotal	90,007		\$3,534
Subtotal Revenue			\$4,695
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b>\$4,695</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$923	\$311	\$3,534	\$4,768
Proposed Rates	\$850	\$311	\$3,534	\$4,695
Revenue Change	(\$73)	\$0	\$0	(\$73)

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate SE - Street Lighting Energy**

CURRENT RATES	Annual Units	Rate	Revenue
<b>Rate SE</b>			
<u>Distribution</u>			
All Fixtures	482,342	\$3.16	\$1,524,202
<u>Transmission</u>			
Transmission, May	0	\$0.001139	\$0
Transmission, June-April	0	\$0.001139	\$0
Subtotal	0		\$0
<u>Generation</u>			
Generation, May	0	\$0.039258	\$0
Generation, June-April	0	\$0.039258	\$0
Subtotal	0		\$0
Subtotal Revenue			\$1,524,202
Rider 10 - State Tax Adjustment		-0.1185%	(\$1,806)
<b>Total Calculated Revenue</b>			<b><u>\$1,522,396</u></b>

PROPOSED RATES	Annual Units	Rate	Revenue
<b>Rate SE</b>			
<u>Distribution</u>			
All Fixtures	482,342	\$2.79	\$1,344,134
<u>Transmission</u>			
Transmission, April-May	0	\$0.001139	\$0
Transmission, June-March	0	\$0.001139	\$0
Subtotal	0		\$0
<u>Generation</u>			
Generation, April-May	0	\$0.039258	\$0
Generation, June-March	0	\$0.039258	\$0
Subtotal	0		\$0
Subtotal Revenue			\$1,344,134
Rider 10 - State Tax Adjustment		0.0000%	\$0
<b>Total Calculated Revenue</b>			<b><u>\$1,344,134</u></b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$1,522,396	\$0	\$0	\$1,522,396
Proposed Rates	\$1,344,134	\$0	\$0	\$1,344,134
Revenue Change	(\$178,262)	\$0	\$0	(\$178,262)

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate SM - Street Lighting Municipal**

CURRENT RATES	kWh Usage	Annual Units	Rate	Revenue
<b>Rate SM</b>				
<b>Distribution</b>				
Mercury Vapor 100W	285,472	6,488	\$13.18	\$85,512
Mercury Vapor 175W	1,402,020	18,946	\$13.46	\$255,016
Mercury Vapor 250W	424,524	4,162	\$13.72	\$57,103
Mercury Vapor 400W	886,627	5,507	\$14.26	\$78,530
Mercury Vapor 1,000W	51,338	133	\$16.41	\$2,183
Sodium Vapor 70W	14,129,312	487,218	\$13.62	\$6,635,904
Sodium Vapor 100W	3,051,150	61,023	\$13.73	\$837,846
Sodium Vapor 150W	5,606,600	78,966	\$13.92	\$1,099,209
Sodium Vapor 250W	2,235,640	20,324	\$14.29	\$290,430
Sodium Vapor 400W	516,800	3,040	\$14.86	\$45,174
Sodium Vapor 1,000W	10,449	27	\$17.09	\$461
Poles	0	1,967	\$10.80	\$21,244
<b>Subtotal</b>	<b>28,599,931</b>	<b>685,834</b>		<b>\$9,408,612</b>
<b>Transmission, May</b>				
Mercury Vapor 100W	1,886	43	\$0.12	\$5
Mercury Vapor 175W	9,261	125	\$0.20	\$25
Mercury Vapor 250W	2,804	27	\$0.28	\$8
Mercury Vapor 400W	5,857	36	\$0.44	\$16
Mercury Vapor 1,000W	-	-	\$1.05	\$0
Sodium Vapor 70W	93,330	3,218	\$0.08	\$257
Sodium Vapor 100W	20,154	403	\$0.14	\$56
Sodium Vapor 150W	37,442	527	\$0.19	\$100
Sodium Vapor 250W	14,767	134	\$0.30	\$40
Sodium Vapor 400W	3,414	20	\$0.46	\$9
Sodium Vapor 1,000W	-	-	\$1.05	\$0
<b>Subtotal</b>	<b>188,914</b>	<b>4,535</b>		<b>\$517</b>
<b>Transmission, June-April</b>				
Mercury Vapor 100W	20,742	471	\$0.12	\$57
Mercury Vapor 175W	101,870	1,377	\$0.20	\$275
Mercury Vapor 250W	30,846	302	\$0.28	\$85
Mercury Vapor 400W	64,422	400	\$0.44	\$176
Mercury Vapor 1,000W	-	-	\$1.05	\$0
Sodium Vapor 70W	1,026,628	35,401	\$0.08	\$2,832
Sodium Vapor 100W	221,695	4,434	\$0.14	\$621
Sodium Vapor 150W	411,862	5,699	\$0.19	\$1,083
Sodium Vapor 250W	162,440	1,477	\$0.30	\$443
Sodium Vapor 400W	37,551	221	\$0.46	\$102
Sodium Vapor 1,000W	-	-	\$1.05	\$0
<b>Subtotal</b>	<b>2,078,056</b>	<b>49,782</b>		<b>\$5,673</b>
<b>Generation, May</b>				
Mercury Vapor 100W	1,886	43	\$1.73	\$74
Mercury Vapor 175W	9,261	125	\$2.91	\$364
Mercury Vapor 250W	2,804	27	\$4.00	\$110
Mercury Vapor 400W	5,857	36	\$6.32	\$230
Mercury Vapor 1,000W	-	-	\$15.15	\$0
Sodium Vapor 70W	93,330	3,218	\$1.14	\$3,669
Sodium Vapor 100W	20,154	403	\$1.96	\$790
Sodium Vapor 150W	37,442	527	\$2.79	\$1,471
Sodium Vapor 250W	14,767	134	\$4.32	\$580
Sodium Vapor 400W	3,414	20	\$6.67	\$134
Sodium Vapor 1,000W	-	-	\$15.19	\$0
<b>Subtotal</b>	<b>188,914</b>	<b>4,535</b>		<b>\$7,422</b>
<b>Generation, June-April</b>				
Mercury Vapor 100W	20,742	471	\$1.73	\$816
Mercury Vapor 175W	101,870	1,377	\$2.91	\$4,006
Mercury Vapor 250W	30,846	302	\$4.00	\$1,210
Mercury Vapor 400W	64,422	400	\$6.32	\$2,529
Mercury Vapor 1,000W	-	-	\$15.15	\$0
Sodium Vapor 70W	1,026,628	35,401	\$1.14	\$40,357
Sodium Vapor 100W	221,695	4,434	\$1.96	\$8,690
Sodium Vapor 150W	411,862	5,699	\$2.79	\$15,900
Sodium Vapor 250W	162,440	1,477	\$4.32	\$6,379
Sodium Vapor 400W	37,551	221	\$6.67	\$1,473
Sodium Vapor 1,000W	-	-	\$15.19	\$0
<b>Subtotal</b>	<b>2,078,056</b>	<b>49,782</b>		<b>\$81,360</b>
Subtotal Revenue				\$9,503,585
Rider 10 - State Tax Adjustment			-0.1185%	(\$11,149)
<b>Total Calculated Revenue</b>				<b>\$9,492,435</b>

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate SM - Street Lighting Municipal**

PROPOSED RATES	kWh Usage	Units	Rate	Revenue
<b>Rate SM</b>				
<u>Distribution</u>				
Mercury Vapor 100W	285,472	6,488	\$12.11	\$78,558
Mercury Vapor 175W	1,402,020	18,946	\$12.37	\$234,279
Mercury Vapor 250W	424,524	4,162	\$12.60	\$52,459
Mercury Vapor 400W	886,627	5,507	\$13.10	\$72,144
Mercury Vapor 1,000W	51,338	133	\$15.08	\$2,005
Sodium Vapor 70W	14,129,312	487,218	\$12.51	\$6,096,287
Sodium Vapor 100W	3,051,150	61,023	\$12.61	\$769,714
Sodium Vapor 150W	5,606,600	78,966	\$12.79	\$1,009,824
Sodium Vapor 250W	2,235,640	20,324	\$13.13	\$266,813
Sodium Vapor 400W	516,800	3,040	\$13.65	\$41,501
Sodium Vapor 1,000W	10,449	27	\$15.70	\$424
Poles	0	1,967	\$9.85	\$19,380
<b>Subtotal</b>	<b>28,599,931</b>	<b>685,834</b>		<b>\$8,643,388</b>
<u>Transmission, May</u>				
Mercury Vapor 100W	1,886	43	\$0.12	\$5
Mercury Vapor 175W	9,261	125	\$0.20	\$25
Mercury Vapor 250W	2,804	27	\$0.28	\$8
Mercury Vapor 400W	5,857	36	\$0.44	\$16
Mercury Vapor 1,000W	-	-	\$1.05	\$0
Sodium Vapor 70W	93,330	3,218	\$0.08	\$257
Sodium Vapor 100W	20,154	403	\$0.14	\$56
Sodium Vapor 150W	37,442	527	\$0.19	\$100
Sodium Vapor 250W	14,767	134	\$0.30	\$40
Sodium Vapor 400W	3,414	20	\$0.46	\$9
Sodium Vapor 1,000W	-	-	\$1.05	\$0
<b>Subtotal</b>	<b>188,914</b>	<b>4,535</b>		<b>\$517</b>
<u>Transmission, June-April</u>				
Mercury Vapor 100W	20,742	471	\$0.12	\$57
Mercury Vapor 175W	101,870	1,377	\$0.20	\$275
Mercury Vapor 250W	30,846	302	\$0.28	\$85
Mercury Vapor 400W	64,422	400	\$0.44	\$176
Mercury Vapor 1,000W	-	-	\$1.05	\$0
Sodium Vapor 70W	1,026,628	35,401	\$0.08	\$2,832
Sodium Vapor 100W	221,695	4,434	\$0.14	\$621
Sodium Vapor 150W	411,862	5,699	\$0.19	\$1,083
Sodium Vapor 250W	162,440	1,477	\$0.30	\$443
Sodium Vapor 400W	37,551	221	\$0.46	\$102
Sodium Vapor 1,000W	-	-	\$1.05	\$0
<b>Subtotal</b>	<b>2,078,056</b>	<b>49,782</b>		<b>\$5,673</b>
<u>Generation, April-May</u>				
Mercury Vapor 100W				
Mercury Vapor 175W	1,886	43	\$1.73	\$74
Mercury Vapor 250W	9,261	125	\$2.91	\$364
Mercury Vapor 400W	2,804	27	\$4.00	\$110
Mercury Vapor 1,000W	5,857	36	\$6.32	\$230
Sodium Vapor 70W	-	-	\$15.15	\$0
Sodium Vapor 100W	93,330	3,218	\$1.14	\$3,669
Sodium Vapor 150W	20,154	403	\$1.96	\$790
Sodium Vapor 250W	37,442	527	\$2.79	\$1,471
Sodium Vapor 400W	14,767	134	\$4.32	\$580
Sodium Vapor 1,000W	3,414	20	\$6.67	\$134
<b>Subtotal</b>	<b>188,914</b>	<b>4,535</b>	<b>\$15.19</b>	<b>\$0</b>
<u>Generation, June-March</u>				
Mercury Vapor 100W	20,742	471	\$1.73	\$816
Mercury Vapor 175W	101,870	1,377	\$2.91	\$4,006
Mercury Vapor 250W	30,846	302	\$4.00	\$1,210
Mercury Vapor 400W	64,422	400	\$6.32	\$2,529
Mercury Vapor 1,000W	-	-	\$15.15	\$0
Sodium Vapor 70W	1,026,628	35,401	\$1.14	\$40,357
Sodium Vapor 100W	221,695	4,434	\$1.96	\$8,690
Sodium Vapor 150W	411,862	5,699	\$2.79	\$15,900
Sodium Vapor 250W	162,440	1,477	\$4.32	\$6,379
Sodium Vapor 400W	37,551	221	\$6.67	\$1,473
Sodium Vapor 1,000W	-	-	\$15.19	\$0
<b>Subtotal</b>	<b>2,078,056</b>	<b>49,782</b>		<b>\$81,360</b>
Subtotal Revenue				\$8,738,361
Rider 10 - State Tax Adjustment			0.0000%	\$0
<b>Total Calculated Revenue</b>				<b>\$8,738,361</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$9,397,463	\$6,190	\$88,782	\$9,492,435
Proposed Rates	\$8,643,388	\$6,190	\$88,782	\$8,738,361
Revenue Change	(\$754,074)	\$0	\$0	(\$754,074)

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate SH - Street Lighting Highway**

CURRENT RATES	kWh Usage	Annual Units	Rate	Revenue
<b>Rate SH</b>				
<u>Distribution</u>				
Sodium Vapor 100W	11,400	228	\$13.01	\$2,966
Sodium Vapor 150W	40,044	564	\$13.19	\$7,439
Sodium Vapor 200W	607,819	6,398	\$13.37	\$85,543
Sodium Vapor 400W	185,640	1,092	\$14.08	\$15,375
Subtotal	844,903	8,282		\$111,323
<u>Transmission, May</u>				
Sodium Vapor 100W	950	38	\$0.07	\$3
Sodium Vapor 150W	3,337	94	\$0.10	\$9
Sodium Vapor 200W	50,652	1,066	\$0.14	\$149
Sodium Vapor 400W	15,470	182	\$0.24	\$44
Subtotal	70,409	1,380		\$205
<u>Transmission, June-April</u>				
Sodium Vapor 100W	10,450	190	\$0.07	\$13
Sodium Vapor 150W	36,707	470	\$0.10	\$47
Sodium Vapor 200W	557,167	5,332	\$0.14	\$746
Sodium Vapor 400W	170,170	910	\$0.24	\$218
Subtotal	774,494	6,902		\$1,025
<u>Generation, May</u>				
Sodium Vapor 100W	950	38	\$1.96	\$74
Sodium Vapor 150W	3,337	94	\$2.79	\$262
Sodium Vapor 200W	50,652	1,066	\$3.73	\$3,977
Sodium Vapor 400W	15,470	182	\$6.67	\$1,214
Subtotal	70,409	1,380		\$5,528
<u>Generation, June-April</u>				
Sodium Vapor 100W	10,450	190	\$1.96	\$372
Sodium Vapor 150W	36,707	470	\$2.79	\$1,311
Sodium Vapor 200W	557,167	5,332	\$3.73	\$19,887
Sodium Vapor 400W	170,170	910	\$6.67	\$6,070
Subtotal	774,494	6,902		\$27,641
Subtotal Revenue				\$145,722
Rider 10 - State Tax Adjustment			-0.1185%	(\$132)
<b>Total Calculated Revenue</b>				<b>\$145,591</b>

PROPOSED RATES	kWh Usage	Units	Rate	Revenue
<b>Rate SH</b>				
<u>Distribution</u>				
Sodium Vapor 100W	11,400	228	\$11.97	\$2,729
Sodium Vapor 150W	40,044	564	\$12.14	\$6,845
Sodium Vapor 200W	607,819	6,398	\$12.30	\$78,713
Sodium Vapor 400W	185,640	1,092	\$12.96	\$14,148
Subtotal	844,903	8,282		\$102,436
<u>Transmission, May</u>				
Sodium Vapor 100W	950	38	\$0.07	\$3
Sodium Vapor 150W	3,337	94	\$0.10	\$9
Sodium Vapor 200W	50,652	1,066	\$0.14	\$149
Sodium Vapor 400W	15,470	182	\$0.24	\$44
Subtotal	70,409	1,380		\$205
<u>Transmission, June-April</u>				
Sodium Vapor 100W	10,450	190	\$0.07	\$13
Sodium Vapor 150W	36,707	470	\$0.10	\$47
Sodium Vapor 200W	557,167	5,332	\$0.14	\$746
Sodium Vapor 400W	170,170	910	\$0.24	\$218
Subtotal	774,494	6,902		\$1,025
<u>Generation, May</u>				
Sodium Vapor 100W	950	38	\$1.96	\$74
Sodium Vapor 150W	3,337	94	\$2.79	\$262
Sodium Vapor 200W	50,652	1,066	\$3.73	\$3,977
Sodium Vapor 400W	15,470	182	\$6.67	\$1,214
Subtotal	70,409	1,380		\$5,528
<u>Generation, June-April</u>				
Sodium Vapor 100W	10,450	190	\$1.96	\$372
Sodium Vapor 150W	36,707	470	\$2.79	\$1,311
Sodium Vapor 200W	557,167	5,332	\$3.73	\$19,887
Sodium Vapor 400W	170,170	910	\$6.67	\$6,070
Subtotal	774,494	6,902		\$27,641
Subtotal Revenue				\$136,835
Rider 10 - State Tax Adjustment			0.0000%	\$0
<b>Total Calculated Revenue</b>				<b>\$136,835</b>

Revenue Summary	Distribution	Transmission	Generation	Total
Current Rates	\$111,191	\$1,230	\$33,169	\$145,591
Proposed Rates	\$102,436	\$1,230	\$33,169	\$136,835
Revenue Change	(\$8,756)	\$0	\$0	(\$8,756)

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate UMS - Unmetered Service**

CURRENT RATES	Units	Rate	Revenue	
<b>Rate UMS</b>				
<u>Distribution</u>				
Total Bills	66,067	\$9.98	\$659,345	
All KWH	21,249,992	\$0.025551	\$542,959	
Subtotal	21,249,992		\$1,202,303	
<u>Transmission</u>				
Transmission, All kWh, May	194,418	\$0.000061	\$12	
Transmission, All kW, May	369	\$5.18	\$1,910	
Transmission, All kWh, June-April	1,924,358	\$0.000061	\$117	
Transmission, All kW, June-April	4,057	\$5.18	\$21,015	
Subtotal	2,118,776		\$23,055	
<u>Generation, All kWh</u>				
Generation, May, kWh	194,418	\$0.052195	\$10,148	
Generation, June-April, kWh	1,924,358	\$0.052195	\$100,442	
Subtotal	2,118,776		\$110,589	
Subtotal Revenue			\$1,335,948	
Rider 10 - State Tax Adjustment		-0.1185%	(\$1,425)	
<b>Total Calculated Revenue</b>			<b><u>\$1,334,523</u></b>	
PROPOSED RATES	Units	Rate	Revenue	
<b>Rate UMS</b>				
<u>Distribution</u>				
Total Bills	66,067	\$10.00	\$660,666	
All KWH	21,249,992	\$0.015836	\$336,516	
Subtotal			\$997,182	
<u>Transmission</u>				
Transmission, All kWh, May	194,418	\$0.000061	\$12	
Transmission, All kW, May	369	\$5.18	\$1,910	
Transmission, All kWh, June-April	1,924,358	\$0.000061	\$117	
Transmission, All kW, June-April	4,057	\$5.18	\$21,015	
Subtotal	2,118,776		\$23,055	
<u>Generation, All kWh</u>				
Generation, May, kWh	194,418	\$0.052195	\$10,148	
Generation, June-April, kWh	1,924,358	\$0.052195	\$100,442	
Subtotal	2,118,776		\$110,589	
Subtotal Revenue			\$1,130,827	
Rider 10 - State Tax Adjustment		0.0000%	\$0	
<b>Total Calculated Revenue</b>			<b><u>\$1,130,827</u></b>	
<u>Revenue Summary</u>	<u>Distribution</u>	<u>Transmission</u>	<u>Generation</u>	<u>Total</u>
Current Rates	\$1,200,879	\$23,055	\$110,589	\$1,334,523
Proposed Rates	\$997,182	\$23,055	\$110,589	\$1,130,827
Revenue Change	(\$203,696)	\$0	\$0	(\$203,696)

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate PAL - Private Area Lighting**

CURRENT RATES	kWh Usage	Annual Units	Rate	Revenue
<b>Rate PAL</b>				
<b>Distribution</b>				
High Pressure Sodium 70W	281,188	9,696	\$12.91	\$125,177
High Pressure Sodium 100W	125,919	2,518	\$13.01	\$32,764
High Pressure Sodium 150W	239,947	3,380	\$13.19	\$44,576
High Pressure Sodium 250W	337,704	3,070	\$13.54	\$41,568
High Pressure Sodium 400W	309,522	1,821	\$14.08	\$25,636
Flood Lighting 100W	74,093	1,611	\$14.32	\$23,065
Flood Lighting 250W	237,885	2,379	\$14.90	\$35,445
Flood Lighting 400W	840,215	5,421	\$15.49	\$83,967
Unmetered 70W	3,480	120	\$3.16	\$379
Unmetered 100W	1,104	24	\$3.16	\$76
Unmetered 150W	32,160	480	\$3.16	\$1,517
Unmetered 250W	98,400	984	\$3.16	\$3,109
Unmetered 400W	1,860	12	\$3.16	\$38
Poles	0	258	\$10.24	\$2,641
<b>Subtotal</b>	<b>2,583,476</b>	<b>31,515</b>		<b>\$419,959</b>
<b>Transmission, May</b>				
High Pressure Sodium 70W	10,851	748	\$0.04	\$30
High Pressure Sodium 100W	6,050	242	\$0.07	\$17
High Pressure Sodium 150W	13,023	367	\$0.10	\$37
High Pressure Sodium 250W	18,801	342	\$0.15	\$51
High Pressure Sodium 400W	24,820	292	\$0.24	\$70
Flood Lighting 100W	2,956	129	\$0.06	\$8
Flood Lighting 250W	14,267	285	\$0.14	\$40
Flood Lighting 400W	64,000	826	\$0.22	\$182
Unmetered 70W	290	20	\$0.04	\$1
Unmetered 100W	92	4	\$0.06	\$0
Unmetered 150W	2,546	76	\$0.09	\$7
Unmetered 250W	12,189	244	\$0.14	\$34
Unmetered 400W	155	2	\$0.22	\$0
<b>Subtotal</b>	<b>170,039</b>	<b>3,576</b>		<b>\$477</b>
<b>Transmission, June-April</b>				
High Pressure Sodium 70W	119,359	3,742	\$0.04	\$150
High Pressure Sodium 100W	66,550	1,210	\$0.07	\$85
High Pressure Sodium 150W	143,248	1,834	\$0.10	\$183
High Pressure Sodium 250W	206,809	1,709	\$0.15	\$256
High Pressure Sodium 400W	273,022	1,460	\$0.24	\$350
Flood Lighting 100W	32,511	643	\$0.06	\$39
Flood Lighting 250W	156,933	1,427	\$0.14	\$200
Flood Lighting 400W	703,999	4,129	\$0.22	\$908
Unmetered 70W	3,190	100	\$0.04	\$4
Unmetered 100W	1,012	20	\$0.06	\$1
Unmetered 150W	28,006	380	\$0.09	\$34
Unmetered 250W	134,080	1,219	\$0.14	\$171
Unmetered 400W	1,705	10	\$0.22	\$2
<b>Subtotal</b>	<b>1,870,424</b>	<b>17,882</b>		<b>\$2,383</b>
<b>Generation, May</b>				
High Pressure Sodium 70W	10,851	748	\$1.14	\$853
High Pressure Sodium 100W	6,050	242	\$1.96	\$474
High Pressure Sodium 150W	13,023	367	\$2.79	\$1,023
High Pressure Sodium 250W	18,801	342	\$4.32	\$1,477
High Pressure Sodium 400W	24,820	292	\$6.67	\$1,948
Flood Lighting 100W	2,956	129	\$1.81	\$233
Flood Lighting 250W	14,267	285	\$3.93	\$1,121
Flood Lighting 400W	64,000	826	\$6.08	\$5,021
Unmetered 70W	290	20	\$1.14	\$23
Unmetered 100W	92	4	\$1.81	\$7
Unmetered 150W	2,546	76	\$2.63	\$200
Unmetered 250W	12,189	244	\$3.93	\$958
Unmetered 400W	155	2	\$6.08	\$12
<b>Subtotal</b>	<b>170,039</b>	<b>3,576</b>		<b>\$13,350</b>
<b>Generation, June-April</b>				
High Pressure Sodium 70W	119,359	3,742	\$1.14	\$4,266
High Pressure Sodium 100W	66,550	1,210	\$1.96	\$2,372
High Pressure Sodium 150W	143,248	1,834	\$2.79	\$5,117
High Pressure Sodium 250W	206,809	1,709	\$4.32	\$7,384
High Pressure Sodium 400W	273,022	1,460	\$6.67	\$9,738
Flood Lighting 100W	32,511	643	\$1.81	\$1,163
Flood Lighting 250W	156,933	1,427	\$3.93	\$5,607
Flood Lighting 400W	703,999	4,129	\$6.08	\$25,104
Unmetered 70W	3,190	100	\$1.14	\$114
Unmetered 100W	1,012	20	\$1.81	\$36
Unmetered 150W	28,006	380	\$2.63	\$999
Unmetered 250W	134,080	1,219	\$3.93	\$4,790
Unmetered 400W	1,705	10	\$6.08	\$61
<b>Subtotal</b>	<b>1,870,424</b>	<b>17,882</b>		<b>\$66,751</b>
Subtotal Revenue				\$502,921
Rider 10 - State Tax Adjustment			-0.1185%	(\$498)
<b>Total Calculated Revenue</b>				<b>\$502,423</b>

**APPENDIX B**  
**Duquesne Light Company**  
**Proof of Revenue Calculation at Current and Proposed Settlement Rates**  
**12 Months Ending April 30, 2015**  
**Rate PAL - Private Area Lighting**

PROPOSED RATES	kWh Usage	Units	Rate	Revenue
<b>Rate PAL</b>				
<b>Distribution</b>				
High Pressure Sodium 70W	281,188	9,696	\$12.51	\$121,322
High Pressure Sodium 100W	125,919	2,518	\$12.61	\$31,766
High Pressure Sodium 150W	239,947	3,380	\$12.79	\$43,218
High Pressure Sodium 250W	337,704	3,070	\$13.13	\$40,303
High Pressure Sodium 400W	309,522	1,821	\$13.65	\$24,856
Flood Lighting 100W	74,093	1,611	\$12.51	\$20,156
Flood Lighting 250W	237,885	2,379	\$13.09	\$31,147
Flood Lighting 400W	840,215	5,421	\$13.68	\$74,169
Unmetered 70W	3,480	120	\$2.79	\$334
Unmetered 100W	1,104	24	\$2.79	\$67
Unmetered 150W	32,160	480	\$2.79	\$1,338
Unmetered 250W	98,400	984	\$2.79	\$2,742
Unmetered 400W	1,860	12	\$2.79	\$33
Poles	0	258	\$9.85	\$2,541
<b>Subtotal</b>	<b>2,583,476</b>	<b>31,773</b>		<b>\$393,992</b>
<b>Transmission, May</b>				
High Pressure Sodium 70W	10,851	748	\$0.04	\$30
High Pressure Sodium 100W	6,050	242	\$0.07	\$17
High Pressure Sodium 150W	13,023	367	\$0.10	\$37
High Pressure Sodium 250W	18,801	342	\$0.15	\$51
High Pressure Sodium 400W	24,820	292	\$0.24	\$70
Flood Lighting 100W	2,956	129	\$0.06	\$8
Flood Lighting 250W	14,267	285	\$0.14	\$40
Flood Lighting 400W	64,000	826	\$0.22	\$182
Unmetered 70W	290	20	\$0.04	\$1
Unmetered 100W	92	4	\$0.06	\$0
Unmetered 150W	2,546	76	\$0.09	\$7
Unmetered 250W	12,189	244	\$0.14	\$34
Unmetered 400W	155	2	\$0.22	\$0
<b>Subtotal</b>	<b>170,039</b>	<b>3,576</b>		<b>\$477</b>
<b>Transmission, June-April</b>				
High Pressure Sodium 70W	119,359	3,742	\$0.04	\$150
High Pressure Sodium 100W	66,550	1,210	\$0.07	\$85
High Pressure Sodium 150W	143,248	1,834	\$0.10	\$183
High Pressure Sodium 250W	206,809	1,709	\$0.15	\$256
High Pressure Sodium 400W	273,022	1,460	\$0.24	\$350
Flood Lighting 100W	32,511	643	\$0.06	\$39
Flood Lighting 250W	156,933	1,427	\$0.14	\$200
Flood Lighting 400W	703,999	4,129	\$0.22	\$908
Unmetered 70W	3,190	100	\$0.04	\$4
Unmetered 100W	1,012	20	\$0.06	\$1
Unmetered 150W	28,006	380	\$0.09	\$34
Unmetered 250W	134,080	1,219	\$0.14	\$171
Unmetered 400W	1,705	10	\$0.22	\$2
<b>Subtotal</b>	<b>1,870,424</b>	<b>17,882</b>		<b>\$2,383</b>
<b>Generation, May</b>				
High Pressure Sodium 70W	10,851	748	\$1.14	\$853
High Pressure Sodium 100W	6,050	242	\$1.96	\$474
High Pressure Sodium 150W	13,023	367	\$2.79	\$1,023
High Pressure Sodium 250W	18,801	342	\$4.32	\$1,477
High Pressure Sodium 400W	24,820	292	\$6.67	\$1,948
Flood Lighting 100W	2,956	129	\$1.81	\$233
Flood Lighting 250W	14,267	285	\$3.93	\$1,121
Flood Lighting 400W	64,000	826	\$6.08	\$5,021
Unmetered 70W	290	20	\$1.14	\$23
Unmetered 100W	92	4	\$1.81	\$7
Unmetered 150W	2,546	76	\$2.63	\$200
Unmetered 250W	12,189	244	\$3.93	\$958
Unmetered 400W	155	2	\$6.08	\$12
<b>Subtotal</b>	<b>170,039</b>	<b>3,576</b>		<b>\$13,350</b>
<b>Generation, June-April</b>				
High Pressure Sodium 70W	119,359	3,742	\$1.14	\$4,266
High Pressure Sodium 100W	66,550	1,210	\$1.96	\$2,372
High Pressure Sodium 150W	143,248	1,834	\$2.79	\$5,117
High Pressure Sodium 250W	206,809	1,709	\$4.32	\$7,384
High Pressure Sodium 400W	273,022	1,460	\$6.67	\$9,738
Flood Lighting 100W	32,511	643	\$1.81	\$1,163
Flood Lighting 250W	156,933	1,427	\$3.93	\$5,607
Flood Lighting 400W	703,999	4,129	\$6.08	\$25,104
Unmetered 70W	3,190	100	\$1.14	\$114
Unmetered 100W	1,012	20	\$1.81	\$36
Unmetered 150W	28,006	380	\$2.63	\$999
Unmetered 250W	134,080	1,219	\$3.93	\$4,790
Unmetered 400W	1,705	10	\$6.08	\$61
<b>Subtotal</b>	<b>1,870,424</b>	<b>17,882</b>		<b>\$66,751</b>
Subtotal Revenue				\$476,954
Rider 10 - State Tax Adjustment			0.0000%	\$0
<b>Total Calculated Revenue</b>				<b>\$476,954</b>
<b>Revenue Summary</b>				
	<b>Distribution</b>	<b>Transmission</b>	<b>Generation</b>	<b>Total</b>
Current Rates	\$419,461	\$2,860	\$80,101	\$502,423
Proposed Rates	\$393,992	\$2,860	\$80,101	\$476,954
Revenue Change	(\$25,469)	\$0	\$0	(\$25,469)

# Appendix C

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2013-2372129
Office of Consumer Advocate	:	C-2013-2379084
Office of Small Business Advocate	:	C-2013-2380474
Jacquelyn and Robert Miller	:	C-2013-2383835
Gwendolyn L. LeVert	:	C-2013-2383980
Duquesne Industrial Intervenors	:	C-2013-2385292
Aimee-Marie Dorsten	:	C-2013-2386037
Connie Schiavo	:	C-2013-2386284
NRG Midwest, NRG Energy Center Pittsburgh LLC, and Reliant Energy Northeast LLC	:	C-2013-2390562
	:	
	:	
v.	:	
	:	
Duquesne Light Company	:	

---

**DUQUESNE LIGHT COMPANY  
STATEMENT IN SUPPORT OF  
JOINT PETITION FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT**

---

**TO THE HONORABLE CONRAD A. JOHNSON, ADMINISTRATIVE LAW JUDGE:**

**I. INTRODUCTION**

Duquesne Light Company (“Duquesne Light” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Approval of Non-Unanimous Settlement entered into by the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Duquesne Industrial Intervenors (“DII”),<sup>1</sup> United States Steel Corporation (“U. S. Steel”), Citizens for Pennsylvania’s Future (“PennFuture”) and

---

<sup>1</sup> WHEMCO Inc./WHEMCO-Steel Castings, Inc. has participated in this proceeding as a member of DII, however, for purposes of the Joint Petition for Approval of Non-Unanimous Settlement, WHEMCO Inc./WHEMCO-Steel Castings, Inc. has elected status as a non-objecting party.

Duquesne Light (collectively the “Joint Petitioners”). The Settlement resolves all issues among the Joint Petitioners.

Other parties in this proceeding, including the Community Action Association of Pennsylvania (“CAAP”), Citizen Power, Inc. (“Citizen Power”), Interstate Gas Supply, Inc. (“IGS”), International Brotherhood of Electrical Workers, Local 29 (“IBEW”), and Beaver Falls Municipal Authority (“Beaver Falls”) have all indicated that they do not oppose the Settlement.<sup>2</sup> NRG Power Midwest LP (“NRG Midwest”), NRG Energy Center Pittsburgh LLC (“NRGP”) and Reliant Energy Northeast LLC (“REN”) (collectively the “NRG Companies”) are the only active parties in this proceeding that have reserved the right to oppose the Settlement. In their Main Brief at pages 7 through 8, the NRG Companies state that they “have decided not to contest the various non-unanimous settlement issues” but then “reserve the right to challenge whether the terms and conditions of any such petition, once it is made available, are in the public interest” and specifically “argue that terms regarding Rider No. 18 should be included in any approval by the Commission of a settlement.”

The Settlement was achieved only after a comprehensive investigation of Duquesne Light’s operation and finances. In addition to informal discovery, Duquesne Light responded to approximately 500 formal discovery requests. Parties filed five rounds of testimony, including the Company’s direct testimony, other parties’ direct testimony, rebuttal testimony, surrebuttal testimony and rejoinder testimony. Moreover, numerous settlement discussions and formal negotiations occurred which ultimately led to the Settlement.

---

<sup>2</sup> There are four customer complainants in the above-captioned proceeding: Jacquelyn and Robert Miller, Docket No. C-2013-2383835; Gwendolyn L. LeVert, Docket No. C-2013-2383980; Aimee-Marie Dorsten, Docket No. C-2013-2386037; and Connie Schiavo, Docket No. C-2013-2386284. These customer complainants have not been active parties. Duquesne Light is serving a copy of the Settlement on the customer complainants.

The Settlement reflects a carefully balanced compromise of the interests of all of the Joint Petitioners. For these reasons, the reasons set forth below and the reasons explained in the Company's Initial Brief, the Settlement is just and reasonable, supported by substantial evidence and should be approved without modification.

## **II. SPECIFIC SETTLEMENT TERMS**

### **A. REVENUE REQUIREMENT**

#### **1. The Proposed Revenue Increase of \$48 Million Is Reasonable and Supported By Substantial Evidence.**

The Settlement provides for a distribution revenue increase of \$48 million annually. (Settlement ¶ 28.) The distribution revenue increase of \$48 million is approximately 66% of the proposed revenue increase of \$72.732 million set forth in the Company's rebuttal testimony.

As explained by the Company's Vice President of Strategy and External Affairs, Mr. David Bordo, the Company has undertaken considerable efforts to control costs, improve customer service and continue to provide highly reliable service to customers since the Company's last base rate proceeding in 2010. (Duquesne Light St. No. 1, p. 4.) As explained by Mr. Bordo and in the Company's Initial Brief, the Company's costs of providing electric distribution service have increased in many areas, including increased investment in facilities to maintain high levels of service and reliability, increased operation and maintenance ("O&M") expenses related to vegetation management and increased costs for the Company's cyber security initiatives. (Duquesne Light St. No. 2, pp. 4-5; Initial Brief, p. 21.)

Absent rate relief, Duquesne Light projected an overall return on rate base of approximately 5.67% for the fully projected future test year ("FPFTY"). (See Duquesne Light Exh. No. 2, Schedule C-1, Column 2, line 3.) This would translate into a return on equity for the FPFTY of 6.06% (5.67% ROR – 2.22% Interest – 0.30% Preferred = 3.15% to Equity/51.94

Equity Ratio = 6.06% ROE). This is not significantly higher than Duquesne Light's weighted cost rate of 5.89% for preferred stock, see Duquesne Light Exh. No. 2, Schedule B-9, Column 4, line 7, and less than 100 basis points higher than the Company's average weighted cost rate of 5.18% for long-term debt. (See Duquesne Light Exh. No. 2, Schedule B-8, Column 4, line 16; Duquesne Light Initial Brief, pp. 22-23.) Moreover, this return on equity for the FPFTY, absent rate relief, also would be significantly lower than the return on equity of 11.25% proposed by Mr. Moul in his testimony, see Duquesne Light St. No. 9, or the recent return on equity of 10.4% that was awarded to PPL Electric Utilities Corporation in its 2012 base rate proceeding. *Pa. P.U.C. v. PPL Electric Utilities Corporation*, Docket No. R-2012-2290597, Order entered December 28, 2012, p. 101 ("*PPL Electric*").

The \$48.0 million increase, although less than requested by the Company, will allow Duquesne Light to recover its necessary expenses, including the expense component of pension contributions and significant increases in vegetation management expenses that are designed to reduce the frequency and duration of service outages. The revenue increase provides the Company with the reasonable opportunity to earn a fair return. The revenue increase should also allow the Company to attract capital on reasonable terms and allow the Company to continue to provide safe and reliable service to customers.

In this proceeding, Duquesne Light, I&E and OCA presented testimony on revenue requirement issues. During the course of the proceeding, the difference between the parties' litigation positions narrowed. In rebuttal testimony, the Company revised its claim down from its original position of \$76.3 million to \$72.732 million. (Duquesne Light St. No. 5-R, p. 3.) In surrebuttal, OCA increased its litigation position with regard to the Company's revenue

requirement. (See OCA St. No. 1-SR, p.2.) Through negotiations, the Joint Petitioners were able to compromise their competing litigation positions.

The revenue requirement under the Settlement is generally a “black box” number. Under a “black box” settlement, parties do not specifically identify rate base, revenues and expenses and return that are allowed or disallowed. The Company has found that the “black box” concept often facilitates settlement agreements because parties are not required to identify a specific return on equity or specifically identify rate base, revenues and/or expenses and return that are allowed or disallowed. This process allows a settlement without requiring parties to abandon or reverse their positions on important issues, which could impact their positions in later cases. As explained in the Company’s Initial Brief, the Commission encourages black box settlements. (Initial Brief, pp. 35-41.) *Pa. P.U.C. v. Aqua Pennsylvania, Inc.*, Docket No. R-2011-2267958, Order entered June 7, 2012, pp. 26-27; *Pa. P.U.C. v. Peoples TWP LLC*, Docket No. R-2013-2355886, Order entered December 19, 2013, p. 27 (“*Peoples TWP LLC*”); Statement of Chairman Robert F. Powelson, *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Public Meeting, August 2, 2012.

As noted above, the NRG Companies have not agreed to the Settlement. In its Initial Brief, Duquesne Light has explained the Commission’s standards for approving a non-unanimous settlement. (See Initial Brief, p. 20.) The relevant standard is whether the proposed non-unanimous settlement is supported by substantial evidence that is consistent with statutory requirements. *Application of UGI Penn Natural Gas, Inc. for Approval of the Transfer by Sale of a 9.0 Mile Natural Gas Pipeline*, Docket Nos. A-2010-2213893 et al., 2011 Pa. P.U.C. LEXIS 1521, Order entered July 25, 2011, citing *Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code and Joint Petition for*

*Partial Settlement*, Docket Nos. R-00973953 and P-00971265, 1997 Pa. P.U.C. LEXIS 51, Order entered December 23, 1997; *Popowsky [ARIPPA] v. Pa. P.U.C.*, 792 A.2d 636 (Pa. Cmwlth 2002).

In its Initial Brief, Duquesne Light explained that it has provided substantial evidence to support a revenue increase of more than \$48 million. (Initial Brief, pp. 24-36.) Duquesne Light also explained that there were a range of resolutions of all parties' proposed rate base, revenue and expense adjustments that would produce a return on equity in the range recently adopted by the Commission in the PPL Electric proceeding at the \$48 million settlement rate increase. Duquesne Light provided substantial evidence in support of the proposed revenue increase. It is not necessary for the ALJ to decide individual rate base or revenue and expense adjustments proposed by the parties or determine the return on equity under the Settlement in order to determine the reasonableness of the proposed revenue increase under the Settlement. The proposed revenue increase of \$48 million under the Settlement is supported by substantial evidence, is reasonable, is in the public interest and should be adopted without modification.

Exceptions to the "black box" concept under this Settlement were made to specify pension funding requirements, other post employment benefits ("OPEB") funding requirements, vegetation management spending requirements, and a return on equity and capital structure for purposes of calculating the smart meter costs to be recovered under the smart meter charge. These exceptions to the black box settlement are explained in this Section II.A below, along with various other aspects of the Settlement generally related to revenue requirement issues. These specific resolutions of issues are the kinds of innovative solutions that can be developed by parties in a rate case through the settlement process that generally are not produced by litigation.

*Peoples TWP LLC*, p. 27

## **2. The Settlement Provisions Related To Pensions Are In The Public Interest.**

The Settlement includes key provisions concerning the amount of Duquesne Light's ongoing pension contributions. Under the Settlement, Duquesne Light has agreed to contribute to its pension trusts an amount equal to \$37.2 million per year commencing with calendar year 2014. If contributions are made in any year in excess of the \$37.2 million, Duquesne Light may use the cumulative excess to satisfy future contribution obligations under the Settlement. (Settlement ¶ 29.) Duquesne Light will annually report contributions to the Commission and I&E, OCA and OSBA to allow monitoring of the commitment. Duquesne Light believes that this Settlement provision is important because it will ensure that adequate funds are contributed to the Company's pension plans.

The Settlement also will allow Duquesne Light to include in rate base the capitalized amount of actual pension contributions (50%), net of related accumulated deferred income taxes, for ratemaking purposes. (Settlement ¶ 29.) However, depreciation expense will be based on the amounts capitalized under ASC 715 recorded on the Company's books. This approach allows the Company to maintain its books in accordance with Generally Accepted Accounting Principles ("GAAP") and also reflect in rate base the excess of cash contributions to be capitalized over amounts of pension costs capitalized per books, net of deferred taxes.

As explained by Mr. Matthew Ankrum in the proceeding, the Company's pension contributions are projected to decline significantly by 2017. (Duquesne Light St. No. 2, p. 19.) Therefore, the Company originally proposed a Pension Adjustment Mechanism in direct testimony that would have allowed the Company to reduce distribution rates in the event that the Company's pension funding was reduced below the amount that was used to establish pension expense approved by the Commission in this base rate proceeding. If pension costs would have

increased after the Mechanism was implemented to reduce pension expense recovery, the Pension Rate Adjustment could also have been used to recover subsequent increases in expenses up to the level of expense originally included in base rates. (Duquesne Light St. No. 12, p. 20.) I&E, OCA and OSBA opposed the Company's proposed Pension Adjustment Mechanism. (I&E St. No. 2, p. 20; OCA St. No. 1, p. 37; OSBA St. No. 1, pp. 10-11.) Therefore, the Settlement does not adopt this mechanism.

However, the Joint Petitioners were able to resolve this issue in a manner that achieves the Company's objectives and protects customers. The Settlement adopts a mechanism that allows Duquesne Light to reduce pension funding outside of a base rate proceeding. This mechanism is based on OCA's alternative reserve account proposal in this proceeding. (OCA St. No. 1, p. 36.) If Duquesne Light concludes that a contribution of less than \$37,200,000 to the pension trust is appropriate, the Settlement allows the Company to reduce the pension contribution and record a regulatory liability on its books of account that is equal to 50% of the reduction to the pension contribution below the level of \$37,200,000. Any regulatory liability recorded will be reduced to the extent of 50% of contributions in excess of \$37,200,000 in subsequent years. If a regulatory liability remains at the time of the Company's next rate proceeding, the regulatory liability amount will be returned to ratepayers as directed in the next base rate proceeding. Any amount recorded as a regulatory liability shall not bear an interest obligation.

This Settlement provision is in the public interest because it will allow Duquesne Light to reduce its pension contribution if its funding obligation decreases without requiring a full base rate case proceeding and without rate changes between base rate cases, while making certain that any amounts recovered but not deposited in the pension trust will be returned to customers. This

provision could save the Company, its ratepayers, interested parties and the Commission the substantial time and expense associated with filing a base case that would have only been necessary for reducing pension expense.

**3. The Settlement Provisions Related To OPEBs Are In The Public Interest.**

The Settlement contains specific provisions for meeting the Company's Other Post Employment Benefits ("OPEB") requirements. (Settlement ¶ 30.) The Company's distribution rate allowance for OPEBs is based upon the estimated ASC 715 cost for the Fully Projected Future Test Year of approximately \$3,265,500, which reflects a two-year normalization of the Net Periodic Benefit Cost for historic and future test year distribution costs. The distribution expense component included in rates is approximately 50% of this estimated cost less the annual effect of the 3-year amortization of the regulatory liability of \$1.1 million (\$970,900 on a distribution basis) as explained in Duquesne Light St. No. 2, p. 27, for a net distribution expense of \$1,309,117 ( $\$1,632,750 - \$323,633 = \$1,309,117$ ). The remaining 50% of actual ASC 715 cost will be the amount to be capitalized to plant accounts on the Company's books. The actual labor capitalization ratio will be used to determine the split between capitalized and expensed amounts. In addition, under the Settlement, the Company has agreed to deposit into its Voluntary Employee Beneficiary Associated ("VEBA") trust the full amount of annual OPEB costs calculated by the Company's actuary pursuant to ASC 715. The Company accounts for the difference between the net periodic post-retirement benefit expense determined annually by the actuary in accordance with ASC 715 and the amount of ASC 715 post-retirement benefit expense used to establish rates. That difference is recorded as a regulatory asset or liability and will be expensed or credited in future rate proceedings in determining OPEB expense included in rates. The Settlement provisions related to OPEBs provide clarity regarding the ratemaking and

accounting treatment of OPEBs, provide for funding of the VEBA trust and provide that the Company will be able to recover its expected OPEB costs. Further, any over or under recovery of costs is to be amortized in future base rate proceedings.

**4. The Vegetation Management Provisions Are In The Public Interest.**

Another exception to the black box settlement relates to vegetation management spending. Under the Settlement, Duquesne Light is committing to spend \$15 million on distribution system vegetation management on a twelve-month basis for three years commencing May 1, 2014; provided that any shortfall below that level of spending on a twelve-month basis shall be expended no later than April 30, 2017. Duquesne Light has agreed to report its distribution vegetation management spending for the three 12-month periods commencing May 1, 2014. These annual reports will be filed with the Commission, with copies provided to I&E, OCA and OSBA by October 31, 2015, October 31, 2016 and October 31, 2017.

In this proceeding, Duquesne Light explained that it will incur significant increases in vegetation management expenses from the HTY to the FPFTY. The Company projected an increase in distribution vegetation management spending from \$8.1 million in the HTY, to \$12.3 million for the FTY and \$15.0 million for the FPFTY. The increase in spending is primarily due to three factors, increased contractor costs, increased work to eliminate Ash trees that have been infected by the Emerald Ash Borer that pose a safety threat to the Company's distribution system, and an expansion of the Company's distribution vegetation management specifications to include pruning or removal of targeted trees that have a higher potential of causing outages due to falling trees and limbs. (Duquesne Light St. No. 4-R, pp. 3-4.)

In this proceeding, the OCA initially proposed to reduce the Company's vegetation management spending and Duquesne Light responded to the OCA's proposed adjustments. (Duquesne Light St. No. 5-R, p. 18.) The Settlement, however, resolves any concerns over the

Company's vegetation management spending by the Company's commitment to spend the FPFTY claim for a three-year period. This Settlement provision is in the public interest because it provides the Company with cost recovery of necessary vegetation management expense and provides parties with certainty that the Company will spend the rate allowance as indicated.

**5. Distribution System Improvement Charge Provision.**

The Settlement provides that if Duquesne Light is authorized to implement a Distribution System Improvement Charge ("DSIC") following the effective date of rates in this proceeding, Duquesne Light will be eligible to include plant additions in the DSIC once eligible account balances exceed the levels projected by Duquesne Light at April 30, 2015. The foregoing provision is included solely for purposes of calculating the DSIC, and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

This Settlement provision is important because it provides clarity regarding when Duquesne Light is eligible to implement a DSIC mechanism.

**6. Smart Meter Provisions.**

Under the Settlement, the Joint Petitioners have agreed that Duquesne Light will use a 10% ROE and the capital structure proposed by the Company in this proceeding for establishing the Company's smart meter charge ("SMC") rates for a three-year period following the effective date of rates in this proceeding. (Settlement ¶ 33.) In the Commission's Order approving the Company's smart meter filing, the Commission held that in the event parties settle future Company base rate proceedings, parties are to establish capital structure ratios and an ROE for the Company to use in calculating its SMC. *Petition of Duquesne Light Company for Approval of Smart Meter Technology Procurement and Installation Plan*, Docket No. M-2009-2123948, Order entered May 11, 2010, pp. 19, 25. Consistent with the Smart Meter Order, the Joint

Petitioners have agreed to a capital structure ratio and ROE for the Company's SMC. Duquesne Light notes that these numbers were agreed to for settlement purposes only and do not reflect the Company's or any party's position with respect to the current cost of common equity or capital structure to be used in determining base rates for Duquesne Light.

The Settlement further recognizes that the Commission granted Duquesne Light's Petition filed at Docket No. M-2009-2123948 to amend, to the extent necessary, the Commission's May 6, 2013 Order approving the Company's Final Smart Meter Procurement and Installation Plan requesting that FOCUS project costs, exclusive of costs that have been previously recovered through the Company's Smart Meter Charge, be consolidated with this base-rate proceeding. Consistent therewith, Settlement rates include the projected FOCUS costs to be capitalized in the FPFTY. Settlement rates also include a normalized level (average of \$5,446,000) of Information Technology development expenses for the Historic Test Year, Future Test Year and Fully Projected Future Test Year.

#### **7. Rate Base, Revenue and Expense Reporting Requirements.**

The Settlement provides for reporting requirements related to rate base and revenues and expenses. Under the Settlement, Duquesne Light agreed to file a Total Company and Pennsylvania jurisdictional report showing capital expenditures, plant additions and retirements, by month, for the FTY (April 2013 through March 2014), plus the gap month of April 2014 by October 31, 2014. A similar report for the FPFTY (May 1, 2014 through April 30, 2015) will be filed by October 31, 2015. In Duquesne Light's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the twelve-months ended April 30, 2015 to its projections in this case. However, it is recognized by the Parties that this is a black box settlement that is a compromise of the Parties' positions on various issues.

In this proceeding, I&E requested that the Company provide reports regarding its expenditures so that parties could compare projected expenditures to actual expenditures in subsequent rate case proceedings. (I&E St. No. 4, pp. 10-11.) This Settlement provision is responsive to I&E's request.

#### **8. Income Tax Accounting Related To Mixed Service Costs.**

The Settlement contains specific provisions related to income tax accounting for 263A mixed service costs. (Settlement ¶ 37.) Consistent with the Company's normalization treatment of its IRS repair allowance approved in the Company's last base rate proceeding, if the Company implements a change in income tax accounting for its 263A mixed service costs as permitted under IRS guidance, the Company will record the "catch up" reduction to its income tax liability in account 282 on its regulated books of account. The "catch up" adjustment represents the refund for the cumulative effect of the election to change a method of accounting, also referred to as the IRC Section 481(a) adjustment. This will increase the Accumulated Deferred Income Taxes ("ADIT") which will result in a decrease to rate base in future base rate proceedings. Additional details are provided in Paragraph Number 36 of the Settlement.

The Settlement provisions regarding 263A mixed service costs are important because they provide clarity regarding accounting and ratemaking treatment if the Company elects to implement a change in income tax accounting.

#### **B. UNIVERSAL SERVICE AND CUSTOMER SERVICE**

In testimony, CAUSE-PA argued that Duquesne Light should take measures to reduce the impact of any rate increase on low-income customers. (CAUSE-PA St. No. 1, p. 9.) CAUSE-PA had several recommendations to accomplish its goal, including that Duquesne Light should increase its Low Income Usage Reduction Program ("LIURP") visits and either increase

the Company's Customer Assistance Program ("CAP") credits or use an aggregated maximum CAP credit for all CAP customers. (CAUSE-PA St. No. 1, p. 9.)

In response to CAUSE-PA's recommendations, the Settlement provides that Duquesne Light will increase its annual target LIURP visits from 2,555 to 3,100 for 2014 through 2017. In addition, the Company will increase its maximum CAP credits for non-heating customers from \$560 per year to \$700 per year and for heating customers from \$1,400 per year to \$1,800 per year commencing January 1, 2015. The increased costs of these changes will be recovered in the Company's Universal Service Charge. In addition, Duquesne Light agreed to file an amendment to its Universal Service and Energy Conservation Plan to incorporate these changes within 60 days after the Settlement is approved.

Duquesne Light was amenable to agreeing to these Settlement provisions in order to resolve all of CAUSE-PA's concerns. These Settlement provisions should help make utility service more affordable for eligible low-income customers.

In testimony, OCA argued that Duquesne Light should not require customers to provide social security numbers ("SSNs") as a precondition for CAP enrollment. (OCA St. No. 4-SR, p. 6.) Under the Settlement, the Joint Petitioners have agreed that customers will not be required to provide social security numbers as a prerequisite to participating in CAP, provided that the customer can provide sufficient alternative identification. This Settlement provision addresses OCA's concerns, and the Company was willing to develop a solution that works for all parties.

Additionally, in this proceeding, the OCA made several customer service related requests, including suggestions to enhance the Company's storm related communications and the Company's Red Flags Plan. (OCA St. No. 4, p. 4.) A Red Flags Plan is a Plan under the Federal Trade Commission's ("FTC") regulations that is designed to prevent and mitigate identity theft.

In its testimony, the Company explained the extensive efforts that it takes to communicate with customers prior to and during storm events, including using mass media, its website, social media, Interactive Voice Response (“IVR”) and Customer Service Representative messaging, and use of emerging technology such as a mobile device website. (Duquesne Light St. No. 8-R, p. 18.) The Company also explained that it was finalizing a partnership with a third-party to provide outbound calling capabilities for advanced alerts of oncoming storms. (Duquesne Light St. No. 8-R, p. 20.) In addition, the Company is implementing mutual assistance measures with other utilities to increase staff to handle calls from customers during storm events. (Duquesne Light St. No. 8-R, p. 20.) Further, the Company explained that it had recently filed a plan with the Commission to develop an Outage Management System, which if approved, would enable the Company to develop advance outage communication capabilities. (Duquesne Light St. No. 8-R, p. 21.) By Order entered January 9, 2014, the Commission authorized Duquesne Light to begin Phase I of its Outage Communication, Restoration and Voltage Monitoring Plan, including data collection required for the creation of an electrical model.

Under the Settlement, Duquesne Light has agreed to conduct a collaborative to discuss storm communication related issues. Duquesne Light has listened to parties’ concerns about communication issues and has agreed to a collaborative to further address these concerns. Duquesne Light has been responsive to all parties’ concerns regarding customer communication, including those concerns raised by the NRG Companies.

With respect to the OCA’s Red Flags recommendations, the Company explained in testimony that it was reviewing its Red Flags procedures to ensure compliance with FTC regulations. (Duquesne Light St. No. 8-R, p. 28.) As part of the Settlement, Duquesne Light has

further agreed to refresh its Red Flags Plan and provide the Plan to interested parties within 6 months of the conclusion of this proceeding.

Duquesne Light has been responsive to parties' concerns regarding customer service and communication issues as evidenced by its testimony and commitments under the Settlement.

## **C. REVENUE ALLOCATION, RATE DESIGN AND LED STREET LIGHTS**

### **1. Revenue Allocation**

In this proceeding, many of the parties, including Duquesne Light, I&E, OCA, OSBA, DII and U. S. Steel, presented evidence regarding revenue allocation and rate design. All of these parties had different proposals for how to allocate the revenue increase to the customer classes and had different proposals regarding how to scale back any reduction to the proposed increase. OCA proposed to allocate less of the revenue increase to residential customers than the Company proposed. (OCA St. No. 3, p. 3.) OSBA proposed to allocate more of the increase to residential customers. (OSBA St. No. 1, Schedules BK-1 and BK-4.) DII proposed to allocate less of the increase to the larger customer classes. (DII St. No. 1, Exhibit \_\_ (JP-1), Schedule 5.) OCA and OSBA opposed giving any classes rate decreases below currently effective rates, and I&E, DII and U. S. Steel supported giving certain customer classes rate decreases.

Despite all of these differences among the parties, all of the parties that presented testimony on revenue allocation and rate design issues were able to put aside their differences and resolve all of their issues.

The revenue allocation under the Settlement is reasonable. The revenue allocation initially proposed by the Company was in the middle of the range of class increases proposed by the parties. (Duquesne Light St. No. 12-R, p. 4.) Attachment 1 to the Company's Statement in Support demonstrates that the allocation of the revenue increase under the Settlement also is within the range proposed by the parties. Attachment 1 shows the maximum and minimum

increase/decrease proposed by any party at the full proposed increase and a 37% scale back of each of those proposals. The 37% scale back represents the percentage reduction of the increase from the initially proposed increase of \$76.277 million to \$48.0 million. As shown in columns E, F and G, the allocation of the Settlement increase to the classes is well within the maximum and minimum increases/decreases proposed by the parties assuming a straight scale back of those positions.<sup>3</sup> The Company initially proposed allocation at the full rate increase moved all class returns closer to the Company average rate of return. (Duquesne Light St. No. 12, p. 5.) As shown on page 2 of Attachment 1, the allocations to the rate classes under the Settlement generally are consistent with a 37% scale back of the Company's initially proposed allocation to the classes at the full rate increase based on the Company's class cost of service study. Therefore, the Settlement revenue allocation also will move class rates of return closer to system average.

Given these considerations, Duquesne Light believes that the revenue allocation under the Settlement is fully consistent with the Commonwealth Court's decision in *Lloyd v. Pa. P.U.C.*, 904 A2d 1010 (Pa. Cmwlth. 2006) ("*Lloyd*") and prior Court precedent regarding revenue allocation. In compliance with *Lloyd*, the Settlement moves all rate classes closer to a system average return based Duquesne Light's class cost of service study.

In addition, in considering the *Lloyd* decision, it is important to recognize that *Lloyd* did not overturn prior judicial precedent with regard to revenue allocation and the applicability of cost of service studies. When allocating revenues to the rate classes, the Commission is not required to adopt a single cost of service study or strictly allocate revenues according to the

---

<sup>3</sup> Parties did not necessarily support a percentage scale back of the Company's proposed allocations to the classes if less than the full increase was granted.

study's results. In *Executone of Philadelphia, Inc. v. Pa. P.U.C.*, 52 Pa. Cmwlth. 74, 79, 415 A.2d 445, 448 (1980), the Court stated as follows:

[T]here is no single correct cost study or methodology that can be used to answer all questions pertaining to costs; there are only appropriate and inappropriate cost analyses depending upon the type of service under study and the management and regulatory decision in question.

Likewise, in *Peoples Natural Gas Co. v. Pa. P.U.C.*, 47 Pa. Cmwlth. 512, 409 A.2d 446, 456 (1979), ("*Peoples*"), the Court stated as follows with respect to rate design:

. . . there is no set formula for determining proper ratios among the rates of different customer classes. *Natona Mills v. Pennsylvania Public Utility Commission*, 179 Pa. Super. 263, 116 A.2d 876 (1955). What is reasonable under the circumstances, the proper difference among rate classes, is an administrative question for the commission to decide. This court's scope of review is limited.

In addition, the Commission has broad discretion in establishing a rate structure. In *Peoples*, the Court also stated:

It is well settled that the establishment of a rate structure is an administrative function peculiarly within the expertise of the Commission. *Pittsburgh v. Pennsylvania Public Utility Commission*, 168 Pa. Super. 95, 78 A.2d 35 (1951). Further, this court has continually recognized that the findings of the Commission, if supported by competent evidence, will not be disturbed. *United States Steel Corp. v. Pennsylvania Public Utility Commission*, 37 Pa. Cmwlth. 173, 390 A.2d 865 (1978); *Philadelphia Suburban Transportation Co. v. Pennsylvania Public Utility Commission*, 3 Pa. Cmwlth. 184, 192-94, 281 A.2d 179, 185 (1971).

*Peoples*, 47 Pa. Cmwlth., *supra* at 533, 409 A.2d at 456.

As *Lloyd* and the other cases cited above demonstrate, the Commission retains considerable discretion in designing rates, is not required to follow any particular cost of service study, and can consider other factors, including gradualism, in designing just and reasonable rates. The agreed to revenue allocation under the Settlement provides movement towards cost of

service for all rate classes under Duquesne Light's class cost of service study and is within the range of parties' positions in this proceeding. As such, the Settlement's proposed revenue allocation is fully consistent with the *Lloyd* decision and other relevant precedent regarding revenue allocation.

## **2. Rate Design**

In this proceeding, the Company proposed to increase its Residential customer charge from \$7.00 per month to \$15.00 per month. (Duquesne Light St. No. 12, p. 8.) The Company's proposed \$15.00 residential customer charge was less than the direct monthly residential fixed customer costs of \$17.02 presented in the Company's customer cost analysis. (Exhibit 6-2C, p. 1.)

I&E and OCA opposed the Company's proposed residential customer charge of \$15.00 per month. I&E proposed a residential customer charge of \$11.85 per month. (I&E St. No. 4-SR, p. 19.) OCA proposed a residential customer charge of no more than \$8.00 per month. (OCA St. No. 3, p. 40.)

The Settlement adopts a residential customer charge of \$10.00 per month. While Duquesne Light believes that its cost of service study supports a higher residential customer charge, Duquesne Light was willing to compromise and agree to a \$10.00 per month charge.

As to other customer charges, Duquesne Light has generally scaled back the proposed increase to the customer charges by the same percentage scale back to the originally proposed rate class revenue increase. Duquesne Light believes that this is a reasonable way to address parties' customer charge issues in this proceeding.

## **3. LED Street Light Pilot Program**

In this proceeding, Duquesne Light proposed to adopt Light Emitting Diode ("LED") street lighting rates. (Duquesne Light St. No. 12, p. 17.) Under Duquesne Light's tariff, the

Company pays for and installs the majority of street lights in its service territory. Therefore, the majority of street lighting rates, including LED street lighting rates, are designed to recover the costs of the street lighting fixture, installation costs and maintenance costs for the light.

LED street lights are a relatively new technology. (Duquesne Light St. No. 12-SR, pp. 7-8.) As a result, there is considerable uncertainty at this time regarding the life of the LED street lights. In addition, LED street lights use considerably less energy than their High Pressure Sodium (“HPS”) equivalents. However, the cost of the LED fixture is much more expensive than the equivalent HPS fixture. (Duquesne Light St. No. 12-SR, p. 7.)

In order to develop its LED street light rates, the Company conducted an RFP process to determine the costs of the LED fixtures. (Duquesne Light St. No. 12-SR, p. 7.) The Company’s LED street lighting rates were developed using the costs bid in the RFP. In this proceeding, PennFuture submitted testimony regarding LED street lights. It was PennFuture’s assertion that Duquesne Light’s proposed LED street lighting rates were too high. (PennFuture St. No. 1, p. 5.)

Duquesne Light and PennFuture worked collaboratively to reach a compromise of their respective positions. Under the Settlement, the Joint Petitioners have agreed that Duquesne Light will adopt a LED Street Light Pilot Program. Under the Pilot Program, Duquesne Light will work with interested municipalities to install up to a total of 1,500 LED lights per year at nominal lamp wattages of 43 or 106 watts, which are the 70 watt and 150 watt HPS equivalents, respectively, under Rate SM. The distribution rates for these LED lights will be \$11.16 per month and \$12.82 per month, respectively, which are a reduction of the LED rates for these wattages proposed by the Company.

Duquesne Light will work with interested municipalities to implement the Pilot Program. There are certain rules and conditions for the Pilot Program that are further set forth in the

Settlement Petition. Duquesne Light also has agreed to certain reporting obligations for the Pilot Program to assist the parties in determining the program benefits.

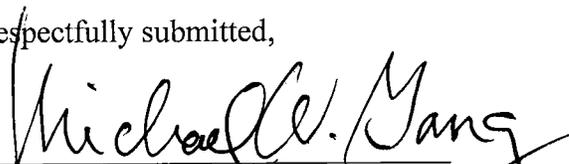
Duquesne Light believes that the LED Pilot Program advances the interests of all interested parties. Under the Pilot Program, the LED street lighting rates for the two wattage sizes are decreased from the rates initially proposed by the Company which should encourage participation in the Pilot Program. The Pilot Program provides a cap on the number of LED installations that is sufficient to allow all interested municipalities to participate during the pilot period which runs from the effective date of rates in this proceeding until the end of the future test year in the Company's next base rate proceeding. Most importantly, the Pilot will allow Duquesne Light, municipalities and PennFuture to obtain information on LED street light costs and performance to set appropriate rates in future proceedings. The Pilot Program provides for reporting requirements to allow interested parties to evaluate the program benefits. The Pilot Program allows interested municipalities to test LED street lights to determine their effectiveness. The Pilot Program also provides the opportunity for energy savings due to lower energy usage for LED fixtures.

### III. CONCLUSION

This Settlement is the result of detailed examination of Duquesne Light's proposed rate increase, extensive discovery by numerous parties, multiple rounds of testimony and reasonable compromise by knowledgeable Joint Petitioners. Duquesne Light believes that a fair and reasonable compromise has been achieved in this case. Duquesne Light fully supports this Settlement and respectfully requests that Administrative Law Judge Conrad A. Johnson recommend and the Pennsylvania Public Utility Commission approve the Settlement without modifications.

Robert H. Hoaglund (ID # 313383)  
Tishekia E. Williams (ID # 208997)  
Duquesne Light Company  
411 Seventh Avenue, 16<sup>th</sup> Floor  
Pittsburgh, PA 15219  
Phone: 412-393-1058  
Phone: 412-393-1541  
Fax: 412-393-5757  
E-mail: [rhoaglund@duqlight.com](mailto:rhoaglund@duqlight.com)  
E-mail: [twilliams@duqlight.com](mailto:twilliams@duqlight.com)

Respectfully submitted,



Michael W. Gang (ID # 25670)  
Anthony D. Kanagy (ID # 85522)  
Christopher T. Wright (ID # 203412)  
Post & Schell, P.C.  
17 North Second Street  
12<sup>th</sup> Floor  
Harrisburg, PA 17101-1601  
Phone: 717-731-1970  
Fax: 717-731-1985  
E-mail: [mgang@postschell.com](mailto:mgang@postschell.com)  
E-mail: [akanagy@postschell.com](mailto:akanagy@postschell.com)

David B. MacGregor (ID # 28804)  
Post & Schell, P.C.  
Four Penn Center  
1600 John F. Kennedy Boulevard  
Philadelphia, PA 19103-2808  
Phone: 215-587-1197  
Fax: 215-320-4879  
E-mail: [dmacgregor@postschell.com](mailto:dmacgregor@postschell.com)

Date: January 16, 2014

Attorneys for Duquesne Light Company

# Attachment 1

**TABLE NO. 1**

**Duquesne Light Company  
Rate Class Revenue Increase at Settlement Revenue Allocation (\$000'S)  
Docket No. R-2013-2372129**

A	B	C		D			E			F			G		
		Proposed Increase Range of Party Positions						Settlement Compared to Proportional Scaleback							
	Rate Class	Low	High	Low	High	Low	Settlement	High	Low	Settlement	High	Low	Settlement	High	
		See Note 1	See Note 2	See Note 3	See Note 3	See Note 3			See Note 3			See Note 3			
Residential	RS	39,700	55,999	24,983	31,208	35,239									
	RH	3,845	4,627	2,420	2,589	2,912									
	RA	452	889	284	293	559									
Small & Medium C&I	GS	1,530	4,713	963	1,179	2,966									
	GM<25/GMH	3,379	4,930	2,126	2,727	3,102									
	GM>25	4,927	10,288	3,100	5,069	6,474									
Large C&I	GL / GLH	5,462	12,565	3,437	6,233	7,907									
	L	(800)	2,967	(503)	0	1,867									
	HVPS	(723)	0	(455)	(126)	0									
Lighting	SE	(358)	0	(225)	(178)	0									
	SL	(1,541)	0	(970)	(788)	0									
	UMS	(601)	0	(378)	(204)	0									
	Total				48,000										
	Requested Increase		76,277												
	Settlement Increase		48,000												
	Scaleback		-37%												

Note 1 Column C does not add up to the Company's proposed increase because this column reflects a combination of different parties' positions regarding the revenue increase or decrease to be allocated to each rate schedule at the full proposed increase. Please see OCA St. No. 3, p. 36 and Schedule GAW-4, for the revenue allocation amounts for Rate Schedules RS, RH, RA and GS. Please see OSBA St. No. 1 Schedule BK-4 for the revenue allocation amounts for Rate Schedules GM<25/GMH. Please see DII St. No. 1, Exhibit JP-1, Schedule 5 for the revenue allocation amounts for Rate Schedules GM>25, GL/GLH, L, HVPS, SE, SL and UMS.

Note 2 Column D does not add up to the Company's proposed increase because this column reflects a combination of different parties' positions regarding the revenue increase or decrease to be allocated to each rate schedule at the full proposed increase. Please see DII St. No. 1 Exhibit JP-1, Schedule 5 for the revenue allocation amounts for Rate Schedules RS, RH, RA and GS. Please see OCA St. No. 3, p. 36 and Schedule GAW-4 for the revenue allocation amounts for all other rate schedules under Column D.

Note 3 Columns E and G do not add up to \$48 million because these columns reflect a scaleback of different parties' positions regarding the revenue increase or decrease to each rate schedule. It is noted that Parties did not endorse a straight scale back of their positions at the Settlement Increase.

TABLE NO. 2

**Duquesne Light Company  
Rate Class Revenue Increase at  
Settlement Revenue Allocation (\$000'S)  
Docket No. R-2013-2372129**

A	B	C	D
	<u>Rate Class</u>	Increase at Company Scale Back <u>Proposal</u> See Note 1	<u>Settlement</u>
Residential	RS	30,593	31,208
	RH	2,538	2,589
	RA	287	293
Small & Medium C&I	GS	1,155	1,179
	GM<25/GMH	2,673	2,727
	GM>25	4,969	5,069
Large C&I	GL / GLH	5,767	6,233
	L	1,314	0
	HVPS	(126)	(126)
Lighting	SE	(178)	(178)
	SL	(788)	(788)
	UMS	(204)	(204)
	Total	48,000	48,000

Note 1      See Company rejoinder testimony  
Statement No. 12-RJ, page 4.

# Appendix D



discussions, and as a result, have each agreed upon the terms embodied in the foregoing Settlement and thus are signatories thereto. As referenced in the foregoing Settlement Petition, other parties in this proceeding, including the Community Action Association of Pennsylvania (“CAAP”), Citizen Power, Inc. (“Citizen Power”), Interstate Gas Supply, Inc. (“IGS”), International Brotherhood of Electrical Workers, Local 129 (“IBEW”), and Beaver Falls Municipal Authority (“Beaver Falls”) have all indicated that they do not oppose the Settlement.

The only active party not joining or otherwise opposing the Settlement is NRG Midwest, NRG Energy Center Pittsburgh LLC, and Reliant Energy Northeast LLC (collectively “NRG”), who filed a Formal Complaint at Docket No. C-2013-2390562, and whose participation necessitated the conduct of a total of three days of evidentiary hearings.<sup>1</sup>

2. The Bureau of Investigation and Enforcement is charged by the Commission with the representation of the public interest in proceedings relating to rates, rate-related services, enforcement and a broad range of other types of proceedings affecting the public interest. Consequently, in negotiated settlements, it is incumbent upon I&E to ensure that the public interest is served and to identify and quantify to what extent such amicable resolution of any such proceeding serves the public interest. I&E respectfully submits that such responsibility has been met here by virtue of its resolute representation of the public interest throughout the conduct of this base rate proceeding.

---

<sup>1</sup> At the hearing on December 17, 2013, the ALJ consolidated the NRG Complaint with the instant base rate case.

3. I&E respectfully submits that the foregoing Settlement terms provide for an annual revenue increase that I&E considers to be just and reasonable and respectfully represents is in the public interest. The components of this settlement are not based upon any particular adjustments or ratemaking approach, unless otherwise specifically identified in the foregoing Joint Petition. Notably, the use of such a “black box” settlement has been resoundingly endorsed by Commission Chairman Robert F. Powelson in a Statement he issued on January 13, 2011, at consolidated Docket Nos. R-2010-2172662 and R-2010-2172665, where he states, in pertinent part, that he, “...will continue to support settlements, including those of a black box nature, enthusiastically. Determination of a company’s revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company’s cost of capital. To reach agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible. Black box settlements are an integral component of the process of delivering timely and cost-effective regulation.” *See*: January 13, 2011, Powelson Statement at consolidated R-2010-2172662 & R-2010-2172665.

4. By way of background, on August 2, 2013, Duquesne filed Supplement No. 81 to Duquesne Light's Tariff - Electric Pa. P.U.C. No. 24 ("Supplement 81") with the Commission, to be effective October 1, 2013, proposing changes designed to produce an increase in existing annual distribution revenues of approximately \$76.3 million, based upon data for a fully projected future test year ending April 30, 2015. As noted in the

filing, Duquesne provides electric utility service to approximately 588,000 customers in the Greater Pittsburgh region of Allegheny and Beaver Counties.

5. On August 9, 2013, I&E filed a Notice of Appearance at this docket. As previously noted, both OCA and OSBA are parties to this proceeding and like I&E, actively participated throughout the proceeding and were fully involved in the settlement negotiations with the Company and other parties that culminated in the foregoing Joint Petition.

6. By Order entered September 26, 2013, the Commission suspended the filing and instituted an investigation to determine the lawfulness, justness and reasonableness of the proposed rates, rules and regulations. Pursuant to 66 Pa. C.S.A. § 1308(d), the filing was suspended by operation of law until May 1, 2014, unless permitted by Commission Order to become effective at an earlier date. Said Order also specifically provided that the investigation include consideration of the lawfulness, justness, and reasonableness of the Company's existing rates, rules, and regulations.

7. This case was assigned to the Office of Administrative Law Judge ("OALJ") for the prompt scheduling of hearings and the subsequent issuance of a Recommended Decision. Also on September 26, 2013, the OALJ issued a Notice setting the Initial Telephonic Prehearing Conference for October 4, 2013. On the same date, assigned presiding Administrative Law Judge Conrad A. Johnson ("ALJ" or "ALJ Johnson") issued a Prehearing Conference Order advising the parties of the applicable procedural rules for the conference and directing each party to submit a Prehearing Conference Memorandum by October 2, 2013.

8. The Prehearing Conference was telephonically convened by ALJ Johnson as scheduled on October 4, 2013. I&E, the Company, OCA, OSBA, the Duquesne Industrial Intervenors, the International Brotherhood of Electric Workers, United States Steel Corporation, Citizen Power, Community Action Association of Pennsylvania, Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania, and Interstate Gas Supply participated at the Prehearing Conference. A number of Formal Complaints and rate protests had also been filed by individuals, none of whom appeared at the Prehearing Conference.

9. By separate Orders issued October 10, 2013, OALJ scheduled a Public Input Hearing for October 28, 2013 in the Borough of Green Tree building in Pittsburgh and scheduled evidentiary hearings for December 16, 17 and 20, 2013, in Harrisburg.

10. On October 22, 2013, ALJ Johnson issued his Second Prehearing Order that confirmed the litigation schedule, revised the Commission's discovery rules to expedite procedural time frames, listed counsel on the service list and also identified December 16, 17 and 20, 2013, as the dates for the conduct of the evidentiary hearings.

11. A Public Input Hearing was conducted by ALJ Johnson on October 28, 2013, in the service territory at the Borough of Green Tree municipal building in Pittsburgh. I&E Senior Prosecutor Shields and I&E Prosecutor Granger participated in the public input hearing, along with counsel for OCA, OSBA, CAUSE-PA and the Company. Approximately twenty customers attended the hearing and two customers provided their off-the-record comments and concerns about the rate hike request.

12. During the course of this proceeding, I&E submitted extensive formal and informal discovery to the Company and I&E counsel and assigned technical experts thoroughly analyzed the provided responses in order to develop a complete perspective and understanding of the intricacies of the many base rate issues.

13. Evidentiary hearings were subsequently conducted in Hearing Room 1 in Harrisburg as scheduled on December 16, 17 & 20, 2013, for the purposes of offering the respective parties' previously distributed testimonies and exhibits and to address issues sought to be included in the proceeding by NRG.<sup>2</sup> During the hearings, the ALJ granted Beaver Falls' Petition to Intervene. As a party, Beaver Falls has indicated that they do not oppose the granting of the Settlement Petition.

14. Prior to agreeing to the instant settlement, I&E, inter alia, performed the following actions, tasks and duties: (1) conducted a thorough review of the Company's filing, accompanying testimony and supporting information; (2) submitted discovery and analyzed the provided responses; (3) reviewed and analyzed the pre-filed testimonies and exhibits of other parties; (4) distributed the direct testimonies of the four assigned I&E

---

<sup>2</sup> As to the specific I&E testimony and exhibits entered into the record in this proceeding, for I&E Witness Emily Sears, Fixed Utility Financial Analyst, the Direct Testimony of Emily Sears was admitted by stipulation as I&E Statement No. 1; the Exhibit to Accompany the Direct Testimony of Emily Sears was admitted as I&E Exhibit No. 1; the Surrebuttal Testimony of Emily Sears was admitted as I&E Statement No. 1 SR; and the Exhibit to Accompany the Surrebuttal Testimony of Emily Sears was admitted as I&E Exhibit No. 1-SR. See Tr. p. 74.

For I&E Witness Jeremy Hubert, Fixed Utility Valuation Engineer, the Direct Testimony of Jeremy Hubert was admitted as I&E Statement No. 4; the Exhibit to Accompany the Direct Testimony of Jeremy Hubert was admitted by stipulation as I&E Exhibit No. 4; the Surrebuttal Testimony of Jeremy Hubert was admitted as I&E Statement No. 4 SR; and the Exhibit to Accompany the Surrebuttal Testimony of Jeremy Hubert was admitted as I&E Exhibit No. 4-SR. See Tr. p. 75.

For I&E Witness Susan Daub, Fixed Utility Financial Analyst, the Rebuttal Testimony of Susan Daub was admitted by stipulation as I&E Statement No. 5-R. See Tr. p. 76.

For I&E Witness Christine Wilson, Fixed Utility Financial Analyst - the Direct Testimony of Christine Wilson was admitted as I&E Statement No. 2; the Exhibits to Accompany the Direct Testimony of Christine Wilson were admitted as I&E Exhibit No. 2; the Surrebuttal Testimony of Christine Wilson was admitted during her appearance on the stand as I&E Statement No. 2-SR; and the Exhibits to Accompany the Surrebuttal Testimony of Christine Wilson were admitted as I&E Exhibit No. 2-SR. See Tr. p. 205.

technical experts; (5) actively participated in the subsequent settlement discussions among the parties; and (6) participated in the evidentiary hearings necessitated by certain issues raised by NRG.

15. For the record, I&E considers Commission approval of the terms and conditions of the foregoing Settlement to have the same effect as full and complete litigation and further recognizes that final resolution of this proceeding by approval of the Settlement will result in Commission-made rates.

16. I&E agrees that the terms and conditions of the Settlement are in the public interest for a number of reasons, including that the settlement:

- (a) provides for a level of annual operating revenues that I&E, as one of the Joint Petitioners, agrees is reasonable and lawful, specifically an increase in present annual operating revenue of \$48 million, as shown on the Proof of Revenues attached to the foregoing Joint Petition;
- (b) as to the many traditional ratemaking issues resolved by the Settlement, avoids the necessity of further administrative and possible appellate court proceedings, which would have been at substantial cost to the involved parties and the Company's ratepayers and thereby conserves time and expenses for all involved.<sup>3</sup>

17. I&E reiterates its thorough involvement and participation in all aspects of this major base rate proceeding and represents that any issues raised in the I&E Prehearing

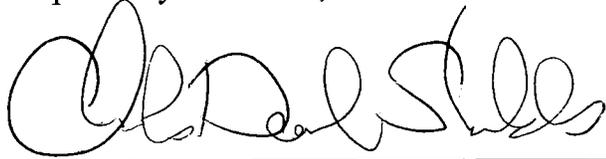
---

<sup>3</sup> As to the potential dismissal, removal or any other disposition of the non-settlement NRG issues raised in that Complaint, the background is reflected in the record and includes the facts that on November 12, 2013, in response to the existence of NRG's Complaint, Duquesne filed Preliminary Objections seeking to dismiss certain portions of NRG's Complaint. The ALJ Johnson denied Duquesne's Preliminary Objections on December 12, 2013. On December 13, 2013 Duquesne filed a separate Motion to Sever the Rider 18 portion of NRG's Complaint from this base rate proceeding. Further, on December 13, 2013, Duquesne filed a Petition for Interlocutory Review and Answer to Material Questions in response to ALJ Johnson's denial of Duquesne's Preliminary Objections. Any action by the Commission on the Petition for Interlocutory Review will be made pursuant to its regulation at 52 Pa. Code § 5.303. As to Duquesne's Motion to Sever, at the December 16, 2013, hearing, counsel for both I&E and OCA noted their support for the granting of the motion. The ALJ denied the motion at the hearing the following day. To date, Duquesne has not sought Commission review of the denial of the motion.

Memorandum not specifically addressed in the foregoing Joint Petition have been satisfactorily resolved through sufficient discovery responses or embodied in the consideration of the clear and definitive merit of joining in the negotiated Settlement with the other signatory parties.

18. For these reasons and those presented in the foregoing Joint Petition for Approval of Non-Unanimous Settlement, the Bureau of Investigation and Enforcement hereby asserts our full and complete support for the settlement terms and conditions as being in the public interest and therefore respectfully requests that Administrative Law Judge Conrad A. Johnson recommend, and the Commission subsequently approve without modification, the foregoing Joint Petition and the tariff supplements submitted therewith.

Respectfully submitted,



Charles Daniel Shields  
Senior Prosecutor  
PA Attorney I.D. No. 29363

Scott B. Granger  
Prosecutor  
PA Attorney I.D. No. 63641

Richard A. Kanaskie  
Deputy Chief Prosecutor  
PA Attorney I.D. No. 80409

Johnnie E. Simms  
Chief Prosecutor  
PA Attorney I.D. No. 33911

Bureau of Investigation and Enforcement

Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, Pennsylvania 17105-3265  
(717) 787-1976

Dated: January 17, 2014

# Appendix E

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	Docket No. R-2013-2372129
	:	
v.	:	
	:	
Duquesne Light Company	:	

---

STATEMENT IN SUPPORT  
OF SETTLEMENT ON BEHALF OF THE  
OFFICE OF CONSUMER ADVOCATE

---

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Approval of Non-unanimous Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

**I. INTRODUCTION**

On August 2, 2013, Duquesne Light Company (Duquesne, DLC or the Company) filed Supplement No. 81 to Tariff Electric - Pa. P.U.C. No. 24 (Supplement No. 81) at Docket No. R-2013-2372129. Duquesne is engaged in the business of furnishing electric utility service to approximately 588,000 customers in the greater Pittsburgh region, specifically in Allegheny and Beaver Counties.

The Company proposed to increase rates to produce additional annual operating revenues of approximately \$76.3 million, which was an overall increase of 17.6% in annual distribution revenues. Pursuant to Act 11 of 2012 (Act 11), the Company utilized a fully projected future test year in its filing. The Company's fully projected future test year ends on April 30, 2015, while

rates under the Company's filing were to become effective on October 1, 2013. By Order entered September 26, 2013, the Commission suspended the implementation of Supplement No. 81 until May 1, 2014, and instituted an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations proposed in Supplement No. 81.

On August 9, 2013, the Bureau of Investigation & Enforcement (I&E) filed a Notice of Appearance. On August 16, 2013, the OCA filed a Formal Complaint, Public Statement, and Notice of Appearance. On August 22, 2013, the Office of Small Business Advocate (OSBA) filed a Formal Complaint, Public Statement, and Notice of Appearance. Formal Complaints were also filed by the Duquesne Industrial Interveners (DII); Jacquelyn and Robert Miller; Gwendolyn L. LeVert; Aimee-Marie Dorsten; Connie Shiavo; and NRG Midwest, NRG Energy Center Pittsburgh LLC, and Reliant Energy Northeast LLC (collectively, NRG). Petitions to Intervene were filed by the International Brotherhood of Electrical Workers, Local 29 (IBEW); United States Steel Corporation (U.S. Steel); Citizen Power, Inc.; Community Action Association of Pennsylvania (CAAP); CAUSE-PA; Interstate Gas Supply, Inc. (IGS); Citizen's for Pennsylvania's Future (PennFuture); and Beaver Falls Municipal Authority (Beaver Falls). All petitions to intervene were granted. Rate protests were filed by various individuals.

The proceeding was assigned to Administrative Law Judge (ALJ) Conrad A. Johnson. A prehearing conference was held on October 4, 2013, and a litigation schedule was adopted. On November 1, 2013, the OCA submitted the direct testimonies of David J. Effron<sup>1</sup>, OCA

---

<sup>1</sup> Mr. Effron has been a utility regulation consultant for over thirty years, during which he has analyzed numerous electric, gas, telephone and water filings in various jurisdictions, including Pennsylvania. He is a Certified Public Accountant and has a Bachelors degree in Economics (with distinction) from Dartmouth College and a Masters in Business Administration from Columbia University. A more complete description of Mr. Effron's education and experience is provided in OCA Statement No. 1, Appendix 1.

Statement No. 1; Charles W. King<sup>2</sup>, OCA Statement No. 2; Glenn A. Watkins<sup>3</sup>, OCA Statement No. 3; and Roger D. Colton<sup>4</sup>, OCA Statement No. 4. On November 26, 2013, the OCA submitted the rebuttal testimonies of Glenn A. Watkins, OCA Statement No. 3-R, and Roger D. Colton, OCA Statement No. 4-R. On December 9, 2013, the OCA submitted the surrebuttal testimonies of David J. Effron, OCA Statement No. 1-SR; Charles W. King, OCA Statement No. 2-SR; Glenn A. Watkins, OCA Statement No. 3-SR; and Roger D. Colton, OCA Statement No. 4-SR. The testimonies of OCA witnesses King, Watkins and Colton were entered into the record by stipulation of the parties at the hearing on December 16, 2013. OCA witness Effron's testimony was entered into the record at the hearing on December 17, 2013.

Prior to the hearing, Duquesne, I&E, OCA, OSBA, CAUSE-PA, DII, PennFuture, and U.S. Steel (collectively the "Joint Petitioners") entered into a settlement in principle. Other parties, including CAAP, Citizen's Power, IGS, IBEW and Beaver Falls indicated that they would not oppose the Settlement. At hearings on December 16, 17, and 20, 2013, the issues raised by NRG were litigated, and NRG cross-examined I&E witness Wilson and OCA witness

---

<sup>2</sup> Mr. King is President Emeritus of Snavely King Majoros & Associates, Inc., an economic consulting firm that focuses on the study of rates, revenues and cost characteristics of regulated enterprises in the utilities, transportation and telecommunication industries. Mr. King has over 45 years' experience as a consultant and expert on the operations, costs and revenues of water, electric and telecommunications utilities, and has testified over 350 times before 40 state regulatory agencies and nine federal commissions. A more complete description of Mr. King's education and experience is provided in OCA Statement No. 2, Attachment A.

<sup>3</sup> Mr. Watkins is a Principal and Senior Economist with Technical Associates, Inc., an economics and financial consulting firm. Mr. Watkins has conducted marginal and embedded cost of service, rate design, cost of capital, revenue requirement, and load forecasting studies involving numerous electric, gas, water/wastewater, and telephone utilities, and has provided expert testimony in Alabama, Arizona, Georgia, Illinois, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Vermont, Virginia, South Carolina, Washington, and West Virginia. A more complete description of Mr. Watkins' education and experience is provided in OCA Statement No. 3, Schedule GAW-1.

<sup>4</sup> Mr. Colton is a Principal of Fisher Sheehan & Colton, Public Finance and General Economics in Belmont, Massachusetts. He provides technical assistance to public utilities and primarily works on low income utility issues. Mr. Colton has devoted his professional career to helping public utilities, community-based organizations and state and local governments design, implement and evaluate energy assistance programs to help low income households better afford their home energy bills. He has been involved with the development of the vast majority of ratepayer-funded affordability programs in the nation. A more complete description of Mr. Colton's education and experience is provided in OCA Statement No. 4, Appendix A.

Effron. Pursuant to the ALJ's Order entered October 22, 2013, and his direction at the hearing on December 20, 2013, the OCA filed a Main Brief on January 6, 2014, on the issue of burden of proof regarding NRG's Tariff Rider No. 18 issue. I&E also filed a Main Brief on the issue of burden of proof. DLC, NRG and Beaver Falls submitted Main Briefs on the issues of burden of proof and Tariff Rider No. 18. The Company also briefed the issue of revenue requirement in the context of an opposed settlement and NRG's non-Tariff Rider No. 18 issues regarding customer service. Reply Briefs are due on January 17, 2014. The OCA submits that the Settlement is in the public interest and should be approved without modification.

## **II. SETTLEMENT TERMS AND CONDITIONS**

Pursuant to the Commission's policy of encouraging settlements that are in the public interest, the Joint Petitioners held numerous settlement discussions. These discussions resulted in this Settlement.

The terms and conditions satisfactorily address issues raised in the OCA's analyses of Duquesne's filing. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. Therefore, the OCA submits that the Settlement is in the public interest. The OCA supports Commission approval of the Settlement without modification.

While the Settlement does not reach all the recommendations proposed by the OCA, the OCA recognizes that settlement is a product of compromise. The Commission encourages settlement, and to do so it must recognize the balance of compromises struck by settling parties. The OCA does not address all issues addressed by the Settlement in this Statement in Support. The OCA does not oppose terms and conditions not expressly addressed herein. The OCA urges the Commission to consider the Settlement as a whole. The OCA also looks to each party to

discuss how the Settlement's terms and conditions address their respective issues and how those parts of the Settlement support the public interest standard required for Commission approval.

**A. Revenue Requirement**

As stated above, in its filing the Company proposed to increase its annual operating revenues by approximately \$76.3 million. After reviewing the Company's filing and parties' direct and rebuttal testimonies, the OCA recommended an annual operating revenue increase of approximately \$18.4 million. OCA St. 1-SR at 2. I&E recommended that the Company receive an increase of approximately \$41.5 million. I&E St. No. 2-SR at 22. Under the Settlement, the Company will be permitted an increase in annual operating revenues of \$48 million. Settlement ¶ 28. The \$48 million increase in annual revenues includes the Company's customer count of 591,619 (DLC St. No. 3-R, Ex. JH-R), and expenses for pension and OPEB contributions, FOCUS costs, vegetation management, and will continue the Company's obligation regarding IRS repair deductions. The OCA submits that the Settlement, taken as a whole, is reasonable and in the public interest.

1. Annual Operating Revenue Increase (Settlement ¶ 28)

The Settlement provides for an overall distribution base rate increase of \$48.0 million, which is approximately \$28.3 million less than the rate increase amount originally requested by Duquesne. Consequently, the Settlement reflects a compromise on Duquesne's originally filed distribution revenue increase request of approximately \$76.3 million. The distribution rate increase in the Settlement reflects an increase in total annual distribution revenues of approximately 11% as compared to the Company's original request of a 17.6% increase in distribution revenues. The terms of the Settlement provide that the increase will go into effect

on May 1, 2014, the end of the suspension period per the Commission's Order entered September 26, 2013, at this docket.

This represents a "black box" settlement of all revenue requirement and return on equity issues, with the limited exceptions contained in the Settlement. Black box settlements provide timely resolution of disputes without the significant expense of prolonged litigation. The OCA submits that it is unlikely that the parties would have been able to reach consensus on each disputed accounting and ratemaking issue in this matter as policy and legal positions can differ widely.

Based on OCA's analysis of the Company's filing, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The increase is reasonable and, when accompanied by other important conditions contained in the Settlement, yields a result that is in the public interest.

2. Pension and OPEB (Settlement at ¶¶ 29, 30)

In its filing, DLC proposed to implement a Pension Rate Adjustment Mechanism. This proposed mechanism was a rider that would automatically adjust the amount of pension expense included in customer rates if the Company's actual pension contribution goes below the level of pension expense included in base rates. The mechanism could also adjust rates upwards if the Company's pension expense subsequently increases, but no higher than the amount initially included in base rates. See OCA St. No. 1 at 35.

In his direct testimony, OCA witness David J. Effron recommended rejection of Duquesne's proposed pension rate adjustment mechanism, explaining:

As a general rule, such mechanisms are not appropriate, in that they reduce incentive to control costs and entail elements of what is sometimes referred to as

single issue ratemaking. Further, such mechanisms detract from rate stability, in that rates can go down, then up, to reflect changes in the costs covered by the mechanisms. In addition, it is not clear that such a mechanism is even necessary, as the Company does not forecast significant reductions to its pension contributions until 2017, which may well be subsequent to the Company's next rate case.

OCA St. No. 1 at 35.

In the Settlement, the Company agreed to forego implementing a pension rate adjustment mechanism and, commencing in 2014, will deposit \$37.2 million per year into its pension trusts. Settlement ¶ 29. Half of this amount will be collected from customers as an expense, and the other half, net of accumulated deferred income taxes, will be capitalized. *Id.* The Settlement provides for a regulatory liability in the event that the Company collects more in rates than it contributes to its pension trust. *Id.* Ratepayers will receive the benefit of any remaining regulatory liability in DLC's next base rate case. *Id.* Also, specific accounting procedures and reporting requirements are outlined in the Settlement. Settlement ¶ 29. By January 31, 2015, Duquesne must provide a report and affidavit to the Commission and parties attesting to the actual contributions to pension trusts during the contribution year.

Under the Settlement, the Company also agrees to continue funding its OPEBs (Other Pension Employees Benefits) by depositing the full amount of annual costs calculated by the Company's actuary pursuant to ASC 715. Settlement ¶ 30. The Company's distribution rate allowance for OPEB will be approximately \$3,265,500, with 50%, or \$1,309,117, included in rates as the distribution expense component, and the remaining 50% to be capitalized on the Company's books. *Id.* The OCA notes that this provision has been carried forward from the settlement of the Company's 2010 base rate case at Docket No. R-2010-2179522.

The OCA submits that the pension contribution and OPEB provisions established through the Settlement are a reasonable compromise of the parties' positions and are consistent with

sound ratemaking principles. The Settlement also provides assurances that the Company will meet its pension and OPEB contribution requirements.

3. DSIC (Settlement ¶ 32)

The Settlement provides that the Company will not be entitled to include plant additions in any DSIC that it may request until eligible account balances exceed the levels projected by DLC at April 30, 2015. Settlement ¶ 32. The parties have not agreed on the projected additions that are included in the Company's rate base for ratemaking purposes; however, the parties have agreed to a starting point for DSIC recovery if the Company files for a DSIC. Stated otherwise, the Settlement clearly establishes the base level of plant investment that must be realized before any incremental expenditures can be recovered through a DSIC. The OCA submits that this provision provides more certainty with regard to the timing of implementation of a DSIC, should a DSIC be requested and approved for DLC.

4. Smart Meter Surcharge (Settlement ¶ 33)

Pursuant to the Commission's Order<sup>5</sup> in the Company's Act 129 Smart Meter proceeding, it was necessary to establish a return on common equity and capital structure for purposes of computing the Company's smart meter surcharge. For that purpose only, the Joint Petitioners agreed that Duquesne will use a common equity return rate of 10.0% and the capital structure proposed by the Company in this proceeding for its smart meter surcharge. Settlement ¶ 32. As per the Settlement, the 10% return on equity and capital structure ratios are limited solely to establishing DLC's smart meter surcharge for the three-year period following the implementation of rates from this proceeding or until the ratios are reset in the Company's next base rate proceeding, whichever is sooner. Id. This provision is the result of compromise and

---

<sup>5</sup> See Petition of Duquesne Light Company for Approval of Smart Meter Technology Procurement and Installation Plan, Docket No. M-2009-2123948, Order entered May 11, 2010.

does not reflect any Party's position with respect to the current cost of common equity or capital structure for Duquesne. Id. However, the OCA submits that this capital structure and return on equity is a reasonable resolution of this issue in the context of this Settlement.

5. Vegetation Management Expense (Settlement ¶ 34)

In its filing, Duquesne projected its spending on distribution related vegetation management to increase to \$15 million. Duquesne St. No. 4 at 30. OCA witness Mr. Effron recommended in his Direct Testimony that this expense be adjusted, stating: “[g]iven the magnitude of the increase being forecasted by the Company, I would describe the support provided by the Company as thin, at best.” OCA St. No. 1 at 26. In response to Mr. Effron's testimony, Duquesne witness Mr. Ward provided additional information supporting the Company's projected distribution vegetation management expense. See Duquesne St. No. 4-R at 1-9. Based on this additional information, Mr. Effron testified that he no longer recommended an adjustment to this expense, stating:

While Mr. Ward has provided additional information on the projected increases in vegetation management costs, I still believe that the increases being forecasted by the Company are less than certain. That being said, the increases in distribution vegetation management described by the Company are potentially beneficial to all parties. Therefore, if a satisfactory mechanism can be developed to enforce the commitments set out in Mr. Ward's Rebuttal Testimony, it is reasonable to include the Company's forecasted distribution vegetation management cost in its FPFTY operation and maintenance expenses. Accordingly, I am no longer proposing an adjustment to the Company's forecast of FPFTY distribution vegetation management expense.

OCA St. No. 1-SR at 14.

Under this Settlement, Duquesne commits to spend \$15 million per year on distribution system vegetation management for three years commencing May 14, 2014. Settlement ¶ 33. Additionally, the Company will annually report to the Commission, I&E, OCA and OSBA regarding its annual vegetation management spending for each year. Id. The OCA submits that

this provision in the Settlement guarantees that the Company will commit the full \$15 million to vegetation management which will provide reliability benefits to the system. The OCA submits that this provision is reasonable and in the public interest.

6. Reporting (Settlement ¶ 35)

Under the Settlement, the Company has agreed to file a Total Company and Pennsylvania jurisdictional report showing its capital expenditures, plant additions and retirements for the FPFTY. Settlement ¶ 35. Further, the Company will also provide in its next base rate proceeding a comparison of actual expenses and rate base additions for the twelve months ending April 30, 2015, to its projections in this case. *Id.* The OCA submits that this provision is in the public interest because it is consistent with Section 315, 66 Pa. C.S. § 315(e), which states that whenever a utility utilizes a fully projected future test year as the basis for its rate increase, the utility shall provide appropriate data evidencing the accuracy of the estimates of its FPFTY. This reporting requirement will permit parties to compare the accuracy of DLC's projections in this matter to its actual expenditures.

7. FOCUS Costs (Settlement ¶ 36)

The Settlement reflects the Commission's Order entered on January 9, 2014, at Docket No. M-2009-2123948, approving DLC's Petition requesting that FOCUS project costs, exclusive of costs that have been previously recovered through the Company's smart meter surcharge, be recovered in base rates. The revenue requirement agreement reached in this Settlement includes the projected FOCUS costs and Information Technology development expenses. All other smart meter costs will be recovered in the Company's smart meter surcharge.

8. IRS Repair Allowance (Settlement ¶ 37)

The Company has agreed to continue its obligation regarding IRS rules for repair allowance deductions. Under the Settlement, the Company agrees to the following:

Consistent with the Company's normalization treatment of its IRS repair allowance approved in the Company's last base rate proceeding, if the Company implements a change in income tax accounting for its 263A mixed service costs ("MSC") as permitted under IRS guidance, the Company will record the "catch up" reduction to its income tax liability in account 282 on its regulated books of account. The "catch up" adjustment represents the refund for the cumulative effect of the election to change a method of accounting, also referred to as the IRC Section 481(a) adjustment. This will increase the ADIT which results in a decrease to rate base. MSC are general and administrative costs that are allocable to activities related to self-constructed assets and inventory and must be partially capitalized under IRC Section 263A rather than deducted for tax purposes. The MSC allocation and capitalization amounts differ for book and tax purposes, resulting in the acceleration of tax deductions. Also consistent with its tax repairs accounting method, the Company will normalize the annual IRC 263A deductions for federal income tax purposes which result in a different book versus tax basis on self-constructed assets. Finally, the Company will reflect all adjustments to the foregoing as a result of IRS adjustments originally claimed by the Company in account 282 on its regulated books of account for reporting and ratemaking purposes as adjustments occur. It is understood that any subsequent adjustments by the IRS could increase or decrease the amounts recorded in account 282 on the Company's regulated books of account and thereby increase or decrease the ADIT deducted from rate base.

These provisions have been carried forward from settlement of the Company's 2010 base rate case at Docket No. R-2010-2179522. The OCA submits that this provision will continue to adequately preserve the economic value of the deductions for customers and therefore, should be accepted by the Commission.

**B. Revenue Allocation and Rate Design**

1. Revenue Allocation (Settlement ¶ 42, Appendix B)

In its filing, Duquesne proposed to allocate \$53.1 million of its proposed \$76.3 million revenue increase request to residential customers. The Company's proposed allocation resulted in a 23.7% increase to the Rate RS class on a distribution-only basis. OCA St. 3 at 37, Table 16.

OCA witness Glenn A. Watkins reviewed the Company's revenue allocation proposal and the Company's cost of service study (COSS) upon which the Company's allocation was based. The OCA contested the Company's COSS in this matter and Mr. Watkins submitted his own COSS. See OCA St. 3, Table 12. Based on his COSS, Mr. Watkins recommended that the residential class be allocated approximately \$44 million of the Company's proposed increase with a proportional scaleback should an increase of less than \$76.3 million be authorized. Under Mr. Watkins' proposed allocation, the Rate RS class would receive a 19.35% distribution increase as compared to the Company's proposed 23.7% distribution rate increase. The RH class would receive a 22.72% increase, and the RA class would receive a 27.27% increase on a distribution-only basis. OCA St. 3 at 37-38, Table 16. In addition to the Company and the OCA, OSBA and DII also submitted allocation recommendations in their direct testimonies based on the results of their cost of service studies. The allocation proposals varied widely.

Based on the OCA's review of the cost of service studies presented in this proceeding and the varying revenue allocation proposals presented by other parties, the OCA views the Settlement to be within the range of reasonable outcomes that would result from the full litigation of this case. As Mr. Watkins explained in testimony:

[...] different cost studies conducted for the same utility and time period can, and often do, yield different results. As such, regulators should consider CCOSS only as a guide, with the results being used as one of many tools to assign class revenue responsibility. Given the subjectivity, and imprecise nature of every cost allocation study, other factors that should be considered and utilized include: gradualism, equity and fairness, existing price differential across rates and classes; conservation; and perhaps, economic development as well as risk differentials.

OCA St. No. 3 at 5. Under the Settlement, the Company will be permitted an approximate 11% increase in distribution revenues. Under the Settlement, Rate RS will receive an approximate 15.2% increase on a distribution basis, the RH class will receive a 15.3% increase, and the RA class will receive a 17.7% increase. The Settlement should alleviate the impact of this rate

increase on residential customers. The OCA submits that the revenue allocation is reasonable, and in the public interest, and should be approved.

2. Residential Rate Design (Settlement ¶ 43)

In its filing, DLC proposed increasing the monthly customer charge for Rates R, RH and RA from \$7.00 to \$15.00, an \$8.00 increase. See Duquesne St. 12 at 8. The OCA recommended that the customer charge for the residential rate class increase by no more than \$1.00. See OCA St. No. 3 at 40. I&E recommended that the customer charge for the residential class increase to \$11.85 per month. See I&E St. No. 4 at 24. Under the Settlement, Duquesne's monthly residential customer charge for rates R, RH and RA will increase to \$10.00, which is an increase of \$3.00 as opposed to the \$8.00 increase the Company requested. The OCA submits that this is a reasonable compromise between the Company's request and the OCA's and I&E's recommendations.

The OCA submits that the residential rate design established in the Settlement is reasonable and consistent with sound ratemaking principles. These rate design changes result in a customer charge that is substantially below the charge originally proposed, and the charge is within the range of the likely outcomes in the event of full litigation of the case. Additionally, by not unduly increasing the customer charge and reflecting costs in the commodity charge, customers have increased incentive to conserve, a benefit that is not realized through high fixed customer charges.

**C. Universal Service and Customer Service (Settlement ¶¶ 38-41)**

1. Red Flag Plan and Identity Theft Prevention (Settlement at ¶¶ 40, 41)

The Settlement addresses the concerns raised by OCA witness Roger D. Colton regarding the privacy and security of customer data collected by the Company. Specifically, Mr. Colton

focused on the Company's use of customers' social security numbers (SSNs) and the potential for identity theft stemming from that use. See OCA St. 4 at 25-26. Mr. Colton made several recommendations on how Duquesne could better protect its customers' personal information. Under the Settlement, the Company agrees to implement two of Mr. Colton's recommendations: First, the Company agrees to refresh its Red Flag Plan<sup>6</sup> and provide copies to interested parties within six months after the conclusion of these proceedings. Settlement ¶ 40. The Company also agrees to no longer require SSNs as a prerequisite for enrollment into its Customer Assistance Program (CAP), as well as to notify CAP applicants that SSNs are no longer required for CAP participation. Settlement ¶ 41. The OCA submits that implementing these recommendations should help minimize the risk of identity theft.

2. Storm Communications (Settlement at ¶ 39)

This Settlement also addresses the OCA's concerns with the Company's storm-related customer communications. These concerns were raised by OCA witness Colton. Mr. Colton made a number of recommendations to the Company regarding how it could improve its storm-related communications with customers. Mr. Colton, for example, recommended that the Company "[d]evelop a process for notifying or treating residential customers with documented medical needs;" "[d]evelop procedures that would allow the Company to work with local social service providers and local officials to notify them of medically needy customers who may be without service for extended periods of time and develop a partnership with these providers to help serve these customers during an outage;" and "[d]evelop culturally-appropriate, multi-lingual media messaging during DLC's storm events, along with multi-lingual capacity for non-English speaking customers to contact the Company through its IVR system." OCA St. No. 4 at 17-18. Under the Settlement, the Company agrees to initiate a collaborative with interested

---

<sup>6</sup> A "Red Flag Plan" is a written identity theft prevention program designed to detect identity theft.

parties within six months of the conclusion of this proceeding to discuss its communications with customers during storm events. Settlement ¶ 39. The OCA submits that communications with customers during storm events is a safety issue, and as such, a collaborative to continue discussions on the issue of improving storm-related communications with customers is in the public interest. At the conclusion of the collaborative, Duquesne agrees to provide the interested parties with any updates to its plan on storm communications. Settlement ¶ 39.

3. Maximum CAP Credits (Settlement at ¶ 38)

Under the Settlement, the Company also agrees to increase the maximum CAP credits for non-heating customers from \$560 per year to \$700 per year and for heating customers from \$1,400 per year to \$1,800 per year, effective January 1, 2015. Settlement ¶ 38. In this proceeding, CAUSE-PA raised concern with the Company's maximum CAP credits and recommended that the Company aggregate maximum CAP credits or, in the alternative, increase the maximum CAP credits based on the change in the Consumer Price Index since 1992. CAUSE-PA St. No. 1 at 24. In response, I&E recommended that CAUSE-PA's recommendations to aggregate CAP credits or increase the maximum CAP credit based on the Consumer Price Index be denied (I&E St. No. 5-R at 4-9), but proposed that the Company's maximum CAP credits be increased to \$700 for non-heating and \$1,800 for heating customers (See I&E St. No. 5-R at 9). The OCA agreed with CAUSE-PA regarding aggregating CAP credits and disagreed with CAUSE-PA's alternative recommendation for the Company to increase the maximum CAP credits based on the Consumer Price Index. See OCA St. No. 4-R at 1-6. The OCA, however, submits that increasing the maximum CAP credit to \$700 for non-heating customers and \$1,800 for heating customers is a reasonable compromise between the parties and is in the public interest.

4. LIURP (Settlement at ¶ 38)

Under the Settlement, the Company also agrees to increase its annual LIURP target from 2,555 homes to 3,100 homes in the years 2014 through 2017, and will amend its Universal Service and Energy Conservation Plan for 2014 to 2016, filed at Docket No. M-2013-2350946, to reflect this change. Settlement ¶ 38. The OCA submits that this provision is in the public interest, as increasing the Company's annual LIURP targets for 2014 through 2017 brings the Company's annual LIURP target closer to the Company's average annual LIURP target of 3,663 homes from 2008 through 2012<sup>7</sup>.

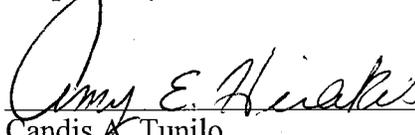
---

<sup>7</sup> See Duquesne Light Company Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code §§ 54.74, Docket No. M-2013-2350946, Tentative Order entered December 19, 2013. Tentative Order at 32.

### III. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement of this rate investigation, taken as a whole, represent a fair and reasonable resolution of the issues and claims arising in this proceeding and addressed in the Settlement. Therefore, the OCA submits that the Settlement should be approved by the Commission without modifications as in the public interest.

Respectfully submitted,



Candis A. Tunilo  
Assistant Consumer Advocate  
Attorney I.D. # 89891  
CTunilo@paoca.org

David T. Evrard  
Assistant Consumer Advocate  
Attorney I.D. #33870  
DEvrard@paoca.org

Amy E. Hirakis  
Assistant Consumer Advocate  
Attorney I.D. # 310094  
AHirakis@paoca.org

Counsel for:  
Tanya J. McCloskey  
Acting Consumer Advocate

Office of Consumer Advocate  
555 Walnut Street  
5th Floor, Forum Place  
Harrisburg, PA 17101-1923  
Phone: (717) 783-5048  
Fax: (717) 783-7152

January 16, 2014

178121

---

## Appendix F

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>PENNSYLVANIA PUBLIC UTILITY COMMISSION</b>	:	
	:	
v.	:	<b>DOCKET NO. R-2013-2372129</b>
	:	
<b>DUQUESNE LIGHT COMPANY</b>	:	

---

**OFFICE OF SMALL BUSINESS ADVOCATE  
STATEMENT IN SUPPORT OF THE  
JOINT PETITION FOR SETTLEMENT**

---

**I. Introduction**

The Office of Small Business Advocate (“OSBA”) is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50) to represent the interests of small business consumers as a party in proceedings before the Pennsylvania Public Utility Commission (“Commission”).

**II. Filing Background**

On or about August 13, 2013, Duquesne Light Company (“Duquesne” or the “Company”) filed Supplement No. 81 to Tariff Electric-Pa. P.U.C. No. 24 with the Commission. The Company’s filing requested an additional \$76.3 million in annual distribution rate revenue with a return on equity of 11.25%.

On August 22, 2013, the OSBA filed a Complaint and a Public Statement against the proposed increase. On September 26, 2013, the Commission entered an Order at this

---

docket which suspended the proposed increase for investigation. As a result, the filing was suspended by operation of law through May 1, 2014.

A pre-hearing conference, at which a procedural schedule was established, was held on October 4, 2013. The OSBA, and other parties, filed Direct Testimony on November 1, 2013. Specifically, the OSBA filed the Direct Testimony of its witness, Brian Kalcic. Rebuttal Testimony was filed by the OSBA and other parties on November 26, 2013. Surrebuttal Testimony was filed by the OSBA and other parties on December 9, 2013.

The OSBA participated in the negotiations that led to the Joint Petition for Approval of Non-Unanimous Settlement (“Settlement”) and is a signatory to the Settlement. The OSBA submits this statement in support of the Settlement.

### **III. OSBA’s Principal Concerns**

In its Complaint, Prehearing Memorandum, and testimony, the OSBA identified several issues of concern, including the following:

1. Whether the Company’s proposed 11.25% Return on Equity is excessive;
2. Whether the Company’s jurisdictional and class cost-of-service methodologies are appropriate;
3. Whether Duquesne is proposing to recover its capitalized Information Technology costs associated with its CAP customer shopping program from the appropriate rate classes; and
4. Whether the Company’s proposed class revenue allocation, general service small (GS) and general service medium (GM) rate designs are cost based.

---

#### **IV. Settlement**

The Settlement sets forth a comprehensive list of issues which were resolved through the negotiation process. This statement outlines the OSBA's specific reasons for concluding that the Settlement is in the best interests of small business customers.

##### **A. Distribution Revenue Requirement**

In its initial filing, Duquesne proposed a distribution revenue increase of \$76.3 million per year.<sup>1</sup> In the Settlement, Duquesne has agreed to a revenue increase of \$48 million per year.<sup>2</sup> At a time when all types of utility service are becoming more expensive, the significant (37.1%) reduction in the Company's requested distribution revenue increase provided by the Settlement will benefit Duquesne's small business customers.

##### **B. Class Revenue Allocation**

In its filing, Duquesne identified two specific objectives that guided the development of the Company's proposed revenue allocation: 1) each rate class should be moved closer to full cost of service, as determined by the Company's class cost-of-service study ("COSS"), subject to the condition that 2) no individual rate class should receive an increase greater than 1.5 times the Company's requested system average increase in distribution revenue (so as to limit customer impacts).<sup>3</sup>

However, as noted by Mr. Kalcic in his direct testimony, Duquesne's proposed revenue allocation was problematic, in part because the Company proposed to assign an aggregate decrease of \$2.1 million to the HVPS, SE, SL and UMS rate classes. As a

---

<sup>1</sup> Duquesne Statement No. 11 at 10.

<sup>2</sup> Settlement, Para. 28.

<sup>3</sup> OSBA Statement No. 1 at 4.

---

result, the aggregate revenue increase required of the Company's remaining rate classes at proposed rates was \$78.4 million (\$76.3 million plus \$2.1 million).

In an effort to move all classes closer to cost and to avoid rate decreases, Mr. Kalcic first proposed an alternative allocation of the distribution rate increase at the Company's full revenue requirement. Mr. Kalcic began by assigning each class its cost-based increase calculated by using the Company's COSS. Second, he adjusted those results to prevent any class from receiving an increase that was greater than 1.5 times the system average increase and to prevent any class from receiving a rate decrease.<sup>4</sup> Lastly, Mr. Kalcic assigned the \$1.0 million shortfall (identified in his second step) to the GS/GM (<25 kW), GS/GM (≥25 kW), GMH, GL and L classes in proportion to their respective class subsidies at present rates. The OSBA's initial revenue allocation (shown in column 2 of Schedule BK-4) reflects the allocation at the Company's full requested revenue increase of \$76.3 million.

In rebuttal testimony, the Company revised its COSS to reflect certain modifications and corrections.<sup>5</sup> Therefore, in surrebuttal, Mr. Kalcic updated his revenue allocation recommendation to reflect the Company's modifications to its COSS, but he applied the same parameters as he did in his direct testimony. Mr. Kalcic's updated revenue allocation is set forth in Schedule BK-2S of his surrebuttal testimony.

Table 1 (below) compares the parties' adjusted proposed increases for the small business classes to the small business increases provided by the Settlement.

---

<sup>4</sup> OSBA Statement No. 1 at 7 and Schedule BK-4.

<sup>5</sup> Duquesne Statement No. 11R at 3-4.

**Table 1**  
 Comparison of Parties' Proposed GS/GM Increases at  
 Settlement Revenue Level to Settlement Increases 1/  
 (\$000)

<i>Class</i>	<i>Per</i>						
	<i>Settlement</i>	<i>DLC</i>	<i>OSBA</i>	<i>OCA</i>	<i>DII</i>	<i>I&amp;E</i>	<i>USS</i>
GS	\$1,179	\$1,155	\$1,155	\$963	\$4,444	\$1,836	\$1,347
GM<25 kW	\$1,952	\$1,914	\$1,401	\$2,146	\$2,317	\$1,708	\$1,531
GM≥25 kW	\$5,069	\$4,969	\$3,315	\$6,473	\$4,646	\$3,964	\$4,218
GMH	<u>\$775</u>	<u>\$760</u>	<u>\$773</u>	<u>\$957</u>	<u>\$1,155</u>	<u>\$812</u>	<u>\$662</u>
TOTAL	\$8,975	\$8,798	\$6,644	\$10,539	\$12,562	\$8,320	\$7,758

Source: Settlement at Appendix B, page 1 and Schedules BK-1R & BK-2R.

1/ Parties' positions shown in Sch. BK-2R scaled to reflect overall settlement increase of \$48.0 million.

As shown in Table 1, the settlement increases for the small business classes reflect a compromise among the parties, particularly with respect to the litigation positions of the OSBA, OCA and DII. Had the Commission given equal weight to those positions, the overall increase to the small business classes (assuming an overall increase of \$48.0 million) would have been (the sum of \$6.644 million plus \$10.539 million plus \$12.562 million, divided by 3 or) \$9.915 million, which is \$0.940 million or 10.5% greater than provided by the Settlement. As a result, the OSBA concludes that the Settlement revenue allocation provides meaningful benefits to small business customers.

### C. GMH Rate Design

Currently, Duquesne serves over 97% of its customers on three rate schedules, *i.e.*, Rate RS-Residential Service, Rate RH-Residential Service Heating, and Rate GS/GM-General Service Small and Medium.<sup>6</sup> As Mr. Kalcic testified, Rate GMH is available to commercial and industrial space heating customers (that would otherwise

<sup>6</sup> OSBA Statement No. 1 at 3.

---

qualify for service on Rate GS/GM), where heating load compromises at least 25% of a customer's total electric energy requirement during the heating season. Presently, Rate GMH contains a customer charge, a seasonally-differentiated energy charge and a demand charge that applies only during the summer months.<sup>7</sup> While the Company's stated intent was to maintain its existing GMH distribution rate structure at the conclusion of this case, its proposed GMH rate design did not truly maintain the rate structure.<sup>8</sup>

As Mr. Kalcic testified, Duquesne's proposed GMH customer charge (\$60 per month) did not equal its proposed GS/GM (<25kW) customer charge (\$50 per month) as it would have under the Company's current GMH rate structure. Alternatively, in order to maintain the current GMH rate structure and mitigate the bill impacts experienced by smaller GMH users, Mr. Kalcic recommended that the Commission direct the Company to set its Rate GMH customer charge at \$50 per month, and recover the resulting revenue shortfall in the GMH winter energy charge. Mr. Kalcic also recommended that the increase in the customer charge should be reduced in proportion to the Commission's awarded revenue increase.<sup>9</sup>

The proposed settlement incorporates a (scaled back) customer charge of \$42 per month for Rate GMH, which is the same amount paid by Rate GS/GM (<25 kW)

---

<sup>7</sup> OSBA Statement No. 1 at 9.

<sup>8</sup> *Id.*

<sup>9</sup> OSBA Statement No. 1 at 10.

---

customers, and therefore maintains the current GMH Rate Structure as recommended by Mr. Kalcic.<sup>10</sup>

**D. Pension Rate Adjustment Mechanism (“PRA Rider”)**

According to Company estimates, Duquesne’s required pension plan contributions are projected to decline significantly by 2017. In order to avoid a situation where the pension plan was over-funded, Duquesne requested approval of a tariff rider (“PRA Rider”) which would permit the Company to align future distribution rates with future pension funding outside of the context of a base rate proceeding.

The OSBA objected to the requested PRA Rider because the level of Duquesne’s pension expense, as it may affect the Company’s distribution rates, is a base rate case issue. For Duquesne to attempt to isolate a single base rate variable for adjustment outside the context of a base rate proceeding would be single issue ratemaking. “Single issue rate making is prohibited if it impacts on a matter considered in a base rate case. *Philadelphia Electric Company v. Pennsylvania Public Utility Commission*, 93 Pa. Commw. 410, 502 A. 2d 722, 727-728 (Pa. Cmwlt. 1985).” *Popowsky v. Pennsylvania Public Utility Commission*, 869 A. 2d 1144, 1153 (Pa. Commw. 2005).

The Settlement rejects the proposed PRA Rider and instead requires Duquesne to continue making pension contributions in the amount of \$37.2 million per year until the Company’s next base rates case. However, in the interim, should the Company conclude that a pension contribution less than \$37.2 million is appropriate, the Company will record an amount equal to 50% of the reduction in pension contributions below \$37.2 million as a regulatory liability. Should a regulatory liability exist at the time the

---

<sup>10</sup> See Settlement at Appendix B, pages 7, 10 and 12.

---

Company files its next base rate case, that amount will be returned to ratepayers as directed in the Company's next base rate proceeding.<sup>11</sup>

**V. Conclusion**

For the reasons set forth in the Joint Petition itself, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed Settlement and respectfully requests that the ALJ and the Commission approve the Settlement in its entirety and without modification.

Respectfully submitted,



---

Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995

For:

John R. Evans  
Small Business Advocate

Office of Small Business Advocate  
300 North Second Street, Suite 1102  
Harrisburg, PA 17101  
(717) 783-2525

Dated: January 16, 2014

---

<sup>11</sup> Settlement at Para. 29.

---

# Appendix G

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2013-2372129
Office of Consumer Advocate	:	C-2013-2379084
Office of Small Business Advocate	:	C-2013-2380474
Jacquelyn and Robert Miller	:	C-2013-2383835
Gwendolyn L. LeVert	:	C-2013-2383980
Duquesne Industrial Intervenors	:	C-2013-2385292
Aimee-Marie Dorsten	:	C-2013-2386037
Connie Schiavo	:	C-2013-2386284
NRG Midwest, NRG Energy Center Pittsburgh LLC, and Reliant Energy Northeast LLC	:	C-2013-2390562
	:	
	:	
v.	:	
	:	
Duquesne Light Company	:	

---

**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND  
ENERGY EFFICIENCY IN PENNSYLVANIA  
IN SUPPORT OF  
THE JOINT PETITION FOR APPROVAL OF NON-UNANIMOUS SETTLEMENT**

---

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), one of the signatory parties to the Joint Petition for Approval of Non-Unanimous Settlement (“Joint Petition” or “Settlement”), which resolves all issues among the Joint Petitioners, respectfully requests that the terms and conditions of the Settlement be approved by Administrative Law Judge Conrad A. Johnson (the “ALJ”) and the Pennsylvania Public Utility Commission (“Commission”) without modification. For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the Settlement are in the public interest.

---

## **I. INTRODUCTION**

CAUSE-PA intervened in this proceeding to address, among other issues, whether the proposed rate increase would detrimentally impact the ability of Duquesne Light Company's ("Duquesne" or "The Company") low-income customers to be able to continue to afford service under reasonable terms and conditions. Specifically, CAUSE-PA asserted that any rate increase should be mitigated with additional weatherization resources targeting Duquesne's most economically vulnerable customers and an updating of the maximum credit levels permitted to CAP participants. These goals have been partially achieved. While the Settlement provides that Duquesne Light will be permitted to increase rates by amounts designed to produce an increase in distribution revenues of \$48.0 million annually, it also provides for an increase in annually targeted LIURP visits from 2,555 to 3,100 visits and an increase in maximum CAP credits for non-heat customers from \$560 per year to \$700 per year and for heating customers from \$1,400 per year to \$1,800 per year.

Although not all of CAUSE-PA's positions have been fully adopted, the Settlement was arrived at through good faith negotiation by all parties. The Settlement is in the public interest in that it addresses significant issues of concern to CAUSE-PA, balances the interests of the parties, and resolves a number of important issues fairly. Substantial litigation and associated costs will be avoided; and if approved, the Settlement will eliminate the possibility of further Commission litigation and appeals, along with their attendant costs.

## **II. BACKGROUND**

CAUSE-PA adopts that background as set forth in Paragraphs 1-27 of the Joint Petition for Settlement.

## **III. CAUSE-PA'S REASONS FOR SUPPORT OF THE SETTLEMENT**

The following terms of this Settlement address issues of concern to CAUSE-PA on behalf of low-income consumers, and reflect a carefully balanced compromise of the interests of all the Joint Petitioners in this proceeding:

In Paragraph 38 of the Settlement, Duquesne Light agrees to an increase in the annual target of LIURP visits from 2,555 in its currently filed Universal Service and Energy Conservation Plan ("USECP") for 2014 to 2017 to 3,100 visits. This increase is well justified. In his Direct Testimony, CAUSE-PA witness Mitchell Miller documented that those households eligible for LIURP – with incomes at or below 150% of the federal poverty income guidelines – lack sufficient income to pay for all of their essential needs (CAUSE-PA Statement No. 1 at 5:11-7:18.) As one way to mitigate the effect of Duquesne's requested rate increase, Mr. Miller recommended that Duquesne increase its LIURP penetration levels among its low-income customers (CAUSE-PA Statement No. 1 at 9:13-14.) Mr. Miller documented in his testimony that LIURP is effective at assisting low-income households reduce their energy use and their bills (CAUSE-PA Statement No. 1 at 10:17-11:5.) Mr. Miller further documented that an unmet need exists for Duquesne's LIURP program. Approximately 37,000 customers who are income eligible, have high usage levels, and have not received weatherization services in their homes (CAUSE-PA Statement No. 1 at 11:15-19.)

The increase in annual LIURP visitations, while not fully meeting the unmet need within Duquesne's service territory, ensures that many more households will receive access to proven

weatherization that will significantly reduce their usage, their bills, and reduce the costs on other ratepayers who are assisting these households through Duquesne's CAP program.

In paragraph 38 of the Settlement, Duquesne Light also agrees to increase the maximum CAP credits for non-heat customers from \$560 per year to \$700 per year and for heating customers from \$1,400 per year to \$1,800 per year, effective January 1, 2015. This increase is well justified. In his Direct Testimony, CAUSE-PA witness Mitchell Miller recommended that Duquesne revisit and update its CAP cost-control features and that an increase of Duquesne's maximum CAP credit amount would assist Duquesne's low-income customers in mitigating the effect of the increased rates and rate design proposed by Duquesne (CAUSE-PA Statement No. 1 at 9:17-21.)

Mr. Miller specifically determined that Duquesne's CAP credits, currently set at \$560 per year for non-heating accounts and at \$1400 per year for heating accounts, are too low (CAUSE-PA Statement No. 1 at 19:15-18.) Mr. Miller pointed out that the current thresholds of \$560 for non-heating and \$1400 for heating were established in 1992 and have not been raised despite the cost of energy increasing significantly since that point in time (CAUSE-PA Statement No. 1 at 22:7-11.) Mr. Miller further noted (CAUSE-PA Statement No. 1 at 22:9-19.) that the Commission has already recognized that these amounts are outdated. In its Final Investigatory Order on CAP programs, the Commission stated:

We agree that maximum CAP credits should be revised to reflect changes in prices since 1992 and will consider adopting a method that recognizes fluctuations in the price of energy. In the interim, we will recommend that utilities consider revising their maximum CAP credits to match PPL's recommendation that maximum CAP credits be increased to \$1800 for electric heat, \$700 for nonheat, and \$1000 for natural gas heat. These levels track closely with the changes reflected to the Consumer Price Index since 1992.

Final Investigatory Order, Docket No. M-00051923 at 50.

---

Additionally, both Bureau of Investigation and Enforcement witness Susan Daub, (I&E Statement No. 5-R at 9), and Office of Consumer Advocate witness Roger Colton, (OCA Statement No. 4-R at 3:18-19), either did not oppose or endorsed an increase in the maximum CAP credits to the levels contained in the settlement. This Settlement thus contains an agreement that Duquesne will increase the maximum CAP credits to levels which the Commission has previously recommended it consider. This provision is in the public interest.

Duquesne Light also agrees in Paragraph 38 to file an amendment to its USECP within 60 days of approval of the Settlement to incorporate these changes. The public interest will therefore be served by a prompt implementation of these modifications to Duquesne's USECP.

Finally, in Paragraphs 40 and 41, Duquesne Light agreed to refresh its Red Flags plan and to modify its use of Social Security Numbers for CAP applicants. While neither of these were specifically addressed by CAUSE-PA within this proceeding, CAUSE-PA believes that they are significant improvements in protecting the privacy and security of sensitive information and are in the public interest.

**IV. CONCLUSION**

CAUSE-PA submits that the Settlement, which was achieved by the Joint Petitioners after an extensive investigation of Duquesne's filing, including informal and formal discovery, and the submission of extensive testimony, is in the public interest. Acceptance of the Settlement avoids the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners and Duquesne's customers.

Accordingly, CAUSE-PA respectfully requests that the ALJs and the Commission approve the Settlement.

**PENNSYLVANIA UTILITY LAW PROJECT**

Date: January 16, 2014

  
Harry S. Geller, Esquire (PA 22415)  
Patrick M. Cicero, Esquire (PA 89039)

118 Locust Street  
Harrisburg, PA 17101  
(717) 236-9486  
[pulp@palegalaid.net](mailto:pulp@palegalaid.net)

*For: Coalition for Affordable Utility Services  
and Energy Efficiency in Pennsylvania*

---

# Appendix H

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2013-2372129
Office of Consumer Advocate	:	C-2013-2379084
Office of Small Business Advocate	:	C-2013-2380474
Jacquelyn and Robert Miller	:	C-2013-2383835
Gwendolyn L. LeVert	:	C-2013-2383980
Duquesne Industrial Intervenors	:	C-2013-2385292
Aimee-Marie Dorsten	:	C-2013-2386037
Connie Schiavo	:	C-2013-2386284
NRG Midwest, NRG Energy Center Pittsburgh LLC, and Reliant Energy Northeast LLC	:	C-2013-2390562
	:	
	:	
v.	:	
	:	
Duquesne Light Company	:	

---

**STATEMENT OF THE DUQUESNE INDUSTRIAL INTERVENORS  
IN SUPPORT OF SETTLEMENT**

---

The Duquesne Industrial Intervenors ("DII"), by and through its counsel, submits that the Joint Petition for Approval of Non-Unanimous Settlement ("Joint Petition" or "Settlement"), filed in the above-captioned proceeding with the Pennsylvania Public Utility Commission ("PUC" or "Commission"), resolves all issues among the Joint Petitioners. As a result of settlement discussions, Duquesne Light Company ("Duquesne" or "Company"), DII,<sup>1</sup> the Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania ("CAUSE-PA"), Citizens for Pennsylvania's Future ("PennFuture"), and United States Steel Corporation ("U.S. Steel") (collectively, "Parties" or "Joint Petitioners") have agreed upon the terms embodied in the foregoing Joint Petition. DII

---

<sup>1</sup> WHEMCO Inc./WHEMCO- Steel Castings, Inc. has participated in this proceeding as a member of DII, however, for purposes of this Joint Petition for Approval of Non-Unanimous Settlement, WHEMCO Inc./WHEMCO- Steel Castings, Inc. has elected status as a non-objecting party.

offers this Statement in Support to further demonstrate that the Settlement is in the public interest and should be approved without modification.

## **I. BACKGROUND**

1. On August 2, 2013, Duquesne filed Supplement No. 81 to Tariff Electric – PA P.U.C. No. 24 ("Supplement No. 81"), which contained proposed changes in rates, rules and regulations calculated to produce approximately \$76.3 million, or 17.6%, in additional revenues.

2. On September 27, 2013, DII filed a Complaint at Docket No. C-2013-2385292. DII members use substantial volumes of electricity in their manufacturing and operational processes, and these electric costs are a significant element of their respective costs of operation. Therefore, DII was concerned that any modification to Duquesne's rates may impact DII members' cost for electric service.

3. On October 4, 2013, a prehearing conference was held before presiding Administrative Law Judge ("ALJ") Conrad A. Johnson. A procedural schedule was established for discovery, written testimony, settlement discussions, and hearings.

4. On or about December 13, 2013, the Parties informed the ALJ that a non-unanimous settlement had been reached.

## **II. STATEMENT IN SUPPORT**

5. The Commission has a strong policy favoring settlements. As set forth in the PUC's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; *see also* 52 Pa. Code § 5.231. Consistent with the Commission's Policy, the Joint Petitioners engaged in several negotiations to resolve the issues raised by various parties. These ongoing discussions produced the foregoing Settlement.

6. The Joint Petitioners agree that approval of the proposed Settlement is overwhelmingly in the best interest of the parties involved.

7. The Joint Petition is in the public interest for the following reasons:

- a. As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.
- b. Uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Joint Petition.
- c. The Joint Petition results in an increase in Duquesne's rates by \$48.0 million, which is approximately 63% of the Company's original request of \$76.3 million.
- d. The Joint Petition provides a more just and reasonable means by which to allocate the resulting increase, especially for Rate L customers served at lower voltages who would have seen excessive increases under the Company's original filing. *See* Direct Testimony of Jeffrey Pollock, DII Statement No. 1, p. 24.
- e. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding. Similarly, the Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company.

8. In addition, the Joint Petition satisfies the specific concerns of DII by providing for (a) a reasonable compromise among the Parties concerning the rate increase and distribution of such increase among customer classes; and (b) the establishment of a 138 kV option under Duquesne's Rate Schedule L, consistent with DII's testimony in the instant proceeding. *See* Direct Testimony of Daniel R. Flaherty, WHEMCO/WSC Statement No. 1.

9. DII supports the Joint Petition because it is in the public interest; however, in the event that the Joint Petition is rejected by the ALJ or the Commission, DII will resume its litigation position, which may differ from the terms of the Joint Petition.

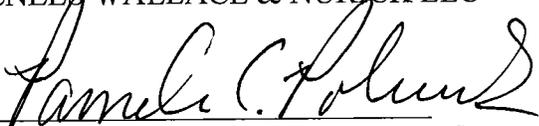
10. As set forth above, DII submits that the Settlement is in the public interest and adheres to the Commission policies promoting negotiated settlements. The Settlement was achieved after numerous settlement discussions. While Joint Petitioners have invested time and resources in the negotiation of the Joint Petition, this process has allowed the parties, and the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Settlement. Approval of the Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense and uncertainty of further litigation of issues in this proceeding. *See* 52 Pa. Code § 69.391.

**III. CONCLUSION**

**WHEREFORE**, the Duquesne Industrial Intervenors respectfully request that the Pennsylvania Public Utility Commission approve the Joint Petition for Approval of Non-Unanimous Settlement submitted in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

Pamela C. Polacek (I.D. No. 78276)  
Teresa K. Schmittberger (I.D. No. 311082)  
McNees Wallace & Nurick LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300  
[ppolacek@mwn.com](mailto:ppolacek@mwn.com)  
[tschmittberger@mwn.com](mailto:tschmittberger@mwn.com)

Counsel to the Duquesne Industrial Intervenors

Dated: January 16, 2014

# Appendix I

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2013-2372129
Office of Consumer Advocate	:	C-2013-2379084
Office of Small Business Advocate	:	C-2013-2380474
Jacquelyn and Robert Miller	:	C-2013-2383835
Gwendolyn L. LeVert	:	C-2013-2383980
Duquesne Industrial Intervenors	:	C-2013-2385292
Aimee-Marie Dorsten	:	C-2013-2386037
Connie Schiavo	:	C-2013-2386284
NRG Midwest, NRG Energy Center Pittsburgh LLC, and Reliant Energy Northeast LLC	:	C-2013-2390562
	:	
	:	
v.	:	
	:	
Duquesne Light Company	:	

---

**STATEMENT IN SUPPORT OF PETITION FOR APPROVAL OF NON-UNANIMOUS  
SETTLEMENT**

---

**TO THE HONORABLE CONRAD A. JOHNSON, ADMINISTRATIVE LAW JUDGE:**

Now Comes, Citizens for Pennsylvania's Future ("PennFuture"), by counsel, George Jugovich and Heather Langeland, and hereby submits its Statement in Support of the Non-Uniform Settlement. PennFuture believes that this Settlement is in the public interest and should be approved by the Pennsylvania Public Utility Commission ("PUC") as presented. In support thereof, PennFuture states as follows:

**I. Background**

1. This proceeding began on or about August 2, 2013, when Duquesne Light Company ("Duquesne") filed Supplement No. 81 with the Commission, to become effective on October 1, 2013. Said Supplement 81 proposed a general increase in distribution base rates.

2. On September 26, 2013, the Commission opened an investigation of Duquesne's proposed rate increase and suspended the effective date of that increase by operation of law from October 1, 2013, until May 1, 2014, unless permitted by Commission Order to become effective at an earlier date.

3. The matter was assigned to your Honor, Administrative Law Judge Conrad Johnson.

4. An initial Prehearing Conference was held on October 4, 2013 at which time a procedural schedule was adopted.

5. On December 3, 2013, PennFuture filed a Petition to Intervene Out of Time and also filed the Direct Testimony of Patrick Gormley.

6. PennFuture's testimony focused on narrow aspects of the base rate case, namely the distribution rate associated with light-emitting diode ("LED") street light fixtures. As part of this testimony, PennFuture's witness explained the importance of LED light fixtures to customers in the Duquesne service territory, the energy conservation benefits of converting from traditional high pressure sodium to LED light fixtures, the extended life and increased reliability of LED light fixtures, the capital and maintenance cost of LED light fixtures for typical residential street lighting compared to high pressure sodium light fixtures, and the economic disincentive that would be created if inaccurate distribution rate for LED fixtures was approved.

7. PennFuture's witness noted that although Duquesne recognized that LED lights have an estimated life of twice that of high pressure sodium lights, the high fixture cost set for LED established a monthly distribution rate for LED that exceeded high pressure sodium. This created an economic disincentive for municipalities to switch from high pressure sodium to LED lights.

8. Evidentiary hearings were held on December 16, 17, and 20, 2013 in Harrisburg, Pennsylvania.

9. On the initial day of hearings, PennFuture's Petition to Intervene was granted.

10. Also at the hearings, the parties advised your Honor that all parties other than the NRG Companies had achieved a non-unanimous settlement of all base rate issues.

11. At the hearing, the parties' respective testimony and exhibits were admitted into the evidentiary record, and the record was closed on December 20, 2013.

## **II. The Settlement**

12. The Settlement contains provisions resolving the issues raised by PennFuture to its satisfaction.

13. Duquesne had proposed in its initial filing distribution rates of \$12.16 and \$13.97 for LED lights with nominal lamp wattages of 43 or 106.

14. Under the Settlement, Duquesne will establish an LED street light pilot program whereby it agrees to install up to a total of 1,500 LED lights per year at nominal lamp wattages of 43 and 106 watts, which are the 70 watt and 150 watt High Pressure Sodium Light equivalents, respectively. The distribution rates for these LED lights will be \$11.16 per month and \$12.82 per month, respectively.

15. The program will begin May 2014 and run until the end of the Future Test Year in the company's next general rate proceeding.

16. Duquesne agrees to submit a report to PennFuture, the Commission, I&E, OCA and OSBA within 90 days after the end of each annual period commencing May 1 that this program is in effect that will outline the actions that Duquesne has taken to roll out the program, the responses that have been received from the municipalities, the number of LED fixtures

installed in Duquesne's territory during the preceding year, average costs of the fixtures, and average costs of installation and replacement costs for any failed fixtures.

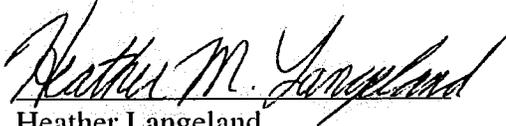
### **III. Public Interest**

17. The Settlement is in the public interest because it will lessen the expense of litigation of all parties, and will result in development of a program that reduces certain financial disincentives for municipalities to convert less efficient high pressure sodium fixtures to the more energy efficient and reliable LED lights. This will result in increased reliance on energy efficient lights, lower electricity consumption by municipalities, and lower electricity bills for municipal customers.

18. PennFuture does not oppose the remainder of the Settlement subject to the Commission's approval of the provisions resolving the issues raised by PennFuture.

**WHEREFORE**, for the following reasons, PennFuture respectfully requests that the Commission approve the Non-Unanimous Settlement.

Respectfully submitted,  
FOR PENNFUTURE:

  
Heather Langeland  
PA ID 207387

200 First Avenue, Suite 200  
Pittsburgh, PA 15222  
(412) 456-2901

# Appendix J



by and through its counsel, hereby provides this Statement in Support of the terms of the Settlement, as agreed upon by the Joint Petitioners.

## **I. BACKGROUND**

On August 2, 2013, Duquesne filed with the PUC Supplement No. 81 to the Company's Tariff Electric – Pa. P.U.C. No. 24 (the "Filing"), representing a request for a general increase in the Company's electric distribution rates of approximately \$76.3 million, to be effective October 1, 2013. DLC Exhibit 2, "Statement of Reasons," p. 1. If approved, the Company's request would have resulted in a system average increase of approximately 17.6% above current distribution rates. Id.

On September 6, 2013, U. S. Steel filed with the Commission a Petition to Intervene in this proceeding in order to protect its unique interests. Specifically, U. S. Steel was concerned with the impact that the Company's proposed revenue increase and Tariff modifications may have had on U. S. Steel's operating costs as reflected in the rates that U. S. Steel pays to Duquesne pursuant to a number of rate schedules, including primarily Rate Schedules HVPS, GL, and L. Of particular importance, Duquesne proposed modifications to the structure of Rate Schedule L that would provide an opportunity for Rate Schedule L customers who take service directly at the 138 kV level (but without the necessary minimum monthly demands to make them eligible for Rate Schedule HVPS) to pay the same monthly fixed charge as similarly situated Rate Schedule HVPS customers using less than 50,000 kW per month. See U. S. Steel Statement No. 1, Direct Testimony of Stephen J. Baron ("U. S. Steel St. 1"), p. 10. This proposed modification acknowledges the unique characteristics of customers like U. S. Steel, and addresses the disparity that previously existed among transmission-level and distribution-level

large industrial customers on this rate schedule and thereby corrects the disproportionately high rates that U. S. Steel had previously paid as a transmission-level customer on Rate Schedule L.

Furthermore, even with the Company's proposed Supplement No. 81, which also appropriately allocated to Rate Schedule HVPS a moderate rate decrease, U. S. Steel was concerned that it continues to pay excessively high rates under this and other various rate schedules. U. S. Steel submitted prepared expert testimony advancing these interests and otherwise participated fully in this proceeding.

Throughout the course of this proceeding, Joint Petitioners engaged in negotiations to resolve the issues raised by U.S. Steel and the other parties. These discussions resulted in the foregoing Settlement between the Joint Petitioners, which includes a resolution of all outstanding issues between U. S. Steel and Duquesne as set forth below.

## **II. STATEMENT IN SUPPORT**

The Settlement reflects a just and reasonable compromise of the Joint Petitioners' various positions in this case, particularly balancing the interests of Duquesne, U. S. Steel, and other customers in maintaining reasonable rates and moving the various ratepayer classes closer to their respective costs of service while limiting the impact of the total revenue increase for all classes. The Settlement's resolution of these issues is therefore in the public interest.

The Commission has a strong policy favoring settlements. Section 69.391 of the PUC's regulations states that "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; see also 52 Pa. Code § 5.231. Consistent with this policy, U. S. Steel and Duquesne, both on their own and in conjunction with the other Joint Petitioners, engaged in negotiations in an effort to settle the various issues raised by U. S. Steel and the other Joint

Petitioners. These ongoing discussions produced the provisions of the Settlement accompanying the Joint Petition

U. S. Steel submits that approval of the proposed Joint Petition with respect to the issues raised by U. S. Steel is in the best interest of the Joint Petitioners and the public of the Commonwealth of Pennsylvania. Specifically, the proposed Settlement preserves the rate structure modifications that Duquesne proposed for its Rate Schedule L, which recognize that customers such as U. S. Steel who take service from Duquesne only at transmission voltage levels should not pay for costs associated with the Company's sub-transmission distribution facilities. The Joint Petition also recognizes that large industrial customers on the Company's Rate Schedule HVPS, including U. S. Steel, have been contributing revenues that have provided Duquesne and the system with a substantially high relative rate of return, and thus the Settlement preserves an important and justified rate decrease for these customers. While U. S. Steel continues to believe that further movement toward the HVPS class's actual cost of service is in order, the Joint Petition reflects a meaningful compromise between the various rate classes in this proceeding toward this direction.<sup>2</sup> As such, the Joint Petition demonstrates important negotiated concession of U. S. Steel's litigation position and the litigation positions of other potentially adverse parties on this issue.

Accordingly, U. S. Steel submits that approval of the Joint Petition, without modification, is appropriate and in the public interest. While Joint Petitioners have invested time and resources in the negotiation of the Settlement, this process has allowed the Parties and the Commission to avoid expending the substantial resources that would have been required to fully litigate the issues raised in this proceeding by U. S. Steel and other Joint Petitioners while still

---

<sup>2</sup> The rate decrease reflected in the Settlement is less than that originally proposed by Duquesne in its initial filing.

reaching a just, reasonable, and fair result. Approval of the Settlement without modification will further permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further litigation or appeal in this proceeding and otherwise advances the policy of this Commission to encourage parties to resolve contested proceedings through settlement processes. See 52 Pa. Code § 69.391.

**WHEREFORE**, United States Steel Corporation respectfully requests that the Commission adopt the Joint Settlement Agreement without modification.

Respectfully submitted,

By 

Derrick Price Williamson (I.D. No. 69274)  
Barry A. Naum (I.D. No. 204869)  
SPILMAN THOMAS & BATTLE, PLLC  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
Phone: (717) 795-2742  
Fax: (717) 795-2743

Counsel to United States Steel Corporation

Dated: January 14, 2014