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Pittsburgh, PA 15219

Vernon J. Edwards  
Manager, Regulatory Affairs

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January 30, 2014

**RECEIVED**

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

JAN 30 2014

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: Pennsylvania Public Utility Commission v. Duquesne Light Company  
Base Rate Case  
Docket No. R-2010-2179522

Dear Secretary Chiavetta:

Enclosed for filing are is Duquesne Light Company's Affidavit certifying compliance with the requirement to report pension funding commitments in the above-referenced case.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

Vernon J. Edwards  
Manager, Regulatory Affairs

Enclosure

c: Certificate of Service

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JAN 30 2014

AFFIDAVIT

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

I, Matthew S. Ankrum, Controller, after being duly sworn, state that I am authorized to make this Affidavit on behalf of Duquesne Light Company ("Duquesne Light" or the "Company"), and that in compliance with the Settlement Agreement and approved Commission Order in the last Duquesne Light distribution base rate case held before the Commission, Docket No R-2010-2179522 et al., I make the following affirmations:

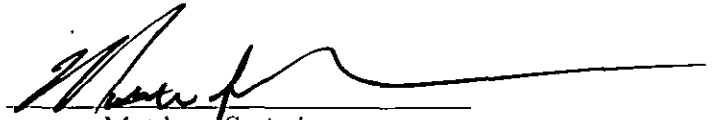
1. The Settlement Agreement among the parties and approved by the Commission in said distribution rate proceeding provided that Duquesne Light is to provide a report and affidavit to the Commission attesting to the actual contributions Duquesne Light made to its pension trust during each preceding calendar year. [Settlement Agreement at page 9.]
2. I hereby represent and affirm that the following contributions were made by Duquesne Light to its employee pension trust fund during the calendar year 2013:

<u>Contributions in 2013</u>	<u>Amount</u>
April 12, 2013	\$ 4,850,000
July 12, 2013	\$ 4,850,000
September 12, 2013	\$ 40,450,000
October 11, 2013	\$ 4,850,000
TOTAL	\$ 55,000,000

Total Contributions Per Year

Calendar Year 2011	\$ 66,500,000
Calendar Year 2012	\$ 43,500,000
Calendar Year 2013	\$ 55,000,000

3. I attach a report from Hewitt Associates, a nationally known outside pension consulting firm that supports and shows the contributions having been made to the pension trusts.  
(See page 5 of attached report).
4. That pursuant to said Settlement Agreement, Duquesne Light committed to deposit into its pension trust fund an amount equal to \$55 million 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 obligations under the Settlement Agreement..
5. I represent that Duquesne Light has met its pension funding commitment for 2013 as provided in the above referenced Settlement Agreement.

  
Matthew S. Ankrum

Sworn and subscribed before me this 27 day of January, 2014.

11/30/2015  
My Commission Expires







January 17, 2014

Mr. David Ogden  
Duquesne Light Company  
Mail Drop 7-3  
411 Seventh Avenue  
Pittsburgh, PA 15219

Dear Dave,

Subject: December 31, 2013 ASC 715-30 Disclosure Information for the Duquesne Light Company Defined Benefit Retirement Plan ("Retirement Plan")

Enclosed are exhibits detailing the December 31, 2013 ASC 715-30 disclosure for the Retirement Plan. We have shown the enclosed information separately on a "Regulated" and "Holdings" basis, as requested by Duquesne Light Company.

### Year-End 2013 ASC 715-30 Disclosure Assumptions

The 2013 year-end disclosure information reflects the following assumptions:

	<b>Retirement Plan</b>
Discount Rate	4.55%
Expected Long-Term Rate of Return on Assets	7.69%
Salary Increases	4.00%
Mortality (Healthy Lives)	2014 static mortality table for annuitants and non-annuitants Per §1.430(h)(3)-1(e)

All other actuarial assumptions, plan provisions, and personnel information are the same as will be documented in the January 1, 2013 actuarial valuation report. Any significant changes in assumptions or plan provisions are documented in the attachment to this letter. Note that we have reflected the plan changes effective October 1, 2013 in the year-end 2013 disclosure information.

### Discount Rate Selection

The discount rate for year-end 2013 disclosure was supported using the Citigroup Above Median Curve (CAMC). The CAMC is a hypothetical yield curve represented by a series of annualized individual discount rates. For a given future payment stream, the CAMC produces a single equivalent discount rate. For December 31, 2013 disclosure, the projected benefit obligation was determined using a single equivalent discount rate of 4.55%.

In conducting this valuation, we have relied on personnel, plan, and asset information supplied by Duquesne Light Company. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonability. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice (ASOPs) as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the requirements of ASC 715. The information in this report is not intended to supersede or supplant the advice and interpretations of Duquesne Light Company's auditors.

Duquesne Light Company selected the economic assumptions and prescribed them for use for purposes of compliance with ASC 715. While the demographic assumptions were also prescribed by Duquesne Light Company, Aon Hewitt provided guidance with respect to these assumptions and it is our belief that they represent reasonable expectations of anticipated plan experience.

The preparation of the pension benefit valuation under ASC 715 included actuaries familiar with the near-term and long-term aspects of pension benefits. These actuaries meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions herein.

Please see the attachments to this letter for additional information and call if you have any questions.

Sincerely,

Hewitt Associates LLC, an Aon Hewitt company

A handwritten signature in cursive script that reads "Dave".

David A. Henderson  
EA, MAAA

DAH:tat D4001L002e

Enclosures

cc: Mr. Matthew S. Ankrum, Duquesne Light Company  
Ms. Jaime A. Bachota, Duquesne Light Company  
Mr. Scott W. Jeffries, Duquesne Light Company  
Mr. Byron N. Beebe, Aon Hewitt  
Ms. Teresa M. Medeiros, Aon Hewitt



## Actuarial Assumptions and Methods

### Actuarial Assumptions for Year-End 2013 Disclosure

Discount Rate	4.55% as of December 31, 2013.
Expected Long-Term Rate of Return on Plan Assets	7.69% as of December 31, 2013.
Cash Balance Interest Crediting Rate	3.00%.
Mortality Rates	2014 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e).
Measurement Date	December 31, 2013.
Census Date	The data is as of January 1, 2013.

### Assumption Changes Since the Prior Year-End

The financial accounting valuation reflects the following assumption changes:

- A change in the discount rate from 3.69% to 4.55%.
- A change in the expected long-term rate of return on assets from 7.70% to 7.69%.
- A change in the cash balance interest crediting rate from 5.00% to 3.00%.
- A change in the mortality assumption for healthy lives from the 2013 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e) to the 2014 static mortality table for annuitants and non-annuitants per §1.430(h)(3)-1(e).

### Method Changes Since the Prior Year-End

The financial accounting valuation does not reflect any method changes.



## Plan Provisions

### Changes in Plan Provisions for Year-End 2013 Disclosure

**Annual Rate of Past Service Compensation**

Average of Compensation over a period determined by the participant's termination date, as shown in the following table (years inclusive):

Termination Date <sup>1</sup>	Past Service Compensation
10/01/2009–09/30/2010	Calendar years 1999–2003
10/01/2010–09/30/2011	Calendar years 2000–2004
10/01/2011–09/30/2012	Calendar years 2001–2005
10/01/2012–09/30/2013	Calendar years 2002–2006
10/01/2013–09/30/2014	Calendar years 2003–2007
10/01/2014–09/30/2015	Calendar years 2004–2008
10/01/2015 and Later	Calendar years 2005–2009

**Credited Past Service**

Calculated the same as Credited Service, but reflecting only Credited Service through December 31st of the last year in Past Service Compensation period.

**Future Service Compensation**

Aggregate Compensation over a period determined by the participant's termination date, as shown in the following table:

Termination Date <sup>1</sup>	Future Service Compensation
10/01/2009–09/30/2010	Calendar years after 2003
10/01/2010–09/30/2011	Calendar years after 2004
10/01/2011–09/30/2012	Calendar years after 2005
10/01/2012–09/30/2013	Calendar years after 2006
10/01/2013–09/30/2014	Calendar years after 2007
10/01/2014–09/30/2015	Calendar years after 2008
10/01/2015 and Later	Calendar years after 2009

The financial accounting valuation reflects a three-year extension of Credited Past Service and Past Service Compensation for terminations on or after October 1, 2013.

<sup>1</sup> Years for termination dates prior to October 1, 2009 have been excluded.



## ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2012	Fiscal 2013
<b>Accumulated Benefit Obligation, End of Year</b>	\$ 1,182,006,443	\$ 1,099,317,273
<b>Change in Benefit Obligation</b>		
Benefit Obligation, Beginning of Year	\$ 1,109,894,344	\$ 1,210,377,405
Service Cost	12,061,153	13,194,864
Interest Cost	47,709,372	43,386,977
Plan Amendments	0	20,119,917
Actuarial (Gain)/Loss	96,901,727	(110,487,824)
Plan Participant Contributions	0	0
Actual Benefits Paid	(56,189,191)	(58,291,869)
Liability (Gain)/Loss Due to Curtailment	0	0
Special Termination Benefits	0	0
Benefit Obligation, End of Year	<u>\$ 1,210,377,405</u>	<u>\$ 1,118,299,470</u>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets, Beginning of Year	\$ 764,704,696	\$ 843,825,593
Actual Return on Plan Assets	91,810,088	104,084,133
Employer Contributions	43,500,000	55,000,000
Plan Participant Contributions	0	0
Actual Benefits Paid	(56,189,191)	(58,291,869)
Fair Value of Plan Assets, End of Year	<u>\$ 843,825,593</u>	<u>\$ 944,617,857</u>
Funded Status of the Plan	\$ (366,551,812)	\$ (173,681,613)
<b>Additional Amounts Recognized in the Statement of Financial Position</b>		
Noncurrent Assets	\$ 0	\$ 0
Current Liabilities	0	0
Noncurrent Liabilities	(366,551,812)	(173,681,613)
Net Asset/(Liability) at End of Year	<u>\$ (366,551,812)</u>	<u>\$ (173,681,613)</u>
<b>Amounts Recognized in Accumulated Other Comprehensive Income</b>		
Net Transition (Asset)/Obligation	\$ 0	\$ 0
Prior Service Cost/(Credit)	20,744,927	36,050,092
Net Actuarial (Gain)/Loss	459,762,625	271,177,549
Total	<u>\$ 480,507,552</u>	<u>\$ 307,227,641</u>



## ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	<b>Fiscal 2012</b>	<b>Fiscal 2013</b>
<b>Components of Net Periodic Benefit Cost</b>		
Service Cost	\$ 12,061,153	\$ 13,194,864
Interest Cost	47,709,372	43,386,977
Expected Return on Assets	(59,278,178)	(63,119,286)
Amortization Of:		
Transition (Asset)/Obligation	0	0
Prior Service Cost/(Credit)	4,814,631	4,814,752
Net (Gain)/Loss	31,889,544	37,132,405
Preliminary Net Periodic Benefit Cost/(Income)	\$ 37,196,522	\$ 35,409,712
Settlement/Curtailment Expense/(Income)	0	0
Special Termination Benefits	0	0
Total ASC 715 Expense/(Income)	\$ 37,196,522	\$ 35,409,712
<b>Other Changes in Plan Assets and Benefit Obligation Recognized in Other Comprehensive Income</b>		
Net Actuarial (Gain)/Loss	\$ 64,369,817	\$ (151,452,671)
Prior Service Cost/(Credit)	0	20,119,917
Amortization Of:		
Transition Asset/(Obligation)	0	0
Prior Service (Cost)/Credit	(4,814,631)	(4,814,752)
Actuarial Gain/(Loss)	(31,889,544)	(37,132,405)
Total Recognized in Other Comprehensive Income	\$ 27,665,642	\$ (173,279,911)

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net Transition (Asset)/Obligation	\$	0
Prior Service Cost/(Credit)	\$	6,943,928
Net Actuarial (Gain)/Loss	\$	21,082,325



## ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	<b>Fiscal 2012</b>	<b>Fiscal 2013</b>
<b>Weighted Average Assumptions for Balance Sheet Liability at End of Year</b>		
Discount Rate	3.69%	4.55%
Expected Long-Term Rate of Return	7.70%	7.69%
Rate of Compensation Increase	4.00%	4.00%
Measurement Date	December 31, 2012	December 31, 2013
<b>Weighted Average Assumptions for Benefit Cost at Beginning of Year</b>		
Discount Rate	4.42%	3.69%
Expected Long-Term Rate of Return	7.75%	7.70%
Rate of Compensation Increase	4.00%	4.00%
<b>Estimated Future Benefit Payments</b>		
2013 (2014) Payouts	\$ 62,465,000	\$ 64,536,000
2014 (2015) Payouts	\$ 64,936,000	\$ 67,621,000
2015 (2016) Payouts	\$ 67,591,000	\$ 70,514,000
2016 (2017) Payouts	\$ 70,071,000	\$ 73,466,000
2017 (2018) Payouts	\$ 72,703,000	\$ 76,128,000
2018 (2019) Payouts to 2022 (2023)	\$ 385,364,000	\$ 395,476,000
<b>Expected Fiscal Year 2013 (2014) Contributions</b>	<b>\$ 55,000,000</b>	<b>\$ 32,399,000</b>

### Alternative Amortization Method

As permitted under ASC 715-30-35-13, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.



## ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2012	Fiscal 2013
<b>Accumulated Benefit Obligation, End of Year</b>	\$ 1,182,006,443	\$ 1,099,317,273
<b>Change in Benefit Obligation</b>		
Benefit Obligation, Beginning of Year	\$ 1,109,894,344	\$ 1,210,377,405
Service Cost	12,061,153	13,194,864
Interest Cost	47,709,372	43,386,977
Plan Amendments	0	20,119,917
Actuarial (Gain)/Loss	96,901,727	(110,487,824)
Plan Participant Contributions	0	0
Actual Benefits Paid	(56,189,191)	(58,291,869)
Liability (Gain)/Loss Due to Curtailment	0	0
Special Termination Benefits	0	0
Benefit Obligation, End of Year	<u>\$ 1,210,377,405</u>	<u>\$ 1,118,299,470</u>
<b>Change in Plan Assets</b>		
Fair Value of Plan Assets, Beginning of Year	\$ 764,704,696	\$ 843,825,593
Actual Return on Plan Assets	91,810,088	104,084,133
Employer Contributions	43,500,000	55,000,000
Plan Participant Contributions	0	0
Actual Benefits Paid	(56,189,191)	(58,291,869)
Fair Value of Plan Assets, End of Year	<u>\$ 843,825,593</u>	<u>\$ 944,617,857</u>
Funded Status of the Plan	\$ (366,551,812)	\$ (173,681,613)
<b>Additional Amounts Recognized in the Statement of Financial Position</b>		
Noncurrent Assets	\$ 0	\$ 0
Current Liabilities	0	0
Noncurrent Liabilities	(366,551,812)	(173,681,613)
Net Asset/(Liability) at End of Year	<u>\$ (366,551,812)</u>	<u>\$ (173,681,613)</u>
<b>Amounts Recognized in Accumulated Other Comprehensive Income</b>		
Net Transition (Asset)/Obligation	\$ 0	\$ 0
Prior Service Cost/(Credit)	14,372,282	32,683,773
Net Actuarial (Gain)/Loss	519,311,530	324,364,392
Total	<u>\$ 533,683,812</u>	<u>\$ 357,048,165</u>

## ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2012	Fiscal 2013
<b>Components of Net Periodic Benefit Cost</b>		
Service Cost	\$ 12,061,153	\$ 13,194,864
Interest Cost	47,709,372	43,386,977
Expected Return on Assets	(59,278,178)	(63,119,286)
Amortization Of:		
Transition (Asset)/Obligation	0	0
Prior Service Cost/(Credit)	1,808,427	1,808,426
Net (Gain)/Loss	38,773,811	43,494,467
Preliminary Net Periodic Benefit Cost/(Income)	\$ 41,074,585	\$ 38,765,448
Settlement/Curtailment Expense/(Income)	0	0
Special Termination Benefits	0	0
Total ASC 715 Expense/(Income)	\$ 41,074,585	\$ 38,765,448
<b>Other Changes in Plan Assets and Benefit Obligation Recognized in Other Comprehensive Income</b>		
Net Actuarial (Gain)/Loss	\$ 64,369,817	\$ (151,452,671)
Prior Service Cost/(Credit)	0	20,119,917
Amortization Of:		
Transition Asset/(Obligation)	0	0
Prior Service (Cost)/Credit	(1,808,427)	(1,808,426)
Actuarial Gain/(Loss)	(38,773,811)	(43,494,467)
Total Recognized in Other Comprehensive Income	\$ 23,787,579	\$ (176,635,647)

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net Transition (Asset)/Obligation	\$ 0
Prior Service Cost/(Credit)	\$ 3,957,990
Net Actuarial (Gain)/Loss	\$ 26,764,680



## ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

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<b>Weighted Average Assumptions for Balance Sheet Liability at End of Year</b>		
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Discount Rate	4.42%	3.69%
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<b>Expected Fiscal Year 2013 (2014) Contributions</b>	<b>\$ 55,000,000</b>	<b>\$ 32,399,000</b>

### Alternative Amortization Method

As permitted under ASC 715-30-35-13, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.



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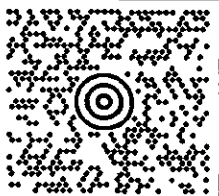
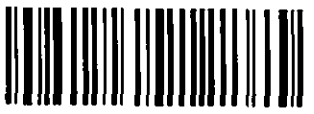
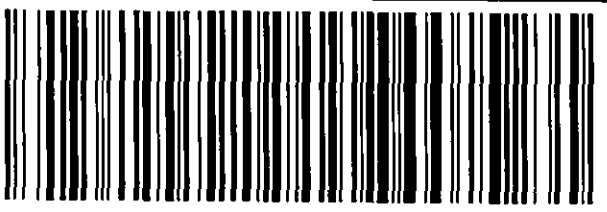
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