

PENNSYLVANIA PUBLIC UTILITY COMMISSION  
Uniform Cover and Calendar Sheet

1. <b>REPORT DATE:</b> December 6, 2005	2. <b>BUREAU AGENDA NO.</b> DEC-2005-FUS-1064*
3. <b>BUREAU:</b> Fixed Utility Services	
4. <b>SECTION(S):</b> Energy	5. <b>PUBLIC MEETING DATE:</b> December 15, 2005
6. <b>APPROVED BY:</b> Director: R. Rosenthal 3-5242 <i>RR</i> Mgr/Spvr: H. B. Rodrock 3-6185 <i>H.B.R.</i> Legal Review: <i>[Signature]</i>	
7. <b>PERSONS IN CHARGE:</b> Rodrock/Gill 3-6185	9. <b>EFFECTIVE DATE OF FILING:</b> N/A
8. <b>DOCKET NO.:</b> A-110150F0032 G-00051116	

DOCUMENT  
FOLDER

10. (a) **CAPTION** (abbreviate if more than 4 lines)  
 (b) **Short summary of history & facts, documents & briefs**  
 (c) **Recommendation**

- (a) Application for approval of the transfer of certain property, by sale, to Duquesne Light Company from DataCom Information Systems, LLC and an associated Affiliated Interest Agreement.
- (b) On June 24, 2005, Duquesne Light Company ("Duquesne") filed an Affiliated Interest Agreement with DataCom Information Systems, LLC ("DataCom") and an Application for the transfer of certain property, by sale, to Duquesne. On July 14, 2005, the Commission extended the period for consideration for the Agreement until further order of the Commission. The Agreement and Application relate to an asset sale agreement between the affiliated companies transferring meters and other related devices from DataCom to Duquesne and a service agreement for the performance of electronic meter reading services by DataCom for Duquesne. Additionally, Duquesne is in violation of Section 2102(d) of the Public Utility Code, 66 Pa. C.S. §2102(d) and the Bureau of Fixed Utility Services recommends imposing a \$1,000 fine.
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed Order.

11. **MOTION BY:** Commissioner Chm. Holland

**SECONDED:** Commissioner Cawley

Commissioner Shane - Yes  
Commissioner Pizzigrilli - Yes  
Commissioner Fitzpatrick - Yes

**CONTENT OF MOTION:** Staff recommendation adopted.

**DOCKETED**  
JAN 9 2006



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265  
December 16, 2005

REFER TO OUR FILE

A-110150 F0032  
G-00051116

RICHARD S HERSKOVITZ ESQUIRE  
DUQUESNE LIGHT COMPANY  
411 SEVENTH AVENUE  
MAIL DROP 8-2  
PITTSBURGH PA 15219

DOCUMENT  
FOLDER

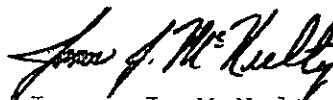
Application for approval of the transfer of certain property, by sale, to Duquesne Light Company from DataCom Information Systems, LLC and an associated Affiliated Interest Agreement.

To Whom It May Concern:

This is to advise you that an Order has been adopted by the Commission in Public Meeting on December 15, 2005 in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,

  
James J. McNulty  
Secretary

Enclosure  
Certified Mail  
LJM

RJP

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held December 15, 2005

Commissioners Present:

Wendell F. Holland, Chairman  
James H. Cawley, Vice Chairman  
Bill Shane  
Kim Pizzingrilli  
Terrance J. Fitzpatrick

Application for approval of the transfer of certain property, by sale, to Duquesne Light Company from DataCom Information Systems, LLC and an associated Affiliated Interest Agreement

Docket Number:  
A-110150F0032  
G-00051116

**ORDER**

**BY THE COMMISSION,**

On June 24, 2005, Duquesne Light Company ("Duquesne") filed an Affiliated Interest Agreement ("Agreement") with DataCom Information Systems, LLC ("DataCom") and an Application for the transfer of certain property, by sale, to Duquesne. The Agreement and Application relate to an asset sale agreement between the affiliated companies transferring meters and other related devices from DataCom to Duquesne and a service agreement for the performance of electronic meter reading services by DataCom for Duquesne. On July 14, 2005, the Commission extended the period for consideration for the Agreement until further order of the Commission.

The Agreement is filed in accordance with the requirements of Section 2102(b) of the Public Utility Code, 66 Pa. C.S. §2102(b). The Application for a Certificate of Public Convenience is made pursuant to Section 1102 of the Public Utility Code, 66 Pa. C.S. §1102(a)(3).

Duquesne is a duly incorporated Pennsylvania public utility engaged in the distribution of electric service to the public, primarily within Allegheny and Beaver Counties, Pennsylvania, in an area of approximately 800 square miles.

DataCom is a second tier subsidiary of Duquesne. Monongahela Light and Power Company owns 100% of the membership interests in DataCom. Duquesne owns 100% of the common stock of Monongahela Light and Power Company.

DataCom was formed on March 28, 2000, for the purpose of acquiring the assets of the Pittsburgh, Pennsylvania, division of Itron, Inc., consisting of equipment, software, facilities and services for the operation and maintenance of a communications network that exclusively measures and transfers electric power usage data. The transfer was pursuant to an asset purchase agreement between Itron, Inc. and DataCom dated March 30, 2000. Since that time, DataCom has been providing Duquesne with power usage data on its customers within its service territory. DataCom has been supplying these services pursuant to an administrative services agreement that was approved by the Commission at Docket No. G-00960472, Order entered May 9, 1996. DataCom was a signatory on a supplement to the administrative services agreement on February 20, 2002. Duquesne is currently DataCom's only customer.

Duquesne entered into an asset sale agreement dated May 23, 2005, with DataCom to purchase assets of DataCom consisting of power usage monitoring meters, radio communications devices, computer equipment and software. The net book value of the assets to be transferred is \$19,481,172, as of April 30, 2005. Duquesne states that it also entered into a service agreement dated May 23, 2005, with DataCom for electronic meter reading services to assist Duquesne in meeting its responsibility of providing electric utility service to its customers. It is estimated that Duquesne will pay DataCom approximately \$1,800,000 annually for electronic meter reading services.

The specific assets being retained at DataCom for use in providing electronic meter reading data to Duquesne consists of approximately 10,000 cell control units (CCUs) and 47 network control nodes (NCNs). The service to be provided by DataCom is the collection of the electronic meter readings by the CCUs and the transmission of those readings via the NCNs to Duquesne's data processing center at Woods Run on the north shore of the City of Pittsburgh. For the approximately 560,000 meters that are read electronically at least once a month, the price per read is approximately \$0.27 for each meter.

Duquesne submits that this agreement will not become effective until approved by the Commission and that DataCom will be paid the net book value of the assets as of the effective date of a Commission Order approving the asset transfer. We will require Duquesne to provide a list of assets, net book value and amount paid when the transaction is completed.

The Commission reviews each affiliated interest agreement to determine whether services were rendered prior to Commission approval, whether revenues were derived from Pennsylvania operations prior to approval, whether costs were allocated to Pennsylvania operations prior to approval, and whether such services, revenues, or costs

exceed the limit set forth in Section 2102(d) 66 Pa. Code §2102(d). Duquesne states it will execute this Agreement only after Commission approval.

However, DataCom has been providing Duquesne with power usage data since March 30, 2000, but did not sign on to the administrative services agreement with Duquesne until February 20, 2002. Therefore, since that agreement was entered into subsequent to DataCom supplying the power use data to Duquesne and does not qualify for an exception at Section 2102(d) of the Public Utility Code, 66 Pa. C.S. §2102(d), we are imposing a \$1,000 fine.

The Commission has examined the Agreement and has determined that it appears to be reasonable and consistent with the public interest; however, approval of the Agreement does not preclude the Commission from investigating during any formal proceeding the reasonableness of any charges under the Agreement.

Upon consideration of these factors, we conclude that the record provides substantial evidence of affirmative public benefit sufficient to warrant approval of the proposed transaction under *City of York v. Pennsylvania Public Utility Commission*, 449 Pa. 136, 295 A.2d 825 (1972); **THEREFORE,**

**IT IS ORDERED:**

1. That the Affiliated Interest Agreement between Duquesne Light Company and DataCom Information Systems, LLC be, and hereby is, approved.
2. That Duquesne Light Company is fined \$1,000 for being in violation of Chapter 21, payable within thirty (30) days of the entry date of this Order.

3. That acceptance of the Agreement does not preclude the Commission from investigating during any formal proceeding the reasonableness of any charges under the Agreement.

4. That this proceeding at Docket No. G-00051116 be closed.

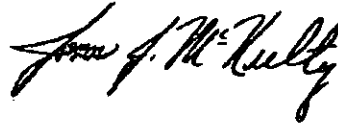
5. That Duquesne Light Company's Application for a Certificate of Public Convenience for the transfer, by sale, of certain property from DataCom Information Systems, LLC to Duquesne Light Company is hereby approved consistent with the findings in this Order.

6. That a Certificate of Public Convenience be issued to Duquesne Light Company pursuant to 66 Pa. C.S. §1102(a)(3), authorizing Duquesne Light Company to transfer certain meters and other devices from DataCom Information Systems, LLC to Duquesne Light Company as specified in the Application.

7. That upon completion of the transaction, Duquesne submit a list of assets, the net book value of the assets and the amount paid to DataCom Information Systems, LLC for the assets.

8. That this proceeding at Docket No. A-110150F0032 will be closed after completion of Ordering Paragraph No. 7.

**BY THE COMMISSION,**

A handwritten signature in cursive script, appearing to read "James J. McNulty".

James J. McNulty  
Secretary

(SEAL)

ORDER ADOPTED: December 15, 2005

ORDER ENTERED: **DEC 16 2005**

2. Article Number



7160 3901 9843 0829 7328

3. Service Type **CERTIFIED MAIL**

4. Restricted Delivery? (Extra Fee)  Yes

1. Article Addressed to:

A-110150 F0032 ○  
Richard S. Henskovitz

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

12/8

C. Signature

x

*Richard S. Henskovitz*

Agent  
 Addressee

D. Is delivery address different from Item 1?  
If YES, enter delivery address below:

Yes  
 No