



Duquesne Light

Our Energy...Your Power

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Tishekia E. Williams
Senior Counsel

VIA ELECTRIC FILING

March 20, 2014

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

RE: Duquesne Light Company -- Supplement No. 89 to Tariff Electric PA PUC No. 24 (Smart Meter Charge)
Docket Number: M-2009-2123948

Dear Secretary Chiavetta:

Enclosed for filing please find Duquesne Light Company's Supplement No. 89 to Tariff Electric -- PA PUC No. 24. Supplement No. 89 is being filed to update the Smart Meter Charge and contains supporting schedules.

Please do not hesitate to contact the undersigned if you have any questions.

Sincerely,

Tishekia E. Williams
Senior Counsel, Regulatory

Enclosure

cc: Bureau of Audits
Bureau of Investigation & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate



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: March 20, 2014

EFFECTIVE: April 1, 2014

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

NOTICE

THIS TARIFF SUPPLEMENT DECREASES RATES WITHIN AN EXISTING RIDER

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASE

Rider No. 20 – Smart Meter Charge

Twentieth Revised Page No. 108
Cancelling Nineteenth Revised Page No. 108

The Smart Meter Charge has been adjusted as required by the provisions of the Rider. The monthly charge per meter has decreased from \$0.13 to \$0.08 for Single-Phase meters and from \$0.11 to \$0.10 for Poly-Phase type meters.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 20 – SMART METER CHARGE

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

PURPOSE

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

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

ELIGIBLE COSTS

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

MONTHLY SMART METER CHARGE

Meter Type	Monthly Charge Per Meter
Single-Phase	\$0.08
Poly-Phase	\$0.10

(D)
(D)

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

(D) – Indicates Decrease

ISSUED: MARCH 20, 2014

EFFECTIVE: APRIL 1, 2014

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

<u>Line</u>	<u>Common Plant</u>	<u>Single Phase Meters</u>	<u>Poly Phase Meters</u>	
1	Average Projected Smart Meter Plant In Service	(\$7,833)	(\$692,217)	(\$1,227)
2	Annual Depreciation (years)	10	15	15
3	Annual Depreciation	(\$783)	(\$46,148)	(\$82)
4	Accrued Depreciation	(\$65)	(\$6,409)	(\$11)
5	Weighted Average Pre-Tax Rate of Return (PTRR)(page 2)	11.11%	11.11%	11.11%
<u>Formula and Calculation</u>				
6	SMC = [(((NPIS * PTRR/4) + Dep/4 + O&M - S + e/4) / M) * (1/(1-T))			
7	/ (Plant-accrued depreciation-ADIT)*Return + Depreciation + O&M - Savings + e-Factor			
8	Meters per Quarter * (1-Gross Receipts Tax)			
9	Smart Meter Plant In Service	(\$7,833)	(\$692,217)	(\$1,227)
10	Less Accrued Depreciation	\$65	\$6,409	\$11
11	Less Accumulated Deferred Income Taxes	\$0	\$0	\$0
12	Net Plant	(\$7,768)	(\$685,808)	(\$1,215)
13	Weighted Rate of Return/4	2.78%	2.78%	2.78%
14	Return	(\$216)	(\$19,043)	(\$34)
15	Depreciation/4	(\$196)	(\$11,537)	(\$20)
16	O&M Expense (Projected for Quarter)	\$0	\$0	\$0
17	Savings	\$0	\$0	\$0
18	e-Factor/4 (1)	\$167,402	\$0	\$0
19	Smart Meter Revenue Requirement (SMRR)	\$166,990	(\$30,580)	(\$54)
20	Meters		589,289	21,937
21	Share of Total Meters		96.4%	3.6%
22	Allocated Common Plant SMRR Based on Meters		\$160,997	\$5,993
23	Total Revenue Requirement by Meter Type for Upcoming Quarter		\$130,418	\$5,939
24	Current Meter Count		589,289	21,937
25	Projected Meter Count for Quarter for Billing Purposes		1,767,867	65,811
26	Monthly Charge per Meter for Upcoming Quarter		\$0.07	\$0.09
27	Pennsylvania Gross Receipts Tax Rate (PA GRT)		5.9%	5.9%
28	Monthly Smart Meter Charge Including GRT (\$/month/meter)		\$0.08	\$0.10

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

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

Line

Pre-Tax Weighted Average Cost of Capital

	<u>Weight</u>	<u>Cost</u>	<u>Weighted Average Cost</u>	<u>Gross Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Average Cost</u>
1 Debt (1)	48.42%	5.54%	2.68%		2.68%
2 Preferred Equity (2)	5.58%	5.89%	0.33%	1.70921	0.56%
3 Common Equity (3)	<u>46.00%</u>	10.00%	<u>4.60%</u>	1.70921	<u>7.86%</u>
4 Total Return	100.00%		7.61%		11.11%

Calculation of Gross Revenue Conversion Factor

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

Notes:

- 1/ Debt ratio of capitalization is the residual share based on preferred equity and common equity ratios. Cost of debt per Company's records. This information was submitted to the PA PUC in the Company's First Quarter 2013 Quarterly Financial Report.
- 2/ Preferred equity ratio and cost of preferred equity per Company's records. This information was submitted in the Company's First Quarter 2013 Quarterly Financial Report.
- 3/ Common equity ratio and cost of common equity determined in accordance with Commission's Order entered May 11, 2010 in the Company's Smart Meter Plan filing at Docket No. M-2009-2123948. Common equity ratio and cost of common equity per the Company's base rate case proceeding at Docket No. R-2010-2179522, in accordance with Commission's Order entered February 24, 2011.