**DUQUESNE LIGHT STATEMENT NO. 4**

**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| **Petition Of Duquesne Light** | : | |
| **Company For Approval Of Default** | : | **Docket No. P-__________** |
| **Service Plan For The Period** | : | |
| **June 1, 2015 Through May 31, 2017** | : | |

**DIRECT TESTIMONY OF**

**WILLIAM V. PFROMMER**

Dated: April 24, 2014

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**Q. Please state your full name and business address.**

A. My name is William V. Pfrommer. My business address is Duquesne Light Company, 411 Seventh Avenue, Pittsburgh, PA 15219.

**Q. What is your position at Duquesne Light Company?**

A. I am employed by Duquesne Light Company ("Duquesne Light" or "Company") as the Senior Manager, Rates and Tariff Services.

**Q. What are your current responsibilities?**

A. I am responsible for overseeing the Company's retail rates and wholesale transmission rates, which includes supervising the implementation of the default service rates proposed in this proceeding. In addition, it is my responsibility to ensure the rates are properly applied to customer bills.

**Q. Please provide your educational background and describe your professional experience.**

A. I received a Bachelor of Science Degree in Mechanical Engineering from Grove City College in 1978 and a Masters in Business Administration from the University of Pittsburgh in 1989. I was employed by Westinghouse Air Brake Company in 1978 and performed various duties as a staff engineer. I began my career at the Company in 1982 as a Project Engineer in the Engineering and Construction Division at the Beaver Valley Power Station. Over the last 30 years, I have held staff, supervisory and managerial positions in engineering, nuclear construction, customer technical services, marketing and rates. In the Rate Department at Duquesne Light, I was responsible for the calculations to unbundle the rates to support the implementation of electric utility restructuring and customer choice in Pennsylvania. As General Manager of Rates at AquaSource, Inc., the previous water and wastewater subsidiary of DQE, Inc., I was responsible for providing direction to regional controllers on all regulatory matters, and maintaining the tariffs in the 12 states where AquaSource had utility operations. I have testified on rate design matters before the Pennsylvania Public Utility Commission ("Commission") and Federal Energy Regulatory Commission ("FERC"). A list of proceedings in which I have submitted testimony is provided in Appendix A.

**Q. What is the purpose of your direct testimony?**

A. The purpose of my testimony is to address the following items regarding the Company's proposed seventh default service plan ("DSP VII"):

1. Describe the proposed rates for Residential, Lighting, and Small and Medium commercial and industrial ("C&I") customers obtained through competitive requests for proposal ("RFP").
2. Describe the proposed rate design for Large C&I customers.
3. Describe the Company's plans to implement time-of-use ("TOU") rates.
4. Describe the Company's plan to recover the cost of implementing the proposed default service plan.
5. Describe the reconciliation process for default service rates.

6. Describe the development and presentation of the price to compare ("PTC").
7. Describe the proposed changes to the Company's retail tariff necessary to implement the proposed default service plan.
8. Describe the proposed changes to the Company's Electric Generation Supplier ("EGS") Coordination tariff necessary to implement the proposed default service plan.

**Q. Are you sponsoring any exhibits as part of your direct testimony?**

**A.** Yes. I am sponsoring the following exhibits:

- Exhibit WVP-1 - Illustrative Example to Calculate Residential and Lighting Default Service Rates
- Exhibit WVP-2 - Derivation of Factors for Class Rate Determination
- Exhibit WVP-3 – Factors for TOU Contingency Plan
- Exhibit WVP-4 - Estimated Default Service Plan Related Costs
- Exhibit WVP-5 - Proposed Retail Tariff Supplement (clean version)
- Exhibit WVP-6 - Proposed Retail Tariff Supplement (red-line version)
- Exhibit WVP-7 - Proposed EGS Tariff Supplement (clean version)
- Exhibit WVP-8 - Proposed EGS Tariff Supplement (red-line version)

**Q. Please explain how these exhibits were prepared.**

A. These exhibits were prepared either by me or under my direct supervision. They were prepared, to the best of my knowledge, in accordance with Commission requirements and practice.

**Q. How is your testimony organized?**

A. I will first discuss the proposed default service rates for the various customer classes as well as describe the Company's proposed plan to implement TOU rates. I will then describe the proposed methods to recover the costs associated with implementing the proposed default service plan. Next, I will describe the default service supply reconciliation process and the PTC. Finally, I will describe the proposed changes to the Company's tariffs necessary to implement the proposed default service plan.

## I. RESIDENTIAL AND LIGHTING CUSTOMER CLASS RATES

**Q. What rate schedules apply to the Residential and Lighting customer classes?**

A. Residential customers are served under rate schedules RS, RH and RA. Lighting customers are primarily unmetered service and are served under rate schedules AL, SE, SM, SH, and PAL. In addition, the Commission has recently approved LED street lighting rates in the Company's distribution base rate proceeding at Docket No. R-2013-2372129.

**Q. Please describe the current default service rates applicable to the Residential and Lighting customer classes.**

A. The current default service rates for these rate schedules are designed to recover the costs of power that are procured through a competitive RFP solicitation process approved in the Company's sixth default service plan ("DSP VI") proceeding at Docket No. P-2012-2301664 and described in retail tariff Rider No.

8 - Default Service Supply. The RFPs are for full requirements service that includes both the Residential and Lighting class load. Full requirements service will include the cost of energy, capacity, congestion and congestion management charges, alternative energy requirements, ancillary services, and PJM grid management charges. Residential default service rates and Lighting rate schedules AL and SE are a reconcilable, flat supply charge per kilowatt-hour ("kWh"). Default service rates for Lighting rate schedules SM, SH and PAL are a fixed rate per fixture based on the monthly kWh consumption of the fixture and are also reconcilable.

**Q. In DSP VII, please describe how the retail rates will be determined.**

A. Winning bids will be determined through the RFP process as described by Duquesne Light witness Habberfield. In general, a single weighted average price will be calculated from the winning bids necessary to fill the applicable tranches in accordance with the guidelines of the RFP process. The weighted average price from the RFP process will be adjusted to recover costs incurred by the Company. The Company will then adjust the weighted average winning bid price to recover the cost of line losses, to recover administrative costs to conduct the RFP, and to recover current and prior period over/under collections with interest. Once the gross weighted average of the winning bid price is determined, the Company will adjust the price to first recover costs common to both customer classes, then use class rate factors to derive Residential and Lighting class rates based on their respective energy consumption patterns and capacity requirements.

This process that I just described is the same as that used by the Company in DSP VI. In DSP VII, in developing the residential rates, the Company also proposes to include an adjustment to recover the costs of its proposed TOU program and a portion of the costs of its proposed Standard Offer Customer Referral Program ("SOP").[1] The final step will adjust the price to recover Pennsylvania gross receipts tax ("GRT").

**Q. Please describe the default service rates the Company is proposing for the Residential and Lighting rate schedules.**

A. As discussed by witness Habberfield, the Company is proposing to continue to obtain default service supply through multiple RFPs, and the Company will use the same process to calculate the retail rate. These competitive solicitations will continue to seek full requirements service products, although the contracts will be laddered and the delivery period for one contract will be six-months instead of twelve-months. Under the proposed plan, new supply rates will become effective every June 1 and December 1 through May 31, 2017.

**Q. Have you prepared an exhibit that shows the derivation of the Residential and Lighting class default service supply rates?**

A. Yes. Exhibit WVP-1 is an illustrative example showing the derivation of the Residential and Lighting class default service supply rates for the DSP VII period.

[1] TOU cost recovery is discussed in detail in Section IV. SOP cost recovery is discussed in detail in Section V.

**Q. Have you adjusted the rate class factors used to derive the Residential and Lighting class rates?**

A. Yes. Exhibit WVP-2 shows the derivation of the class rate factors the Company proposes to use for the 2015-2016 and 2016-2017 effective rate periods. As shown in Exhibit WVP-2, a capacity price per MWh was determined based on the results of the PJM base residual auctions and the customer class load shapes. Since the capacity obligation of the Lighting class is zero, there is no adjustment for capacity in $/MWh. A load weighted locational marginal price ("LMP") was calculated based on 2013 data. The average lighting class LMP reflects the off-peak nature of the load. Combining capacity and LMP per MWh, factors were derived relative to the weighted average capacity and LMP per MWh for the Residential and Lighting class load combined.

**Q. Is the Company proposing to change the method for recovery of certain PJM charges?**

A. No. The Company proposes to continue the same responsibility for PJM charges as defined in the current Supply Master Agreement ("SMA") and approved by the Commission for the current default service plan. In addition, the Company has clarified responsibility for other PJM charges. As a result, the Company is not proposing to change its Transmission Service Charge ("TSC").

## II. SMALL & MEDIUM C&I CUSTOMER CLASS RATES

**Q. What rate schedules apply to the Small and Medium C&I customer classes?**

A. Small and Medium C&I customers are those customers served under rate schedules GS/GM, GMH and UMS. Small C&I customers are those customers with monthly metered demand less than 25 kW as described under general service rate schedules GS/GM and GMH. Medium C&I customers are those customers also on general service rate schedules GS/GM and GMH but with monthly metered demand equal to or greater than 25 kW but less than 300 kW. Small unmetered C&I customers are served under rate schedule Unmetered Service ("UMS").[2]

**Q. Please describe the current default service rates applicable to Small and Medium C&I customers.**

A. Default service supply is procured through a competitive RFP solicitation process approved in the Company's DSP VI proceeding and described in retail tariff Rider No. 8 - Default Service Supply. The RFP is for full requirements service. Small and Medium C&I default service rates are reconcilable, flat supply charges per kWh. Default service rates are updated effective June 1 and December 1 of each year through May 2015.

**Q. Please describe the default service rates the Company is proposing for rate schedules GS/GM, GMH and UMS in DSP VII.**

[2] Municipal traffic signals are an example of UMS customers.

A. As discussed by witness Habberfield, the Company is proposing to continue to obtain default service supply through multiple RFPs for full requirements supply products, with the retail rates being calculated from the winning bid prices in the RFPs. Like the RFPs for the Residential and Lighting classes, the Company proposes to continue the same responsibility for PJM charges as under the DSP VI Plan for the RFPs for the Small C&I and Medium C&I procurement groups. As noted above, the Company has clarified the responsibility for other PJM charges. Under the proposed plan, through May 31, 2017, new rates will become effective every June 1 and December 1 for Small C&I customers and every June 1, September 1, December 1 and March 1 for Medium C&I customers. In contrast, Medium C&I customers' default service rates changed only twice annually in DSP VI.

**Q. Please describe how the retail rates will be determined for rate schedules GS/GM, GMH and UMS.**

A. The Company proposes to continue the same process used to derive retail rates. In general, a single weighted-average price will be calculated from the winning bids necessary to fill the applicable tranches in accordance with the guidelines of the RFP process. Similar to the derivation of the Residential and Lighting rates shown in Exhibit WVP-1, the Company proposes to adjust the weighted-average winning bid price to recover the cost of line losses, administrative costs to conduct the RFP, prior period over/under collection, TOU program costs, a portion of SOP costs, and GRT.[3] Except for the recovery of TOU program costs and a portion of the SOP costs, these are the same adjustments that are made to develop the rates currently in effect.

## III. LARGE C&I CUSTOMER CLASS RATES

**Q. What rate schedules apply to the Large C&I customer classes?**

A. Large C&I customers are those customers served under rate schedules GL, GLH, L and HVPS with peak metered demand greater than 300 kW.

**Q. Please describe the current default service rates applicable to Large C&I customers.**

A. Large C&I customers are served under Rider No. 9 - Day-Ahead Hourly Price Service.

**Q. Please describe the default service rates the Company is proposing for the Large C&I rate schedules.**

A. The Company proposes to continue to offer the same day-ahead hourly price service default service option for these customers as described in the current tariff rider without change.

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[3] TOU cost recovery is discussed in detail in Section IV. Standard Offer Program cost recovery is discussed in detail in Section V.

## IV. PLANS FOR TIME-OF-USE RATE OFFERINGS

**Q. What is your understanding of how TOU rates should be provided?**

A. Act 129 of 2008 ("Act 129") required electric distribution companies ("EDCs") with at least 100,000 customers to implement TOU plans, among other requirements, and to evaluate these pricing plans as an option for customers to manage their electricity costs. Specifically Section 2807(f)(5) provides with respect to TOU and RTP as follows:

> By January 1, 2010, or at the end of the applicable generation rate cap period, whichever is later, a default service provider shall submit to the commission one or more proposed time-of-use rates and real-time price plans. The commission shall approve or modify the time-of-use rates and real-time price plan within six months of submittal. The default service provider shall offer the time-of-use rates and real-time price plan to all customers that have been provided with smart meter technology under paragraph (2)(iii). Residential or commercial customers may elect to participate in time-of-use rates or real-time pricing. The default service provider shall submit an annual report to the price programs and the efficacy of the programs in affecting energy demand and consumption and the effect on wholesale market prices.

More recently, the Commission's Order regarding the Investigation of Pennsylvania's Retail Electricity Market: Recommendations Regarding Upcoming Default Service Plans, entered December 16, 2011, at Docket No. I-2011-2237952 states:

> After review of the comments, the Commission will maintain its recommendation that EDCs contemplate contracting with an EGS in order to satisfy their TOU requirement. The Commission does wish to clarify that this recommendation is not, in and of itself, a rejection of the other proposals raised, such as instituting peak time rebate offers or creating a separate wholesale auction for TOU rates. Such ideas may indeed have merit, and we will allow the EDCs to evaluate these proposals for possible inclusion in their next default service filings. (Order, page 47)

**Q. How has the Company complied with Act 129 and these orders, with regard to offering TOU rates?**

A. The Company filed its TOU Plan ("TOU Plan") on December 28, 2009. The Plan proposed a four-step process to integrate TOU rates into practice: 1) Conduct Market Analysis; 2) Implement Residential Pilot Program Infrastructure; 3) Implement Residential Pilot Programs; and 4) Implement TOU Pricing Programs to Smart Meter Customers. The Commission approved the TOU Plan by order entered June 23, 2010 at Docket No. P-2009-2149807, requiring, among other items, supplemental filings to report progress and results on the TOU Plan. Effective June 1, 2012, the Company implemented two TOU residential programs.

**Q. Please briefly summarize the subsequent developments with respect to Duquesne Light's TOU rate offerings.**

A. Approximately 1,200 customers enrolled in the Time-of-Week program ("TOU-1") designed to encourage customers to reduce weekday consumption. Approximately 100 customers enrolled in the Time-of-Day program ("TOU-2") designed to encourage customers to manage their electricity costs in response to on-peak and off-peak default service pricing. The Company submitted its second supplemental filing November 30, 2012, presenting the results of the TOU-1 and TOU-2 programs that were in effect from June 1, 2012 through September 30, 2012.

On November 30, 2012, the Company petitioned the Commission to change the timing of and supplemental reporting requirements for the final phase of its TOU Plan to better align it with its Final Smart Meter Implementation Plan submitted on June 20, 2012 at Docket No. M- 2009-2123948. So that a meaningful number of smart meters could be installed to attract and obtain reasonable proposals for TOU rate offerings, the Company proposed to defer implementation of the final phase of its TOU Plan until June 1, 2015 and defer the final supplemental reporting requirement until November 30, 2016. The Commission approved the Company's request to defer the final phase of the TOU Plan and reporting requirements by Order entered August 15, 2013 at Docket No. P-2009-2149807.

**Q. Does the Company currently have in effect any TOU rate offerings?**

A. No. The TOU-1 and TOU-2 pilot program offerings ended September 30, 2012.

**Q. What are the guiding principles for the TOU program that the Company is proposing in this proceeding?**

A. The Company has defined the following guiding principles for the TOU program that it is proposing in this proceeding, which would become effective June 1, 2015:

1. Customer preferences must define the rate structure.
2. An EGS should supply TOU rates and service.

3. Customers on TOU service should become retail customers of the EGS TOU supplier.
4. Administration and implementation of the TOU Plan should be kept as simple as possible.
5. TOU Plan costs should be recovered from default service customers and by the EGS TOU supplier.

**Q. Under the Company's proposal, which customers will be eligible for the TOU program?**

A. TOU service under the program will be offered to all Residential and Small C&I customers who have a smart meter and its data collection and communications systems installed and successfully tested, and all Medium C&I customers with interval meters, as long as the customer's meter also has the necessary data collection and communication systems in place and successfully tested. In order to better evaluate and measure the results of the TOU program, customers must be on consolidated billing to participate in TOU service. Large C&I customers will not be eligible for the TOU program, and they will not bear any of the costs associated with the TOU program. Within these parameters, all customers are eligible to participate in the TOU program regardless of whether they are currently being served through the default service offering or through an existing EGS.

The Company estimates 10,000 Residential and Small C&I customers with smart meters will be eligible June 1, 2015 and an additional 100,000 smart meter customers will be eligible June 1, 2016 for a total 110,000 eligible Residential and Small C&I customers by June 1, 2016. In addition, approximately 23,000 Medium C&I customers with interval meters will be eligible for the TOU rates throughout the entire default service period of June 1, 2015 through May 31, 2017.

**Q. By what time periods will TOU rates be differentiated?**

A. TOU rates will be distinguished by three time periods throughout the year. The Summer On-Peak Period will consist of all hours during weekdays (excluding PJM holidays) from 2:00 PM through 6:00 PM from June 1 through September 30. All other hours during those months will be the Summer Off-Peak Period. All hours during October 1 through May 31 will be the Non-Summer Period. The same on-peak and off-peak periods will be applicable to all eligible TOU service customers.

**Q. How will electricity for the TOU program be supplied?**

A. The Company proposes to issue two RFPs to EGSs, one for TOU supply during June 2015 – May 2016 (the first TOU program year), and one for TOU supply during June 2016 – May 2017 (the second TOU program year). The TOU program proposed in this proceeding will end May 31, 2017. Each TOU RFP will be held approximately two to three months before the applicable TOU rates become effective on June 1 of the respective year. A single EGS will be chosen as the winning supplier in each RFP for all customer classes. Each RFP will seek

TOU supply to meet customers' load requirements during one of the two 12-month TOU program years with time-differentiated rates aligned with the periods that I have described. Duquesne Light witness Habberfield describes the details of the RFP process, the requirements and the evaluation criteria to select the winning EGS. Any customer that enrolls with the EGS under the TOU program will be considered an EGS customer and, subject to the enrollment windows for the TOU program, standard customer switching rules shall apply.

**Q. Please explain the reasoning for the three TOU time periods (Summer On-Peak, Summer Off-Peak, and Non-Summer) and the commitment to provide predetermined TOU prices over a 12-month period.**

A. The Company believes that input and guidance from the customer is essential for TOU rates to be accepted in the market. This is the first guiding principle. The rate structure proposed by the Company is based in large part on the market research and results of the TOU-1 and TOU-2 pilot programs. As summarized in the Company's report filed November 30, 2012, time-of-day pricing is preferred over time-of-week pricing, a greater on-peak to off-peak pricing ratio is preferred, and customers prefer an on-peak period during the week that ends at 6:00 PM. Based on the baseline analysis conducted for the TOU-1 and TOU-2 pilot programs, the Company determined that the peak Company load frequently falls between 2:00 PM and 6:00 PM weekdays during the months of June through September. To align with customer preferences, and to align with the timing of the Company's peak system load, the Company proposes a 2:00 PM to 6:00 PM weekday on-peak period.

Finally, based on past default service plans, customers generally prefer rate stability. For this reason, the Company's proposal requires the TOU supplier to commit to predetermined TOU prices over a 12-month period instead of over a shorter time period. This will allow customers who enroll in the program to respond to different rates at different times of the day, while still having the price security of rates for an entire 12-month period that are known to customers at the time of enrollment in the TOU service. This should encourage customer participation.

**Q. Why has the Company chosen to have an EGS supply the TOU service and have the customer become an EGS customer?**

A. There are four reasons why the Company established these second and third guiding principles. First, the Commission's order entered December 16, 2011 at Docket No. I-2011-2237952 recommended that EDCs contemplate contracting with an EGS in order to satisfy their TOU requirement (Order page 47).

Second, the Company proposed to bid out TOU load to EGSs in its DSP-VI default service proceeding at Docket No. P-2012-2301664, and the Commission agreed with the Company's proposal in that proceeding (Order entered January 25, 2013, page 230).

Third, recent default service filings of other EDCs suggest the Commission supports having the EGS provide TOU service. The Commission approved PECO Energy Company's ("PECO") model[4] and the First Energy Company's model for Penn Power and West Penn Power[5] for EGSs to provide TOU service. PPL's proposal to have an EGS provide TOU service is pending approval.[6]

Finally, having an EGS provide TOU service simplifies the reconciliation process. Keeping the administration of the TOU program simple is the fourth guiding principle. The provision of TOU service by an EGS simplifies administration because the EGS provides the TOU supply.

**Q. How will the rates be set for the Summer On-Peak Period, the Summer Off-Peak Period, and the Non-Summer Period?**

A. The rates will be set based on the pricing from the winning EGS in the RFP. In DSP VII, given that the Company is just starting to roll-out its installation of smart meters and the TOU load volumes are likely to be relatively small, the Company proposes to rely on an RFP with the same TOU rates for all eligible customers in each year of the program. An RFP will be used to establish rates for

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[4] *Petition of PECO Energy Company for Expedited Approval of its Dynamic Pricing Plan Vendor Selection and Dynamic Pricing Plan Supplement*, Docket No. P-2012-2297304, Order entered September 26, 2012; *Petition of PECO Energy Company for Expedited Approval of its Dynamic Pricing Plan Vendor Selection and Dynamic Pricing Plan Supplement*, Docket No. P-2012-2297304, Order entered May 9, 2013.

[5] *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of Their Default Service Programs*, Docket Nos. P-2011-2273650, *et al.*, Order entered February 15, 2013; *Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company for Approval of Their Default Service Programs*, Docket Nos. P-2011-2273650, *et al.*, Order entered May 23, 2013.

[6] *Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31,2015*, Docket No. P-2012-2302074.

the first TOU program year and a second RFP will be used to establish rates for the second TOU program year.

**Q. Will the TOU rates of the winning EGS in the RFP be included in the Company's retail tariff?**

A. No. Since the TOU service is provided by an EGS and customers enrolled in the TOU program will be EGS customers, it is not necessary to include the rates in the Company's tariff. However, as explained by Duquesne Light witness Sandoe in her direct testimony, Duquesne Light will make available and communicate the TOU rates being offered to customers eligible for TOU service.

**Q. Under the Company's plan to have an EGS supply customers under the TOU program, will the Company perform any reconciliation of revenues collected with respect to changes in load or shifted demand for TOU program participants served by an EGS?**

A. No. The EGS will incur the supply costs and receive the supply revenues. This approach is consistent with the fourth guiding principle to keep administration of the TOU program simple.

**Q. When would customers be able to elect TOU service?**

A. Customers will be able to elect TOU service over a four-to-five month period starting soon after the TOU supplier has been selected and until July 31 each year. This customer election period is intended to provide the TOU supplier and the

Company ample time to market and communicate the TOU program to eligible customers. TOU service enrollment will follow the applicable switching protocols in the Company's Supplier Tariff and Electric Service Schedules of Rates Tariff except that customers that sign up before June must wait for their first scheduled meter read date in June for service to be effective, subject to standard customer switching rules in effect at the time. This will ensure that the TOU service will begin on or after June 1. For this reason, the Company is proposing to add to the switching rules of EGS tariff 5.3.8 to make clear that switches will occur using the standard EDI transaction process from May 29 and until July 31 of each program year. As explained by Duquesne Light witness Habberfield, the enrollment period ends on July 31st in an effort to reduce the time that the EGS TOU supplier will need to hold open its TOU price offer. Exhibit WVP-8 provides a redline version of the proposed changes to the EGS tariff showing this change.

**Q. Will TOU program customers be able to leave TOU service, switch to default service, switch to a different type of service from the EGS supplying the TOU service, or switch to another EGS at any time?**

A. Yes, customers will be able to make such service elections according to standard switching protocols in effect at the time and without penalty from the EGS supplying TOU service. However, any customer that switches off service under the TOU program can only switch back to TOU service during the designated enrollment windows.

**Q. Will TOU customers be guaranteed savings on TOU rates relative to default service rates?**

A. No, the customer will be treated like any other EGS customer with regard to savings.

**Q. On June 1, 2016, when the first TOU program year ends, what will happen to the customers being provided TOU service?**

A. Absent an affirmative customer election for some other service (e.g., with the same EGS, another EGS, or Duquesne Light's default service), a customer that elected TOU service under the program will remain with its EGS on a TOU rate. At that time, however, the EGS could change the rates that it charges to the customer. Further, the EGS will be prohibited from imposing customer switching penalties, minimum stay requirements, or contract cancellation fees, and the EGS must send written notice of any change in rates to the enrolled customers in advance of the new rates going into effect. These obligations of the TOU supplier are provided in the TOU Program Summary and Agreement attached to witness Habberfield's testimony.

**Q. Please summarize the timing and content of the reports on the TOU program to the Commission?**

A. With regard to timing, the Company is currently committed to submitting a report to the Commission by November 30, 2016. Since the Company will likely file its next default service filing in the first quarter of 2016 for default service rates effective June 1, 2017, the Company is proposing to accelerate filing of the first report from November 30, 2016 to November 30, 2015. Subsequent reports as required would be filed by November 30 each year. With regard to report content, the Company would report the number of customers enrolled by rate schedule, program costs, customer interest and customer experience. In her direct testimony, Duquesne Light witness Sandoe describes customer interest and customer interaction experiences for reporting purposes in more detail. Since EGS information will be needed for the report, the Company is proposing to modify Rule 5.4.4 of the EGS tariff to explain that the winning EGS in a given TOU RFP must agree to provide certain data to the Company for reporting requirements (e.g., marketing efforts, customer demographics) to the extent necessary to evaluate the effectiveness of the TOU program. Exhibit WVP-8 provides a redline version of the proposed changes to the EGS tariff showing this change.

**Q. How will the costs to implement the TOU program be recovered?**

A. The EGS supplying the TOU service will be responsible for recovering its own costs. Any incremental costs incurred by the Company to implement and retain the TOU program will be borne by default service customers. These costs are described by Duquesne Light witness Sandoe in her direct testimony. TOU program costs readily attributable to a specific customer class (e.g. Residential customers) will be directly assigned to the default service class for which such costs are incurred. All other costs, which cannot be directly assigned, will be allocated to all of the default service classes eligible to participate in the program in proportion to each class' default service load.

**Q. What is the contingency plan if no EGSs submit qualifying bids in a TOU RFP?**

A. If no EGSs submit qualifying bids in a given TOU RFP, or if no bid is accepted, the Company will offer TOU default service for the applicable TOU program year to eligible TOU customers in lieu of an EGS supplying TOU service. In his direct testimony, Duquesne Light witness Habberfield describes how TOU service would be supplied in this scenario. Under the contingency plan, the Company would set the prices for the same Summer On-Peak and Summer Off-Peak periods defined above by applying TOU factors to the default service supply rates. The factors would be based on the June through September load shapes and PJM pricing, and they would be applied to the default service supply rates in the calculation step prior to adjusting the default rates to recover GRT. The derivation of the TOU factors that would be used solely for the contingency plan is shown in Exhibit WVP-3. The factor for the Non-Summer period would be equal to one. The TOU program customers in this contingency scenario would be default service customers. Since they would be considered default service customers, the revenues, expenses and sales associated with these customers would be included in the reconciliation calculations for their applicable customer class. The Company would provide this TOU service only during the TOU program year for which no EGS was selected as the winning TOU supplier, and after that TOU program year is over any customers on the TOU service provided by the Company that do not affirmatively elect another service will be provided standard default service. For the purposes of this contingency scenario only, Appendix B, "Rate TOU – Time-of-Use", is proposed to replace the existing Appendix B, "Rate R-TOU – Residential Service Time-of-Use", to have the provision in place if EGSs do not submit any qualifying bids in the TOU RFP or if no bids are accepted in the RFP. If the contingency TOU service is necessary, the Company would submit to the Commission for approval TOU rates in Appendix B to become effective on no less than 10 days-notice.

## V. <u>COST RECOVERY</u>

**Q. What type of costs does the Company anticipate it will incur in this proceeding?**

A. The Company expects to incur the following costs to implement the proposed default service plan:

1. The default service plan filing costs.
2. The cost to conduct the RFPs.
3. The cost to implement the TOU program.
4. The cost to implement the revised Standard Offer Customer Referral Program.
5. The cost to implement Commission-mandated Retail Market Enhancements associated with default service.

**Q. Have you prepared an exhibit that summarizes the cost estimates and the cost recovery associated with the proposed default service plan?**

A. Yes. Exhibit WVP-4 provides a summary of the scope, estimated cost and cost recovery mechanism for each item. As noted, these are preliminary cost estimates that are subject to change based on final plan design and implementation.

## Default Service Plan Costs

**Q. How does the Company propose to recover the default service plan filing costs?**

A. The default service plan filing costs are consulting fees and counsel fees and Company out-of-pocket administrative costs necessary to prepare, defend, obtain Commission approval and implement the Company's proposed default service plan. The Company proposes to recover these costs as an amortized expense through its distribution rates. This is the same method by which the Company is recovering the costs of its current DSP VI plan.

## RFP Procurement Costs

**Q. How does the Company propose to recover the costs associated with conducting the RFPs for each of the customer classes?**

A. As described above in Section I and II, the Company proposes to recover the costs associated with conducting the RFPs in the build-up of the retail rates for each of the procurement groups. These costs are primarily the administrative costs to conduct the RFPs. Costs and revenue will be tracked separately for each procurement group to ensure no cross-subsidy occurs.

**TOU Costs**

**Q. How does the Company propose to recover the costs associated with implementing the TOU program?**

A. As described in Section IV, costs incurred by the Company to implement the TOU program will be recovered through default service rates of the applicable customer class.

**Standard Offer Referral Program Costs**

**Q. Does the Company currently have in place a Standard Offer Customer Referral Program?**

A. Yes. The Company's current SOP is in effect until May 31, 2015. Customers on residential rate schedules RS, RH and RA and small commercial customers with billing demand less than 25 kW are eligible for the SOP program. In her direct testimony, Duquesne Light witness Sandoe provides a general description of the current SOP program.

**Q. How does the Company currently recover the costs incurred to implement and maintain the existing Standard Offer Customer Referral Program?**

A. The current SOP program started in August 2013. The Company currently charges each participating EGS a Customer Acquisition Fee of $25.00 for each customer that is switched from default service to the EGS as a result of the SOP program. In accordance with the approved DSP VI program, the $25.00 Customer Acquisition Fee is fixed between August 16, 2013, and August 31, 2014. However, later this year, the Customer Acquisition Fee is scheduled to be revised effective September 1, 2014. Please see Ms. Sandoe's testimony for additional details. The revised fee shall not be less than $0 per EDI transaction, shall not exceed $30 per EDI transaction, and otherwise shall be calculated as: (1) the costs of the Program incurred by Duquesne Light through June 2014, divided by (2) the number of applicable EDI transactions through June 2014 across all Standard Offer Suppliers.

**Q. Is the Company proposing to continue the Standard Offer Customer Referral Program during the DSP VII period?**

A. Yes. However, as described by Duquesne Light witness Sandoe in her direct testimony, the Company is proposing a revised SOP program effective June 1, 2015. As Ms. Sandoe explains, the implementation of the new Customer Care and Billing system in 2014 will allow the Company to enhance its SOP by offering a program that more closely aligns Duquesne Light with most of the EDCs in Pennsylvania. These enhancements, however, will increase the costs of the customer referral program relative to Duquesne Light's current program.

**Q. How does the Company propose to recover the costs associated with implementing and maintaining the revised SOP?**

A. The Company proposes several modifications to the way it plans to recover costs associated with the SOP program. First, based on program design and cost estimates, it may be necessary to increase the Customer Acquisition Fee to \$30.00 for each customer that is switched from default service to the EGS as a result of the SOP program. This change in the Customer Acquisition Fee will become effective June 1, 2015 and be charged to participating EGSs.

Second, as described by Ms. Sandoe, the revised SOP may result in additional costs in excess of the \$30.00 Customer Acquisition Fee. The Company proposes that any excess costs will be recovered 50% from the Purchase of Receivables ("POR") administrative discount and 50% from Residential and Small C&I default service customers eligible to participate in the SOP program, similar to the SOP cost recovery methodology approved by the Commission in PECO's default service proceeding.[7] Exhibit WVP-8 provides a redline version of the proposed changes to page 42B of the EGS tariff describing cost recovery.

Third, the Company proposes to modify the existing Rider No. 19 tariff language that addresses the recovery of possible costs incurred by the Company in excess of Customer Acquisition Fees collected from EGSs to implement and operate the current SOP during the DSP VI period. The Company currently does not anticipate that such cost recovery will be necessary for the DSP VI period, but in any event, will add clarifying language to state that the rider ends on May 31, 2016. This will ensure that customers and EGSs understand recovery of all prior SOP program costs associated with DSP VI ends at that time.

[7] PUC Order, Petition of PECO Energy Company for Approval of its Default Service Program II, P-2012-2283641, June 13, 2013, pp. 5-7, 9-10.

**Q. Why is the Company proposing to recover SOP costs in this manner?**

A. There are two reasons. First, the proposed cost recovery design is based in large part on the Commission's order for PECO's current approved default service plan,[8] which was issued as part of a proceeding in which all parties had the opportunity to comment on cost recovery methods for retail enhancement programs. The Company is proposing a SOP cost recovery structure that is the same as the one that was approved by the Commission in that proceeding. Since the revised SOP program described by Ms. Sandoe is very similar to the PECO SOP program, it is appropriate to recover costs in the same manner ordered by the Commission in the PECO proceeding.

Second, I note that the Commission has encouraged EDCs to contemplate recovery of standard offer program costs through the POR discount.[9]

**Q. What are the current discount rates for the POR program?**

A. The POR program is described in Rule 12.1.7 of the EGS tariff. The current discount rates are defined in Rule 12.1.7.2, Purchase Price Discount, and are as follows:

- Residential: 0.52% comprised of 0.42% for uncollectible expenses and 0.10% for ongoing operating and administrative expenses.
- Small C&I customers (<25 kW): 0.52% comprised of 0.42% for uncollectible expenses and 0.10% for ongoing operating and administrative expenses.

[8] *Petition of PECO Energy Company for Approval of its Default Service Program II,* Docket No. P-2012-2283641, Order entered June 13, 2013, p. 5-10.

[9] *Investigation of Pennsylvania's Retail Electricity Market's Intermediate Work Plan,* Docket No. I-2011-2237952, Order entered March 2, 2012, p. 32.

- Medium C&I customers (≥25 kW up to 300 kW): 0.28% comprised of 0.18% for uncollectible expenses and 0.10% for ongoing operating and administrative expenses.

**Q. What changes is the Company proposing in DSP VII to the POR rules to recover the 50% share of the Standard Offer Program costs in excess of the Customer Acquisition Fee collections?**

A. The Company is proposing to change Rule 12.1.7.2 to explain that if necessary, the administrative adder for the Residential and Small C&I customer classes will be increased to recover 50% of the SOP costs in excess of the $30 customer acquisition fee charged to EGSs in accordance with the SOP cost recovery provisions on revised page 42B. Exhibit WVP-8 provides a redline version of the proposed changes to the EGS tariff showing this change.

**Q. Is the Company proposing changes to the Purchase Price Discounts in Rule 12.1.7.2 at this time?**

A. No. The Company is only proposing to update the POR effective periods to reflect the DSP VII period.

## Retail Market Enhancement Costs

**Q. What are the Commission-mandated costs that the Company expects to incur?**

A. In general, Commission-mandated costs are those costs associated with any program or initiative approved and directed by the Commission to enhance retail competition. These costs would be new incremental costs not being recovered through base rates and appropriate to recover from all customers.

**Q. Is the Company presently incurring Commission-mandated market enhancement costs?**

A. Yes. The Company incurs mailing costs associated with Commission-mandated mailings associated with consumer education about retail competition.

**Q. How is the Company presently recovering consumer education costs?**

A. The Company recovers these costs through Rider No. 1, Consumer Education Surcharge. These costs are incremental to the Company and not recovered through base rates.

**Q. Why will the Company incur additional costs associated with enhancing the retail market?**

A. The Commission has issued orders mandating certain changes for EDCs related to market enhancements. At the Retail Market Enhancement Order Docket No. I-2011-2237952, the Commission required EDCs to file and implement a plan to facilitate moving EGS service with the customer when the customer moves within the EDC territory rather than returning the customer to default service within the move, i.e., seamless moves. In addition, the order established that a new customer could choose and enroll with an EGS on the day the customer starts new service with the EDC, i.e., instant connects.

At Docket No. M-2013-2355751, the Commission proposed the creation of a web-portal to permit EGS access to customer account information for customers who are not on the Eligible Customer List.

More recently, the Commission entered a tentative order on February 6, 2014 at Docket No. M-2014-2401345 seeking comments on making a more supplier-oriented utility consolidated electric bill. Changes to the utility bill include presentation of the EGS logo, expansion of bill messaging space allotted to EGSs and inclusion of a Shopping Information Box. All of these changes are retail market enhancements and will create incremental costs for the Company.

**Q. How is the Company proposing to recover Commission-mandated market enhancement costs?**

A. The Company is proposing to change and expand Rider No. 1, the Consumer Education Surcharge, to recover all Commission-mandated expenses associated with retail market enhancement initiatives, not solely Commission-mandated consumer education costs as currently written. The Company proposes to change the name of Rider No. 1 to "Retail Market Enhancement Surcharge" and to re-define the scope of costs eligible to be recovered through the rider. The structure, design and reconciliation process will remain unchanged. The proposed changes are shown in the redline version of the tariff supplement Exhibit WVP-6.

**Q. Why does the Company believe it is appropriate to recover these Commission-mandated costs associated with retail competition through the surcharge?**

A. For two reasons. First, on July 1, 2013, the Company filed for Commission approval a request to retain the Consumer Education Surcharge in the tariff and modify its Consumer Education Surcharge to recover Commission-mandated consumer education activities related to retail competition that are not otherwise being recovered in base rates. The Commission agreed with the Company's petition by order entered August 29, 2013 at Docket No. R-2013-2371825. Second, in its tentative order at Docket No. M-2014-2401345, the Commission stated:

> The Commission recognizes that the changes recommended herein may necessitate billing system, EDI and/or information technology changes. With regard to cost recovery, because this proposal will affect all customers the Commission proposes that the costs associated with these recommendations be recovered from all distribution customers on a non-bypassable basis through the EDCs' Retail Market Enhancements surcharge or some similar mechanism. If parties believe other cost recovery mechanisms are more appropriate, we ask that such mechanisms be addressed in comments.
>
> The Commission also proposes that these recommendations be implemented no later than June 1, 2015, in order to coincide with the expiration of the existing, and the start of the new, EDC Default Service Plans. (Tentative Order page 9)

Based on this language, and implementing Commission recommendations no later than June 1, 2015, the start date of the default service plan in this proceeding, the

Company believes it is appropriate to modify the existing surcharge to recover all Commission-mandated costs.

## VI. RECONCILIATION

**Q. What reconciliation period does the Company currently use for current default service rates?**

A. Default service rates are currently reconciled on a six-month basis. In general, the current reconciliation period is the six-month period ending two months prior to the effective date of the new rates. New rates effective on June 1 include reconciliation of revenue and expense for the six months ending March 31. New rates effective on December 1 include reconciliation of revenue and expense for the six months ending September 30. For the statements necessary for 1307e filing requirements which are on a 12 month basis, the Company combines two six month reconciliation periods and submits a 12 month reconciliation filing for the 12 months ending March 31 in accordance with 66 Pa C.S. § 1307e. The reconciliation periods are defined in the retail tariff in Rider No. 8, Default Service Supply.

**Q. Is the Company proposing any changes in the reconciliation periods in this proceeding?**

A. Yes. While the Company is proposing to continue six month reconciliation periods, it is proposing to modify the timing of reconciliation periods. The Company is proposing to change the current 6 month reconciliation periods from

April-September and October-March to February-July and August-January. The 12 month reconciliation required for 66 Pa C.S. § 1307e would be for the 12 months ending January 31 each year and filed 30 days after January 31.

**Q. Why is the Company proposing adjustments to the reconciliation periods in this proceeding?**

A. While the current reconciliation process using six month reconciliation periods is working well in Duquesne Light's service area and the Company has been able to keep any over or under collections to small and relatively insignificant levels, adjusting timing of the reconciliation periods provides greater assurance the final PTC is known at least 45 days prior to its effective date as often as possible. The adjusted timing of the reconciliation periods will allow the final PTC to be published for all of the rate effective periods except the June 1 PTC. This is because the transmission rate component of the PTC will not be known until May 15 because of the FERC process for changing rates. However, the final supply component of the PTC will be known 45 days in advance.

**Q. Would a more frequent reconciliation have a meaningful impact in making the PTC more consistently track contemporaneous market prices?**

A. No. Duquesne Light's default service procurement, unlike the default service supply portfolios of some other Pennsylvania EDCs, does not include a block-and-spot component. Rather, Duquesne Light relies exclusively on fixed-price full requirements products for all of the Residential, Lighting, Small C&I, and

Medium C&I customer default service supply. Therefore, the supplier costs and customer revenues are closely aligned, diminishing the need for more frequent reconciliations.

**Q. What is the magnitude of the over/under collection component of the PTC rate?**

A. The over/under collection component of the rate has varied within a tight range of (0.086) cents/kWh to 0.101 cents per kWh during the Company's previous and current default service plans. The Company does not anticipate meaningful variations since default service supply will be obtained through full requirements contracts.

## VII. PRICE TO COMPARE

**Q. Please explain the current process of how the Company posts the PTC.**

A. In 2010, the Commission issued a secretarial letter to provide guidance on views expressed by the Committee Handling Activities for Retail Growth in Electricity ("CHARGE") in regard to Disclosure of Default Service Solicitation Results and Creation of a Default Service Rate Calculation Model (letter issued October 12, 2010, Docket No. M-2009-2082042). The Company has implemented the following steps in its procurement process to meet the guidance provided in the Commission's secretarial letter.

- Posted an estimated PTC within seven days from receipt and determination of the winning bids in the RFP.

- Posted an estimated default service rate model at the time the weighted average winning bid price is released.
- Posted the final default service rate model including the final PTC 15 days before the effective date showing the derivation of the final default service rates.

**Q. How is the Company proposing to post the PTC in this proceeding?**

A. The Company will post the final PTC 45 days in advance of each application period except for the June 1 application period. For the June 1 application period, the Company will post the supply component 45 days in advance and will post the Final PTC, including the transmission component, 15 days in advance because the transmission component of the PTC will not be known until May 15 of each year.

## VIII. <u>TARIFF CHANGES</u>

**Q. Have you prepared a form of the retail tariff supplement that contains changes necessary to implement the Company's proposed default service plan?**

A. Yes. Exhibit WVP-5 contains the necessary changes to the rate schedules and applicable riders to implement the proposed default service plan. Exhibit WVP-6 is a red-line version of the current retail tariff reflecting the proposed changes in Exhibit WVP-5.

**Q. In general, what are the changes the Company is proposing to the retail tariff?**

A. The proposed changes are necessary to implement the proposed default service plan in this proceeding and recover the associated costs. The Company proposes to make the following modifications to reflect the default service plan described above:

- Revise Rider No. 1 - Consumer Education Surcharge and rename it Rider No. 1 - Retail Market Enhancement Surcharge to expand its scope to recover all costs associated with Commission-mandated retail market enhancement initiatives (discussed in detail in Section V).
- Revise Rider No. 8 - Default Service Supply to reflect the more frequent procurement schedule for Medium C&I customers, define content of the default service charges and refine timing of the reconciliations (discussed in detail in Sections I, II, IV and VI).
- Revise Rider No. 19 - Standard Offer Program Cost Recovery Rider to specify an end date (discussed in detail in Section V).
- Replace Appendix B with a new revised TOU rate, Rate TOU – Time-of-Use, to support the TOU contingency plan if necessary (discussed in detail in Section IV).

**Q. Have you prepared a form of an Electric Generation Supplier Coordination Tariff ("EGS Tariff") supplement that contains changes necessary to implement the Company's proposed default service plan?**

A. Yes. Exhibit WVP-7 contains the necessary changes to the rules in the tariff to implement the proposed default service plan. Exhibit WVP-8 is a red-line version of the current EGS tariff reflecting the proposed changes in Exhibit WVP-7.

**Q. In general, what are the changes the Company is proposing to the EGS Tariff?**

A. The Company proposes to make the following modifications to reflect the default service plan described above:

- Revise rule 5.3.8 to address TOU enrollment and switching to TOU rates at the beginning of each TOU period (discussed in detail in Section IV).
- Revise rule 5.4.4 to explain that the EGS supplier for the TOU program will be required to provide data for Company reporting purposes in regard to the TOU program (discussed in detail in Section IV).
- Revise rule 12.1.7.2 to withhold payment to EGSs if there is a payment dispute with the customer (discussed in detail in Section V).
- Revise rule 12.1.7.4 to clarify payment to EGSs for budget billing customers.
- Revise Standard Offer Program Cost Recovery Rider language to address Customer Acquisition Fee and recovery of costs through default service rates and the POR administrative discount (discussed in detail in Section V).

**Q. Does this conclude your direct testimony?**

A. Yes, it does.

## Appendix A

**William V. Pfrommer**

**Rate and Regulatory Proceedings**

**Pennsylvania Public Utility Commission:**

Docket No. R-2013-2372129 – Distribution Base Rate Case
Docket No. M-2013-2350946 – Petition for Approval and Modification of Company's 2014-2016 Universal Service and Energy Conservation Plan
Docket No. M-2012-2334399 - Energy Efficiency and Conservation Phase II Plan
Docket No. P-2012-2301664 – Default Service Program and Procurement Plan for the Period June 1, 2013 through May 31, 2015
Docket No. R-2010-2179522 – Distribution Base Rate Case
Docket No. P-2009-2135500 - Provider of Last Resort (POLR V)
Docket No. M-2009-2093217 - Act 129 Energy Efficiency and Conservation and Demand Response Plan
Docket No. M-2009-2123948 - Act 129 Smart Meter Procurement and Installation Plan
Docket No. P-2008-2079461 – Special Permission to File a Tariff Supplement on Less than 60 Days Notice (POLR IV)
Docket No. P-00072247 - Provider of Last Resort (POLR IV)
Docket No. R-00061346 – Distribution Base Rate Case
Docket No. P-00032071 - Provider of Last Resort (POLR III)

**Federal Energy Regulatory Commission:**

Docket No. ER14-1258-000 – Depreciation Rate Update Filing
Docket No. ER13-1220-000 – Monthly Deferred Tax Adjustment Charge
Docket No. ER08-1309-000 – Changes to the MISO Open Access Transmission Tariff to integrate the Company into the Midwest Independent System Operator, Inc.
Docket No. ER05-85-000 – Changes to the PJM Open Access Transmission Tariff to integrate the Company into the PJM Interconnection, L.L.C.

**Other:**

Cause No. 42416, Filed April 14, 2003, Indiana Utility Regulatory Commission – Petition of Utility Center, Inc., d/b/a AquaSource
Cause No. 41968, Filed March 30, 2001, Indiana Utility Regulatory Commission – In the Matter of Utility Center, Inc., d/b/a AquaSource
Docket Nos. 2000-1074-UCR and 2000-1075-UCR, Filed June 15, 2000 – Texas Natural Resource Conservation Commission, Applications of AquaSource Utility, Inc. to Change its Water and Sewer Tariffs and Rates

**Duquesne Light Company**

**Exhibit WVP-1**

**Default Service Supply Plan - June 1, 2015 through May 31, 2017**

**Illustrative Example - Derivation of Residential and Lighting Default Service Supply Rates**

| | | | Residential Classes (RS, RH, RA) | Lighting Classes (AL,SE,SM,SH,PAL) | |
|---|---|---|---|---|---|
| 1 | RFP Average Wholesale Price ($/MWh) | | $50.00 /MWh | $50.00 /MWh | Weighted bid price (Note1) |
| 2 | Line Losses - T & D | 6.1% | | | Transmission (0.8%); distribution (5.3%) |
| 3 | Price Adjustment for Losses ($/MWh) | | $3.05 /MWh | $3.05 /MWh | Line 1 * Line 2 |
| 4 | Adjusted Wholesale Price for Losses ($/MWh) | | $53.05 /MWh | $53.05 /MWh | Line 1 + Line 3 |
| 5 | Forecast POLR Sales (MWh) | 1,000,000 | | | Forecast Residential & Lighting default service sales (MWh)(Note 1) |
| 6 | Outside Services Fees | $20,000 | | | Outside services to conduct RFPs (Note 1) |
| 7 | Administrative Adder ($/MWh) | | $0.02 /MWh | $0.02 /MWh | Line 6 / Line 5 |
| 8 | Reconciliation Adjustment | ($50,000) | | | (Over)/under collection including interest |
| 9 | Forecast POLR Sales (MWh) | 1,000,000 | | | Line 5 |
| 10 | E Factor Rate ($/MWh) | | ($0.05) /MWh | ($0.05) /MWh | Line 8 / Line 9 |
| 11 | Adjusted Wholesale Price ($/MWh) | | $53.02 /MWh | $53.02 /MWh | Line 4 + Line 7 + Line 10 |
| 12 | Rate Factor | | 1.0075 | 0.6136 | Exhibit WVP-2 |
| 13 | Adjusted Wholesale Price for Rate Factor ($/MWh) | | $53.42 /MWh | $32.53 /MWh | Line 11 * Line 12 |
| 14 | TOU Program Expenses | $400,000 | | | Note 1 |
| 15 | Forecast POLR Sales (MWh) | 800,000 | | | Forecast Residential default service sales (MWH)(Note 1) |
| 16 | TOU Adder ($/MWh) | | $0.50 /MWh | $0.00 /MWh | Line 14 / Line 15 |
| 17 | Standard Offer Program (SOP) Expenses | $200,000 | | | 50% of excess program costs (Note 1 and 2) |
| 18 | Forecast POLR Sales (MWh) | 800,000 | | | Line 15 |
| 19 | SOP Adder ($/MWh) | | $0.25 /MWh | $0.00 /MWh | Line 17 / Line 18 |
| 20 | Total Adjusted Wholesale Price ($/MWh) | | $54.17 /MWh | $32.53 /MWh | Line 13 + Line 16 + Line 19 |
| 21 | PA GRT @ 5.9% | | $3.40 /MWh | $2.04 /MWh | Line 20 * (.059/(1-.059)) |
| 22 | Total Retail Rate ($/MWh) | | $57.57 /MWh | $34.57 /MWh | Line 20 + Line 21 |
| 23 | Default Service Supply Rate | | 5.7568 ¢/kWh | 3.4573 ¢/kWh | Line 22 / 10 (Note 3) |

1/ For illustrative purposes only.

2/ The Standard Offer Program (SOP) will be in effect June 1, 2015 to May 31, 2017. The Company proposes to recover the expenses to implement the SOP through an EGS fee, the Purchase of Receivables administrative adder and through default service supply rates. The amount recovered through default service supply rate is 50% of the amount not recovered through the EGS fee.

3/ Lighing class supply rate will be applied to monthly kWh consumption of each fixture in rate classes SM, SH and PAL to derive monthly fixed default service supply charge per fixture.

Exhibit WVP-2

**Duquesne Light Company**
**Default Service Supply Plan - June 1, 2015 to May 31, 2017**
**Derivation of Factors for Class Rate Determination**

**Capacity**

| | | | Residential | Lighting |
|---|---|---|---|---|
| 1 | 2013 Capacity Obligation (MW-day) | | 495,339 | 0 |
| 2 | 2013 Load (MWH) | | 4,374,371 | 84,500 |
| | Capacity Price ($/MW-day) (1) | | | |
| 3 | | 2015-2016 | $134.62 | $134.62 |
| 4 | | 2016-2017 | $59.37 | $59.37 |
| | Capacity Price ($/MWH) | | | |
| 5 | | 2015-2016 | $15.24 | $0.00 |
| 6 | | 2016-2017 | $6.72 | $0.00 |

**Energy**

| | | Residential | Lighting |
|---|---|---|---|
| 7 | 2013 Load-Weighted LMP ($/MWH) | $36.59 | $31.57 |

**Capacity + Energy**

| | | Residential | Lighting | Total |
|---|---|---|---|---|
| 8 | 2015-2016 | $51.83 | $31.57 | $51.45 |
| 9 | 2016-2017 | $43.31 | $31.57 | $43.09 |

**Rate Factors**

| | | Residential | Lighting |
|---|---|---|---|
| 10 | 2015-2016 | **1.0075** | **0.6136** |
| 11 | 2016-2017 | **1.0052** | **0.7327** |

1/ From Base Residual Auction

**Duquesne Light Company**
**Default Service Supply Plan - June 1, 2015 to May 31, 2017**
**Derivation of Factors for Time-of-Use Program Contingency Plan**

**Exhibit WVP-3**

| | | Using 2011 Loads, Capacity Obligations, and LMPs | | | Using 2012 Loads, Capacity Obligations, and LMPs | | | Using 2013 Loads, Capacity Obligations, and LMPs | | | Final Factors | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capacity | | | | | | | | | | | |
| | | | | Total Summer | | | Total Summer | | | Total Summer | | |
| 1 | Capacity Obligation (MW-day) | | | 246,471 | | | 254,388 | | | 256,648 | | |
| 2 | Load (MWH) | | | 3,041,675 | | | 3,042,629 | | | 2,844,519 | | |
| | Capacity Price ($/MW-day) (1) | | | | | | | | | | | |
| 3 | 2015-2016 | | | $134.62 | | | $134.62 | | | $134.62 | | |
| 4 | 2016-2017 | | | $59.37 | | | $59.37 | | | $59.37 | | |
| | Capacity Price ($/MWH) | | | | | | | | | | | |
| 5 | 2015-2016 | | | $10.91 | | | $11.26 | | | $12.15 | | |
| 6 | 2016-2017 | | | $4.81 | | | $4.96 | | | $5.36 | | |
| | Energy | | | | | | | | | | | |
| | | Summer On-Peak | Summer Off-Peak | Total Summer | Summer On-Peak | Summer Off-Peak | Total Summer | Summer On-Peak | Summer Off-Peak | Total Summer | | |
| 7 | Load (MWH) | 444,010 | 2,597,665 | 3,041,675 | 446,181 | 2,596,449 | 3,042,629 | 407,081 | 2,437,438 | 2,844,519 | | |
| 8 | Load-Weighted LMP ($/MWH) | $75.89 | $42.26 | $47.17 | $60.87 | $33.90 | $37.86 | $58.52 | $36.52 | $39.67 | | |
| | Capacity + Energy | | | | | | | | | | | |
| | | Summer On-Peak | Summer Off-Peak | Total Summer | Summer On-Peak | Summer Off-Peak | Total Summer | Summer On-Peak | Summer Off-Peak | Total Summer | | |
| 9 | 2015-2016 | $86.80 | $53.16 | $58.07 | $72.12 | $45.16 | $49.11 | $70.67 | $48.67 | $51.81 | | |
| 10 | 2016-2017 | $80.70 | $47.07 | $51.98 | $65.83 | $38.87 | $42.82 | $63.88 | $41.88 | $45.02 | | |
| | Rate Factors | | | | | | | | | | | |
| | | Summer On-Peak | Summer Off-Peak | | Summer On-Peak | Summer Off-Peak | | Summer On-Peak | Summer Off-Peak | | | |
| 11 | 2015-2016 | 1.49 | 0.92 | | 1.47 | 0.92 | | 1.36 | 0.94 | | | |
| 12 | 2016-2017 | 1.55 | 0.91 | | 1.54 | 0.91 | | 1.42 | 0.93 | | Summer On-Peak (2) | Summer Off-Peak (2) |
| 13 | Average | 1.52 | 0.91 | | 1.50 | 0.91 | | 1.39 | 0.93 | | 1.5 | 0.9 |

1/ From Base Residual Auction
2/ Average of 2011, 2012, and 2013 factors, rounded to the nearest 0.1

**Exhibit WVP-4**

**Duquesne Light Company**
**Default Service Plan June 1, 2015 to May 31, 2017**
**Estimated Default Service Program Costs (1)**

| Line | Item | Recovery Mechanism | Scope of Work | Total Estimated Costs |
|---|---|---|---|---|
| 1 | Filing Preparation | Distribution Rates | Consulting services and outside counsel to prepare filing | $2,000,000 |
| 2 | Conduct RFPs | Default Service Rates | Consulting services to conduct RFP (recurring) | $360,000 |
| 3 | | | (Nine (9) RFPs conducted during default service period) | |
| 4 | TOU Program | Default Service Rates | Implement and maintain TOU rates supplied by EGS (Note 2) | $512,500 |
| 5 | | | (Customer education and mailing, analysis and reporting, billing resources and training) | |
| 6 | Standard Offer Customer Referral Program | EGS fee, POR and Default Service Rates | External and internal resources to implement and maintain SOP through May 31, 2017 (Note 3) | $4,709,500 |
| 7 | | | (Assumes 2% monthly enrollment at $38.50/switch) | |
| 8 | Retail Market Enhancement Costs | Non-Bypassable Rider | Costs to implement Commission mandated programs and initiatives associated with RME (Note 4) | $320,000 |
| 9 | | | (Annual mailings and supplier-oriented consolidated utility bill) | |
| 10 | **Total** | | | $7,902,000 |

1/ All costs subject to change depending on final order and implementation costs.
2/ Excludes capital costs of $575,000 for Information Technology changes.
3/ Excludes capital costs of $100,000 for Information Technology changes for intergration with third party provider.
4/ Excludes capital costs of $650,000 for Information Technology changes for account number access mechanism and seamless moves/instant connects.

Exhibit WVP-5

SUPPLEMENT NO. XX
TO ELECTRIC – PA. P.U.C. NO. 24

# 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: XXXXX XX, 2015 EFFECTIVE: June 1, 2015

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# NOTICE

**THIS TARIFF SUPPLEMENT MAKES CHANGES TO THE LIST OF MODIFICATIONS, TABLE OF CONTENTS, RIDER MATRIX, RIDERS AND AN APPENDIX. THIS TARIFF MAKES INCREASES AND DECREASES TO RATES WITHIN A RIDER.**

**See Page Two**

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES

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

Pages No. 2A – 2C have been added to the Tariff.

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

List of Modifications. Pages No. 2A, 2B and 2C have been added to the Table of Contents.

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

Rider No. 1 – Consumer Education Surcharge has been renamed to Rider No. 1 – Retail Market Enhancement Surcharge.

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

Appendix B –– Rate R-TOU – Residential Service Time-of-Use has been removed from the Table of Contents.

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

Appendix B –– Rate TOU – Time-of-Use has been added to the Table of Contents.

**Standard Contract Riders – Rider Matrix** **Third Revised Page No. 79A**
**Cancelling Second Revised Page No. 79A**

Rider No. 19 – Standard Offer Program Cost Recovery Rider has been added to the Rider Matrix. It was inadvertently omitted from the Rider Matrix when the Rider was added to the Tariff in compliance with the Commission's Order dated July 16, 2013, at Docket No. P-2012-2301664.

Appendix B – Rate TOU – Time-of-Use has been added to the Rider Matrix.

**Standard Contract Riders – Rider Matrix** **Third Revised Page No. 79A**
**Cancelling Second Revised Page No. 79A**

Rider No. 1 – Consumer Education Surcharge has been renamed Rider No. 1 – Retail Market Enhancement Surcharge in the Rider Matrix.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES

**Rider No. 1 – Retail Market Enhancement Surcharge** — **Twelfth Revised Page No. 80**
**Cancelling Eleventh Revised Page NO. 80**

**Third Revised Page No. 80A**
**Cancelling Second Revised Page No. 80A**

Rider No. 1 – Consumer Education Surcharge has been renamed Rider No. 1 – Retail Market Enhancement Surcharge.

**Rider No. 1 – Retail Market Enhancement Surcharge** — **Twelfth Revised Page No. 80**
**Cancelling Eleventh Revised Page NO. 80**

**Third Revised Page No. 80A**
**Cancelling Second Revised Page No. 80A**

Rider No. 1 – Retail Market Enhancement Surcharge is instituted as a cost recovery mechanism to recover all eligible costs incurred by the Company associated with implementing Commission-mandated activities, programs, projects, services etc. to enhance the competitive energy market in Pennsylvania.

**Rider No. 8 – Default Service Supply** — **Fifteenth Revised Page No. 88**
**Cancelling Fourteenth Revised Page No. 88**

Rider No. 8 – Default Service Supply has been modified to reflect the more frequent procurement schedule for the Medium Commercial & Industrial (greater than or equal to 25 kW) customers.

**Rider No. 8 – Default Service Supply** — **Fifteenth Revised Page No. 88**
**Cancelling Fourteenth Revised Page No. 88**

**Rider No. 8 - Default Service Supply** — **Fourth Revised Page No. 88A**
**Cancelling Third Revised Page No. 88A**

Rider No. 8 – Default Service Supply has been modified to reflect the updated default service supply application periods.

**Rider No. 8 - Default Service Supply** — **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the “Contingency Plan” section to specify that the Company will submit to the Commission within fifteen (15) days an emergency plan to handle any default service shortfall.

**LIST OF MODIFICATIONS MADE BY THIS TARIFF**

**CHANGES – (Continued)**

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the "Calculation of Rate" section to replace "on or about the fifteenth day of the month" with "no less than sixty (60) days" to specify when the DSS shall be filed with the Commission prior to the start of the next Application Period replacing

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the "Calculation of Rate" section to specify that the costs to implement the time-of use program for Residential and both Small and Medium Commercial & Industrial customers will be included.

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the "Calculation of Rate" section to specify that the costs to implement the Standard Offer Program for Residential and Small Commercial & Industrial customers will be included.

**Rider No. 8 - Default Service Supply** **First Revised Page No. 88D**
**Cancelling Original Page No. 88D**

Rider No. 8 – Default Service Supply has been modified to the define content of the default service charges.

**Rider No. 8 Default Service Supply** **First Revised Page No. 88E**
**Cancelling Original Page No. 88E**

Rider No. 8 – Default Service Supply has been modified to refine the timing of the default service charge customer class reconciliation filings.

**Rider No. 8 - Default Service Supply** **First Revised Page No. 88E**
**Cancelling Original Page No. 88E**

Language has been added to Rider No. 8 – Default Service Supply to provide additional information as to procedures for cost recovery of the required time-of-use and Standard Offer Program programs.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES – (Continued)

**Rider No. 19 – Standard Offer Program Cost Recovery Rider** **Twelfth Revised Page No. 106**
**Cancelling Eleventh Revised Page No. 106**

Language has been modified to state that Rider No. 19 – Standard Offer Program Cost Recovery Rider and the provisions stated within will terminate effective May 31, 2016.

**Rider No. 19 – Standard Offer Program Cost Recovery Rider** **Fifth Revised Page No. 107**
**Cancelling Fourth Revised Page No. 107**

Language has been modified to state that Rider No. 19 – Standard Offer Program Cost Recovery Rider and the provisions stated within will terminate effective May 31, 2016, and refers readers to the Company's Electric Generation Supplier Coordination Tariff for Standard Offer Program cost recovery procedures currently in effect.

**Appendix B — Rate R-TOU – Residential Service Time-of-Use** **Original Page No. 117**
**Original Page No. 118**
**Original Page No. 119**

Appendix B — Rate R-TOU – Residential Service Time-of-Use has been removed from the Tariff because, as written, it no longer supports the Company's current business needs.

**Appendix B — Rate TOU – Time-of-Use** **First Revised Page No. 117**
**Cancelling Original Page No. 117**

**First Revised Page No. 118**
**Cancelling Original Page No. 118**

**First Revised Page No. 119**
**Cancelling Original Page No. 119**

Appendix B — Rate TOU – Time-of-Use has been added to the Tariff to support the Company's current business needs.

### INCREASES

**Rider No. 8 Default Service Supply** **First Revised Page No. 88D**
**Cancelling Original Page No. 88D**

The rate factors have been modified resulting in an increase.

### DECREASES

**Rider No. 8 Default Service Supply** **First Revised Page No. 88D**
**Cancelling Original Page No. 88D**

The rate factors have been modified resulting in a decrease.

TABLE OF CONTENTS



(C) – Indicates Change

**STANDARD CONTRACT RIDERS – (Continued)**

**RIDER MATRIX**

| | RS | RH | RA | GS/GM | GMH | GL | GLH | L | HVPS | AL | SE | SM | SH | UMS | PAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rider No. 1 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 2 | | | | X | X | X | X | | | | | | | | | |
| Rider No. 3 | | | | X | X | X | X | X | | | | | | | | |
| Rider No. 4 | | | | X | X | X | X | | | | | | | | | |
| Rider No. 5 | X | X | X | | | | | | | | | | | | | |
| Rider No. 6 | | | | X | | | | | | | | | | | | |
| Rider No. 7 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 8 | X | X | X | X | X | | | | | X | X | X | X | X | X | |
| Rider No. 9 | | | | | | X | X | X | X | | | | | | | |
| Rider No. 10 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 11 | | | | X | | X | | | | | | | | | | |
| Rider No. 12 | | | | X | X | | | | | | | | | | | |
| Rider No. 13 | | | | X | | | | | | | | | | | | |
| Rider No. 14 | X | | | | | | | | | | | | | | | |
| Rider No. 15 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 15A | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 16 | | | | X | X | X | X | X | | | | | | | | |
| Rider No. 17 | | | | | | X | X | X | X | | | | | | | |
| Rider No. 18 | X | X | X | X | X | X | X | | | | | | | | | |
| Rider No. 19 | X | X | X | X | | | | | | | | | | | | **(C)** |
| Rider No. 20 | X | X | X | X | X | X | X | X | X | X | | | | | | |
| Rider No. 21 | X | X | X | X | X | X | | | | | | | | | | |
| Appendix A | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Appendix B | X | X | X | X | X | | | | | | | | | | | **(C)** |

Rider Titles:

Rider No. 1 — Retail Market Enhancement Surcharge **(C)**
Rider No. 2 — Untransformed Service
Rider No. 3 — School and Government Service Discount Period
Rider No. 4 — Budget Billing HUD Finance Multi-Family Housing
Rider No. 5 — Universal Service Charge
Rider No. 6 — Temporary Service
Rider No. 7 — SECA Charge
Rider No. 8 — Default Service Supply
Rider No. 9 — Day-Ahead Hourly Price Service
Rider No. 10 — State Tax Adjustment
Rider No. 11 — Street Railway Service
Rider No. 12 — Billing Option – Volunteer Fire Companies and Nonprofit Senior Citizen Centers
Rider No. 13 — General Service Separately Metered Electric Space Heating Service
Rider No. 14 — Residential Service Separately Metered Electric Space and Water Heating
Rider No. 15 — Energy Efficiency and Conservation and Demand Response Surcharge
Rider No. 15A — Phase II Energy Efficiency and Conservation Surcharge
Rider No. 16 — Service to Non-Utility Generating Facilities
Rider No. 17 — Emergency Energy Conservation
Rider No. 18 — Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities
Rider No. 19 — Standard Offer Program Cost Recovery Rider **(C)**
Rider No. 20 — Smart Meter Charge
Rider No. 21 — Net Metering Service
Appendix A — Transmission Service Charges
Appendix B — Rate TOU – Time-of-Use **(C)**

**(C) – Indicates Change**

**STANDARD CONTRACT RIDERS - (Continued)** **(C)**

**RIDER NO. 1 – RETAIL MARKET ENHANCEMENT SURCHARGE**

**(Applicable to all Rates)**

The Retail Market Enhancement Surcharge ("RMES") is instituted as a cost recovery mechanism to recover all eligible costs incurred by the Company associated with implementing Commission-mandated activities, programs, projects, services etc. to enhance the competitive energy market in Pennsylvania. As an example, some of the mandated activities may be found in, but are not limited to, Commission Order's at Docket No. I-2011-2237952, Docket No. M-2013-2355751, Docket No. M-2014-2401345 and Docket No. M-2014-2401345. The RMES shall remain in effect to recover all expenses associated with Commission-mandated consumer education and retail market enhancement activities that are directed by the Commission to be recovered through the RMES or other Commission-approved mechanism and that are not otherwise being recovered in base rates. Consumer education activities shall also include those expenses to educate low-income and Customer Assistance Program ("CAP") customers about shopping in the retail market. The RMES will be recomputed annually and filed, to be effective June 1 of each year, unless the new rate is such a small change as to warrant no change in rates. The RMES shall be applied to all customers' bills. The RMES process will reconcile actual expense with revenue billed in accordance with this Rider.

**MONTHLY RETAIL MARKET ENHANCEMENT SURCHARGE RATES**

| Tariff Rate Class | Monthly RME Surcharge per Customer (cents) |
|---|---|
| Rate RS | X.XX |
| Rate RH | X.XX |
| Rate RA | X.XX |
| Rate GS | X.XX |
| Rate GM < 25 kW | X.XX |
| Rate GM > 25 kW | X.XX |
| Rate GMH < 25 kW | X.XX |
| Rate GMH > 25 kW | X.XX |
| Rates GL, GLH, L and HVPS | X.XX |
| Rates AL, SE, UMS, SM, SH and PAL | X.XX |

The RMES, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The RMES shall be determined in cents per month in accordance with the formula set forth below and shall be applied to all customers served during any part of a billing month:

$$RMES = [ ( ( RME - e ) / ( C * 12 ) * 100 ) ] * [ 1 / ( 1 - T ) ]$$

Where **RMES** = Retail Market Enhancement Surcharge, a fixed charge in cents per month, to be billed to each customer served under the applicable Tariff rate class.

(C) – Indicates Change

**STANDARD CONTRACT RIDERS - (Continued)** **(C)**

**RIDER NO. 1 – RETAIL MARKET ENHANCEMENT SURCHARGE – (Continued)**

**(Applicable to all Rates)**

**MONTHLY RETAIL MARKET ENHANCEMENT SURCHARGE RATES – (Continued)**

**RME** = Projected annual expenses associated with retail market enhancement, consumer education activities and CAP customer education mandated by the Commission in dollars for each customer class for the filing year. CAP customer education dollars shall be assigned to the Residential customer class for cost recovery purposes.

**C** **=** Projected average number of customers per customer class for the filing year.

**e** **=** The net overcollection or undercollection of the consumer education and retail market enhancement related expenses directed by the Commission as computed for each customer class as of the end of the reconciliation year.

**T** **=** The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

**ANNUAL UPDATE**

The RMES defined herein will be updated effective June 1 of each year unless, upon determination, the rates then in effect would result in a significant over or under collection. On or about January 31, the Company will file a reconciliation of the revenue and expense for the previous calendar year. On or about April 1 of the filing year, the Company will file revised RMES rates with the Commission defining rates in effect from June 1 to May 31 of the following year. These rates shall be determined based on the projected budget and number of customers for the filing year and the over or under collection of expenses based on actual RMES revenue and expense incurred for the previous calendar year, the reconciliation year. If it is determined that a significant over or under collection will occur, the Company shall file a revised RMES to become effective on no less than ten (10) days notice.

**MISCELLANEOUS**

No interest will be included in the RMES.

Rider No. 10 – State Tax Adjustment Surcharge (STAS) shall be applicable to the surcharge defined in this Rider.

The RMES will be added to the monthly Customer Charge of each rate schedule or added as a line item on the monthly bill, as applicable.

The Company shall file reconciliation statements annually.

The RMES shall be subject to review and audit by the Commission.

The RMES shall remain in effect until otherwise directed by the Commission and until the final reconciliation statement is approved and charges fully recovered.

**(C) – Indicates Change**

## STANDARD CONTRACT RIDERS - (Continued)

## RIDER NO. 8 – DEFAULT SERVICE SUPPLY

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

Default Service Supply ("DSS") provides residential, commercial, industrial and lighting customers on the applicable rate schedules with a default service supply rate that is determined based on a request for proposal to acquire the energy to serve the load of customers taking service under the provisions of this Rider. Commercial and industrial customers are defined in Rate Schedules GS/GM and GMH, and, in general, are those customers with a monthly metered demand that is less than 300 kW in a twelve (12) month period.

### DEFAULT SERVICE SUPPLY RATE

Residential (Rate Schedules RS, RH and RA) **(C)**

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through May 31, 2016 | X.XXXX |
| June 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through May 31, 2017 | X.XXXX |

Small Commercial and Industrial customers with monthly metered demand less than 25 kW. **(C)**
(Rate Schedules GS/GM and GMH and Rate Schedule UMS)

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through May 31, 2016 | X.XXXX |
| June 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through May 31, 2017 | X.XXXX |

Medium Commercial and Industrial customers with monthly metered demand equal to or greater than 25 kW. **(C)**
(Rate Schedules GS/GM and GMH)

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through August 31, 2015 | X.XXXX |
| September 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through February 29, 2016 | X.XXXX |
| March 1, 2016 through May 31, 2016 | X.XXXX |
| June 1, 2016 through August 31, 2016 | X.XXXX |
| September 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through February 28, 2017 | X.XXXX |
| March 1, 2017 through May 31, 2017 | X.XXXX |

Lighting (Rate Schedules AL and SE) **(C)**

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through May 31, 2016 | X.XXXX |
| June 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through May 31, 2017 | X.XXXX |

**(C) – Indicates Change**

**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. **(C)**

| | | Application Period | | | |
|---|---|---|---|---|---|
| **Wattage** | **Nominal kWh Energy Usage per Unit per Month** | **06/01/2015 through 11/30/2015** | **12/01/2015 through 05/31/2016** | **06/01/2016 through 11/30/2016** | **12/01/2016 through 05/31/2017** |
| | | | | | |
| **Supply Charge ¢ per kWh** | | X.XXXX | X.XXXX | X.XXXX | X.XXXX |
| | | | | | |
| | | **Fixture Charge — $ per Month** | | | |
| **Mercury Vapor** | | | | | |
| 100 | 44 | X.XXXX | X.XXXX | X.XX | X.XX |
| 175 | 74 | X.XXXX | X.XXXX | X.XX | X.XX |
| 250 | 102 | X.XXXX | X.XXXX | X.XX | X.XX |
| 400 | 161 | X.XXXX | X.XXXX | X.XX | X.XX |
| 1000 | 386 | X.XXXX | X.XXXX | X.XX | X.XX |
| **High Pressure Sodium** | | | | | |
| 70 | 29 | X.XXXX | X.XXXX | X.XX | X.XX |
| 100 | 50 | X.XXXX | X.XXXX | X.XX | X.XX |
| 150 | 71 | X.XXXX | X.XXXX | X.XX | X.XX |
| 200 | 95 | X.XXXX | X.XXXX | X.XX | X.XX |
| 250 | 110 | X.XXXX | X.XXXX | X.XX | X.XX |
| 400 | 170 | X.XXXX | X.XXXX | X.XX | X.XX |
| 1000 | 387 | X.XXXX | X.XXXX | X.XX | X.XX |
| **Flood Lighting - Unmetered** | | | | | |
| 70 | 29 | X.XXXX | X.XXXX | X.XX | X.XX |
| 100 | 46 | X.XXXX | X.XXXX | X.XX | X.XX |
| 150 | 67 | X.XXXX | X.XXXX | X.XX | X.XX |
| 250 | 100 | X.XXXX | X.XXXX | X.XX | X.XX |
| 400 | 155 | X.XXXX | X.XXXX | X.XX | X.XX |
| **Light-Emitting Diode (LED)** | | | | | |
| 43 | 15 | X.XX | X.XX | X.XX | X.XX |
| 106 | 37 | X.XX | X.XX | X.XX | X.XX |

**(C) – Indicates Change**

**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)**

## CONTINGENCY PLAN

In the event Duquesne receives bids for less than all Tranches or the Commission does not approve all or some of the submitted bids or in the event of supplier default, then Duquesne will provide the balance of the default supply for commercial and industrial customers through purchases in the PJM spot markets until such time that a different contingency plan is approved by the Commission. Duquesne will submit to the Commission within fifteen (15) days after any such occurrence an emergency plan to handle any default service shortfall. All costs associated with implementing the contingency plan will be included as part of the DSS described in the section below, "Calculation of Rate." **(C)**

## CALCULATION OF RATE

DSS rates shall be determined based on the formula described in this section. The DSS shall be filed with the Commission no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours billed for default service provided during the billing month: **(C)** **(C)**

$$DSS = [(RFP + (DSS_a + E))/S) * F] * [1/(1 - T)]$$

**Where:**

**DSS** = Default Service Supply rate, converted to cents per kilowatt-hour, to be applied to each kilowatt-hour supplied to customers taking default service from the Company under this Rider.

**RFP** = The weighted average of the winning bids received in a competitive request for proposal for each customer class identified above and described in the "Default Service Supply Rate" section and adjusted for customer class transmission and distribution line losses. The request for proposal shall be conducted as described in "Procurement Process."

**DSSa** = The total estimated direct and indirect costs incurred by the Company to acquire DSS from any source on behalf of customers described above in the "Procurement Process." The Application Period shall be for each period over which the DSS, as computed, will apply. Projections of the Company's costs to acquire default supply for the Application Period shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated default service supply-related procurement and administration costs. The costs for Residential and both Small and Medium Commercial and Industrial customers will also include the costs to implement the time-of-use program available to these customers. The costs for Residential and Small Commercial and Industrial customers will also include the costs to implement the Standard Offer Program available to these customers. See the "Miscellaneous" section of this Rider for additional information. **(C)**

**(C) – Indicates Change**

**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)**

**CALCULATION OF RATE – (Continued)**

**E** = Experienced net over or under collection for each customer procurement group based on the revenue and expense for the six (6) month period ending one-hundred twenty (120) days prior to the end of Application Period. The DSS rate effective June 1, 2015, shall include reconciliation of revenue and expense for the six (6) month period October 2014 through March 2015. The DSS rate effective December 1, 2015, shall include reconciliation of revenue and expense for the four (4) month period April 2015 through July 2015. Thereafter, the DSS rate effective June 1 shall include reconciliation of revenue and expense for the six (6) month period August through January and the DSS rate effective December 1 shall include reconciliation of revenue and expense for the six (6) month period February through July. Interest shall be computed monthly at the rate provided for in Section 52 Pa. Code §54.187(g), from the month the over or under collection occurs to the month in which the over collection is refunded or the under collection is recouped. **(C) (C) (C) (C) (C)**

**S** = The Company's default service retail kWh sales to customers in the applicable Customer Class, projected for the Application Period.

**F** = Rate Factor only for the residential and lighting customer groups. The Rate Factor shall be 1.0 for all other customer groups. DSS for residential and lighting customer groups will be obtained in the same RFP. The Rate Factor adjustment reflects the load shape of the residential and lighting classes. The Rate Factor will be as follows for each Application Period.

| Application Period | Residential | Lighting | |
|---|---|---|---|
| June 1, 2015 through November 30, 2015 | 1.0075 | 0.6136 | **(I)(D)** |
| December 1, 2015 through May 31, 2016 | 1.0075 | 0.6136 | **(I)(D)** |
| June 1, 2016 through November 30, 2016 | 1.0052 | 0.7327 | **(I)** |
| December 1, 2016 through May 31, 2017 | 1.0052 | 0.7327 | **(I)** |

**T** = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

The rate shall become effective for default supply service rendered on and after the beginning of the Application Period unless otherwise ordered by the Commission, and shall remain in effect for the effective periods defined above, unless revised on an interim basis subject to the approval of the Commission. Pursuant to 52 Pa. Code §69.1809(c), upon determination that the DSS, if left unchanged, would result in a material over or undercollection of supply-related costs incurred or expected to be incurred during the effective period, the Company may file with the Commission for an interim revision of the DSS to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

**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)**

## ANNUAL RECONCILIATION

The Company will file with the Commission a reconciliation statement of the revenues, expenses and resulting over and under recovery for the ten (10) months beginning April 1, 2015, and ending January 31, **(C)** 2016, in accordance with 66 Pa. C.S. § 1307(e), by March 1, 2016. Thereafter, the Company will file **(C)** with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and **(C)** under recovery for the twelve (12) months beginning February 1 and ending January 31 of the following **(C)** year, in accordance with 66 Pa. C.S. §1307(e), by March 1 for each service class. An annual reconciliation statement shall be prepared separately for the Residential, Small Commercial & Industrial and Medium Commercial & Industrial customer classes.

## MISCELLANEOUS

Minimum bills shall not be reduced by reason of the DSS. DSS charges shall not be a part of the monthly rate schedule minimum nor be subject to any credits or discounts.

Application of the DSS shall be subject to continuous review and audit by the Commission at intervals it shall determine.

In compliance with Commission Order at Docket No. P-2014-XXXXXXX, the Company is required to offer a **(C)** Time-of-Use ("TOU") service program and a Standard Offer Program ("SOP") from June 1, 2015, through May 31, 2017. The Company is required to contract with an Electric Generation Supplier ("EGS") to provide these programs. The costs incurred by the Company to implement the TOU program shall be included in the determination of the DSS rate for the Residential and both Small and Medium Commercial and Industrial customer classes. Fifty percent (50%) of the incremental costs incurred by the Company in excess of the fees paid by EGSs to the Company to offer the SOP program shall be included in the determination of the DSS rate for the Residential and Small Commercial and Industrial customer classes.

**(C) – Indicates Change**

## RIDER NO. 19 – STANDARD OFFER PROGRAM COST RECOVERY RIDER

**(Applicable to Rate Schedules RS, RH, RA, GS/GM)**

**This Rider and the cost recovery provisions stated within will terminate effective May 31, 2016.** **(C)**

### PURPOSE

In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company implemented a Standard Offer Program ("SOP"). Under the SOP, Electric Generation Suppliers ("EGSs") can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's' Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. The SOP shall be in effect through May 31, 2015, provided that the customer will continue to be served by the SOP EGS to the end of the customer's SOP term. The Standard Offer Program Cost Recovery Rider ("SOP Rider") is instituted as a cost recovery instrument to recover costs incurred by the Company in excess of fees collected from Electric Generation Suppliers to implement and operate the SOP.

### RATE

The Company shall file with the Commission, effective upon ten (10) days notice, the rate to become effective in accordance with this Rider.

In addition to the charges in this Tariff, a rate of 0.XXX cents per kilowatt-hour ("kWh") shall be added to the distribution energy charges per kWh of residential rate schedules RS, RH and RA. A rate of 0.XXX cents per kWh shall be added to the distribution energy charges per kWh of general service rate schedule GS/GM for non-demand metered customers and demand metered customers with monthly billing demand less than 25kW.

### CALCULATION OF RATE

A non-bypassable charge will be assessed on customers during the September 2014 through May 2015 period only if the total Customer Acquisition Fees for EDI transactions submitted through June 2014 are less than the costs of the Program incurred by Duquesne Light through June 2014. In this case, the non-bypassable charge assessed on customers during the September 2014 through May 2015 period will be calculated as follows:

1. Subtract: (1) the total Customer Acquisition Fees for EDI transactions submitted through June 2014; from (2) the costs of the Program incurred by Duquesne Light through June 2014. This is the "Excess Costs."

2. Divide the Excess Costs by the total kWh load of all Residential and Small C&I customers from September 2013 through May 2014 (which is the preceding September through May period). The result is the non-bypassable charge that will be assessed on a ¢/kWh basis to Residential and Small C&I customers during September 2014 through May 2015.

## STANDARD CONTRACT RIDERS - (Continued)

### RIDER NO. 19 – STANDARD OFFER PROGRAM COST RECOVERY RIDER – (Continued)

**(Applicable to Rate Schedules RS, RH, RA, GS/GM)**

### CALCULATION OF RATE – (Continued)

In June 2015, the Company shall submit a filing, effective upon ten (10) days notice, to recover the remaining balance of costs incurred by the Company not recovered through fees collected from SOP EGSs. From July 1, 2015, through May 31, 2016, a non-bypassable charge will be assessed on a $/kWh basis on Residential and Small C&I customers if the total costs of the Standard Offer Program were in excess of the Customer Acquisition Fees and non-bypassable charges through June 2015. The charge will be set to fully recover the unrecovered costs.

### MISCELLANEOUS

The SOP Rider will be added to the applicable rate and not shown as a separate line item on the bill.

In no event shall the rate in this Rider be less than zero cents (0¢) per kWh.

This Rider is not subject to reconciliation.

Adjustments to rates pursuant to this Rider are subject to review and approval by the Commission.

Minimum bills shall not be reduced by reason of this Rider, nor shall charges hereunder be part of the monthly rate schedule minimum.

Effective May 31, 2016, Rider No. 19 – Standard Offer Program Cost Recovery Rider and the provisions stated within Rider No. 19 will be terminated. Please refer to the Company's Electric Generation Supplier Coordination Tariff for Standard Offer Program cost recovery procedures in effect. **(C)**

## APPENDIX B (C)

### RATE TOU - TIME-OF-USE

(Applicable to Rate Schedules RS, RH, RA, GS/GM and GMH)

### AVAILABILITY

Rate TOU is a time-of-day rate designed to provide optional pricing for electric generation service to encourage participants to shift their electricity usage from on-peak periods when wholesale electricity demands and prices are higher to off-peak periods when demands and prices are lower. Enrollment is voluntary and Residential and Small Commercial & Industrial ("C&I") customers (as defined in each respective Rate Schedule) who have a digital meter and its data collection and communication systems installed at time of enrollment and medium C&I customers (as defined in its respective rate schedule) who have an interval meter installed at time of enrollment are eligible for this rate. Customers are free to terminate enrollment at any time.

### MONTHLY RATE

**DISTRIBUTION CHARGES**

**Customer Charge**

The Customer Charge as stated in the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) shall apply.

**Energy Charge**

The Energy Charge as stated in the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) shall apply.

**SUPPLY CHARGES**

October 1 through May 31:

The Supply Charge for the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) as stated in Rider No. 8 – Default Service Supply shall apply.

June 1 through September 30:

The on-peak period is defined as weekdays from 2:00 PM to 6:00 PM, excluding PJM holidays. The off-peak period is defined as all hours that are not during the on-peak period.

**APPENDIX B – (Continued)** **(C)**

**RATE TOU - TIME-OF-USE – (Continued)**
(Applicable to Rate Schedules RS, RH, RA, GS/GM and GMH)

**SUPPLY CHARGES – (Continued)**

| | | June 1 through September 30 | |
|---|---|---|---|
| | | **2015** | **2016** |
| **Rate Schedule** | **Time Of Use** | **Supply Charge ¢/kWh** | **Supply Charge ¢/kWh** |
| | | | |
| **Residential (RS, RH, RA)** | | | |
| | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |
| | | | |
| **Small C&I (GS/GM and GMH < 25 kW)[1]** | | | |
| | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |
| | | | |
| | | June 1 through August 31 | |
| **Medium C&I (GS/GM and GMH ≥ 25 kW)[2]** | | | |
| | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |
| | | | |
| | | September 1 through September 30 | |
| **Medium C&I (GS/GM and GMH ≥ 25 kW)[2]** | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |

[1]Small Commercial & Industrial customers with monthly metered demand less than 25 kW.
[2]Medium Commercial & Industrial customers with monthly metered demand greater than or equal to 25 kW.

**CALCULATION OF ON-PEAK AND OFF-PEAK SUPPLY RATES**

The On-Peak and Off-Peak Supply Rates in Rate TOU – Time-of-Use are based on the applicable rate class Default Service rates defined in Rider No. 8 – Default Service Supply multiplied by the on-peak factor and the off-peak factor. The on-peak factor is 1.50 and the off-peak factor is 0.90. These factors are based on the Company's system load and were approved by the Pennsylvania Public Utility Commission in the Company's Default Service Plan Filing at Docket No. P-2014-XXXXXXX.

**TRANSMISSION CHARGES**

The Transmission Charge for the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) as stated in Appendix A shall apply.

**MINIMUM CHARGE**

The Minimum Charge for the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) shall apply.

**RIDERS**

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

**(C) – Indicates Change**

**APPENDIX B – (Continued)** **(C)**

**RATE TOU - TIME-OF-USE – (Continued)**
(Applicable to Rate Schedules RS, RH, RA, GS/GM and GMH)

## LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein and are due and payable on or before twenty 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 charges billed by the Company. The Late Payment Charge shall be calculated on the overdue portion(s) of the charges on the bill and shall not be charged against any sum that falls due during a current billing period. A Late Payment Charge on a disputed bill may be reduced or eliminated by the Company, or upon order by the Commission, to facilitate payment by the disputing customer.

## SPECIAL TERMS AND CONDITIONS

In accordance with Act 129 of 2008 ("Act"), the Company is obligated to offer time-of-day rates as a supply rate option to customers. In compliance with the Act and with the Commission's Order at Docket No. P-2014-XXXXXXX, the Company will seek, through a competitive request for proposal, an Electric Generation Supplier ("EGS") to provide a time-of-use supply rate option. The Company will post the time-of-use supply rates available from an EGS at www.duquesnelight.com. If an EGS offers time-of-day supply rates and those rates are posted by the Company on its website, then this Appendix B — Rate TOU – Time-of-Use, shall not be available to eligible customers. In the event that no EGS offers time-of-day supply rates, then the supply rates in this Appendix B — Rate TOU – Time-of-Use shall be available to eligible customers.

## MISCELLANEOUS

The Supply Charges billed to customers in accordance with Appendix B — Rate TOU – Time-of-Use shall be included in the Company's Annual Reconciliation filing described in Rider No. 8 – Default Service Supply applicable to each customer class.

Customers who meet the eligibility requirements described in the "Availability" section of this Appendix B may enroll by contacting the Company and requesting to be placed on this rate. Service under this rate will begin no sooner than three (3) business days after the customer contacts the Company and makes the request.

For billing purposes, the Supply Charges defined in this Appendix B shall be applied on a calendar basis regardless of the meter read cycle.

Customers may switch to applicable default service rates in Rider No. 8 or to an Electric Generation Supplier ("EGS") at any time.

Switching to a default service rate defined in Rider No. 8 – Default Service Supply shall occur on the next meter read cycle. Switching to an Electric Generation Supplier ("EGS") shall occur in accordance with the switching rules defined in Rule No. 45 through Rule No. 45.2 of this Tariff.

**(C) – Indicates Change**

Duquesne Light

# 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: XXXXX XX, 2015 EFFECTIVE: June 1, 2015

# NOTICE

**THIS TARIFF SUPPLEMENT MAKES CHANGES TO THE LIST OF MODIFICATIONS, TABLE OF CONTENTS, RIDER MATRIX, RIDERS AND AN APPENDIX. THIS TARIFF MAKES INCREASES AND DECREASES TO RATES WITHIN A RIDER.**

**See Page Two**

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES

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

Pages No. 2A – 2C have been added to the Tariff.

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

List of Modifications. Pages No. 2A, 2B and 2C have been added to the Table of Contents.

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

Rider No. 1 – Consumer Education Surcharge has been renamed to Rider No. 1 – Retail Market Enhancement Surcharge.

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

Appendix B — Rate R-TOU – Residential Service Time-of-Use has been removed from the Table of Contents.

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

Appendix B — Rate TOU – Time-of-Use has been added to the Table of Contents.

**Standard Contract Riders – Rider Matrix** **Third Revised Page No. 79A**
**Cancelling Second Revised Page No. 79A**

Rider No. 19 – Standard Offer Program Cost Recovery Rider has been added to the Rider Matrix. It was inadvertently omitted from the Rider Matrix when the Rider was added to the Tariff in compliance with the Commission's Order dated July 16, 2013, at Docket No. P-2012-2301664.

Appendix B – Rate TOU – Time-of-Use has been added to the Rider Matrix.

**Standard Contract Riders – Rider Matrix** **Third Revised Page No. 79A**
**Cancelling Second Revised Page No. 79A**

Rider No. 1 – Consumer Education Surcharge has been renamed Rider No. 1 – Retail Market Enhancement Surcharge in the Rider Matrix.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES

**Rider No. 1 – Retail Market Enhancement Surcharge** **Twelfth Revised Page No. 80**
**Cancelling Eleventh Revised Page NO. 80**

**Third Revised Page No. 80A**
**Cancelling Second Revised Page No. 80A**

Rider No. 1 – Consumer Education Surcharge has been renamed Rider No. 1 – Retail Market Enhancement Surcharge.

**Rider No. 1 – Retail Market Enhancement Surcharge** **Twelfth Revised Page No. 80**
**Cancelling Eleventh Revised Page NO. 80**

**Third Revised Page No. 80A**
**Cancelling Second Revised Page No. 80A**

Rider No. 1 – Retail Market Enhancement Surcharge is instituted as a cost recovery mechanism to recover all eligible costs incurred by the Company associated with implementing Commission-mandated activities, programs, projects, services etc. to enhance the competitive energy market in Pennsylvania.

**Rider No. 8 – Default Service Supply** **Fifteenth Revised Page No. 88**
**Cancelling Fourteenth Revised Page No. 88**

Rider No. 8 – Default Service Supply has been modified to reflect the more frequent procurement schedule for the Medium Commercial & Industrial (greater than or equal to 25 kW) customers.

**Rider No. 8 – Default Service Supply** **Fifteenth Revised Page No. 88**
**Cancelling Fourteenth Revised Page No. 88**

**Rider No. 8 - Default Service Supply** **Fourth Revised Page No. 88A**
**Cancelling Third Revised Page No. 88A**

Rider No. 8 – Default Service Supply has been modified to reflect the updated default service supply application periods.

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the “Contingency Plan” section to specify that the Company will submit to the Commission within fifteen (15) days an emergency plan to handle any default service shortfall.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES – (Continued)

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the "Calculation of Rate" section to replace "on or about the fifteenth day of the month" with "no less than sixty (60) days" to specify when the DSS shall be filed with the Commission prior to the start of the next Application Period replacing

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the "Calculation of Rate" section to change "revised" to "reconciled."

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the "Calculation of Rate" section to specify that the costs to implement the time-of use program for Residential and both Small and Medium Commercial & Industrial customers will be included.

**Rider No. 8 - Default Service Supply** **Third Revised Page No. 88C**
**Cancelling Second Revised Page No. 88C**

Language has been modified in the "Calculation of Rate" section to specify that the costs to implement the Standard Offer Program for Residential and Small Commercial & Industrial customers will be included.

**Rider No. 8 - Default Service Supply** **First Revised Page No. 88D**
**Cancelling Original Page No. 88D**

Rider No. 8 – Default Service Supply has been modified to the define content of the default service charges.

**Rider No. 8 Default Service Supply** **First Revised Page No. 88E**
**Cancelling Original Page No. 88E**

Rider No. 8 – Default Service Supply has been modified to refine the timing of the default service charge customer class reconciliation filings.

**Rider No. 8 - Default Service Supply** **First Revised Page No. 88E**
**Cancelling Original Page No. 88E**

Language has been added to Rider No. 8 – Default Service Supply to provide additional information as to procedures for cost recovery of the required time-of-use and Standard Offer Program programs.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES – (Continued)

**Rider No. 19 – Standard Offer Program Cost Recovery Rider** — **Twelfth Revised Page No. 106**
**Cancelling Eleventh Revised Page No. 106**

Language has been modified to state that Rider No. 19 – Standard Offer Program Cost Recovery Rider and the provisions stated within will terminate effective May 31, 2016.

**Rider No. 19 – Standard Offer Program Cost Recovery Rider** — **Fifth Revised Page No. 107**
**Cancelling Fourth Revised Page No. 107**

Language has been modified to state that Rider No. 19 – Standard Offer Program Cost Recovery Rider and the provisions stated within will terminate effective May 31, 2016, and refers readers to the Company's Electric Generation Supplier Coordination Tariff for Standard Offer Program cost recovery procedures currently in effect.

**Appendix B — Rate R-TOU – Residential Service Time-of-Use** — **Original Page No. 117**
**Original Page No. 118**
**Original Page No. 119**

Appendix B — Rate R-TOU – Residential Service Time-of-Use has been removed from the Tariff because, as written, it no longer supports the Company's current business needs.

**Appendix B — Rate TOU – Time-of-Use** — **First Revised Page No. 117**
**Cancelling Original Page No. 117**

**First Revised Page No. 118**
**Cancelling Original Page No. 118**

**First Revised Page No. 119**
**Cancelling Original Page No. 119**

Appendix B — Rate TOU –Time-of-Use has been added to the Tariff to support the Company's current business needs.

### INCREASES

**Rider No. 8 Default Service Supply** — **First Revised Page No. 88D**
**Cancelling Original Page No. 88D**

The rate factors have been modified resulting in an increase.

### DECREASES

**Rider No. 8 Default Service Supply** — **First Revised Page No. 88D**
**Cancelling Original Page No. 88D**

The rate factors have been modified resulting in a decrease.

## TABLE OF CONTENTS



(C) – Indicates Change

## STANDARD CONTRACT RIDERS – (Continued)

## RIDER MATRIX

| | RS | RH | RA | GS/GM | GMH | GL | GLH | L | HVPS | AL | SE | SM | SH | UMS | PAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rider No. 1 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 2 | | | | X | X | X | X | | | | | | | | | |
| Rider No. 3 | | | | X | X | X | X | X | | | | | | | | |
| Rider No. 4 | | | | X | X | X | X | | | | | | | | | |
| Rider No. 5 | X | X | X | | | | | | | | | | | | | |
| Rider No. 6 | | | | X | | | | | | | | | | | | |
| Rider No. 7 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 8 | X | X | X | X | X | | | | | X | X | X | X | X | X | |
| Rider No. 9 | | | | | | X | X | X | X | | | | | | | |
| Rider No. 10 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 11 | | | | X | | X | | | | | | | | | | |
| Rider No. 12 | | | | X | X | | | | | | | | | | | |
| Rider No. 13 | | | | X | | | | | | | | | | | | |
| Rider No. 14 | X | | | | | | | | | | | | | | | |
| Rider No. 15 | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Rider No. 15A | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | ~~(C)~~ |
| Rider No. 16 | | | | X | X | X | X | X | | | | | | | | |
| Rider No. 17 | | | | | | X | X | X | X | | | | | | | |
| Rider No. 18 | X | X | X | X | X | X | X | | | | | | | | | |
| Rider No. 19 | X | X | X | X | | | | | | | | | | | | (C) |
| Rider No. 20 | X | X | X | X | X | X | X | X | X | X | | | | | | |
| Rider No. 21 | X | X | X | X | X | X | | | | | | | | | | |
| Appendix A | X | X | X | X | X | X | X | X | X | X | X | X | X | X | X | |
| Appendix B | X | X | X | X | X | | | | | | | | | | | (C) |

Rider Titles:

Rider No. 1 — ~~Consumer Education Surcharge~~Retail Market Enhancement Surcharge (C)
Rider No. 2 — Untransformed Service
Rider No. 3 — School and Government Service Discount Period
Rider No. 4 — Budget Billing HUD Finance Multi-Family Housing
Rider No. 5 — Universal Service Charge
Rider No. 6 — Temporary Service
Rider No. 7 — SECA Charge
Rider No. 8 — Default Service Supply
Rider No. 9 — Day-Ahead Hourly Price Service
Rider No. 10 — State Tax Adjustment
Rider No. 11 — Street Railway Service
Rider No. 12 — Billing Option – Volunteer Fire Companies and Nonprofit Senior Citizen Centers
Rider No. 13 — General Service Separately Metered Electric Space Heating Service
Rider No. 14 — Residential Service Separately Metered Electric Space and Water Heating
Rider No. 15 — Energy Efficiency and Conservation and Demand Response Surcharge
Rider No. 15A — Phase II Energy Efficiency and Conservation Surcharge ~~(C)~~
Rider No. 16 — Service to Non-Utility Generating Facilities
Rider No. 17 — Emergency Energy Conservation
Rider No. 18 — Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities
Rider No. 19 — Standard Offer Program Cost Recovery Rider (C)
Rider No. 20 — Smart Meter Charge
Rider No. 21 — Net Metering Service
Appendix A — Transmission Service Charges
Appendix B — Rate TOU – Time-of-Use (C)

**STANDARD CONTRACT RIDERS - (Continued)** (C)

## RIDER NO. 1 – ~~CONSUMER EDUCATION~~RETAIL MARKET ENHANCEMENT SURCHARGE

**(Applicable to all Rates)**

The ~~Consumer Education Surcharge~~Retail Market Enhancement Surcharge ("~~CES~~RMES") ~~was~~ is instituted as a cost recovery mechanism to recover ~~the~~ all eligible costs incurred by the Company associated with implementing ~~the Company's Consumer Education Plan~~Commission-mandated activities, programs, projects, services etc. to enhance the competitive energy market in Pennsylvania. As an example, some of the mandated activities may be found in, but are not limited to, Commission Order's at Docket No. I-2011-2237952, Docket No. M-2013-2355751, Docket No. M-2014-2401345 and Docket No. M-2014-2401345.] ~~The CES was added per Commission Order dated August 21, 2008, at Docket No. M-2008-2032278.~~ The ~~CES~~ RMES shall remain in effect to recover all expenses associated with Commission-mandated consumer education and retail market enhancement activities that are directed by the Commission to be recovered through the ~~CES~~ RMES or other Commission-approved mechanism and that are not otherwise being recovered in base rates. Consumer education activities shall also include those expenses to educate low-income and Customer Assistance Program ("CAP") customers about shopping in the retail market. The ~~CES~~ RMES will be recomputed annually and filed, to be effective June 1 of each year, unless the new rate is such a small change as to warrant no change in rates. The ~~CES~~ RMES shall be applied to all customers' bills. The ~~CES~~ RMES process will reconcile actual expense with revenue billed in accordance with this Rider.

### MONTHLY ~~CES~~ RETAIL MARKET ENHANCEMENT SURCHARGE RATES

| Tariff Rate Class | Monthly RME Surcharge per Customer (cents) |
|---|---|
| Rate RS | X.XX |
| Rate RH | X.XX |
| Rate RA | X.XX |
| Rate GS | X.XX |
| Rate GM < 25 kW | X.XX |
| Rate GM > 25 kW | X.XX |
| Rate GMH < 25 kW | X.XX |
| Rate GMH > 25 kW | X.XX |
| Rates GL, GLH, L and HVPS | X.XX |
| Rates AL, SE, UMS, SM, SH and PAL | X.XX |

The ~~CES~~RMES, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The ~~CES~~ RMES shall be determined in cents per month in accordance with the formula set forth below and shall be applied to all customers served during any part of a billing month:

**~~CES~~ RMES = [ ( ( ~~CE~~ RME – e ) / ( C * 12 ) * 100 ) ] * [ 1 / ( 1 – T ) ]**

Where **~~CES~~ RMES** = ~~Consumer Education~~Retail Market Enhancement Surcharge, a fixed charge in cents per month, to be billed to each customer served under the applicable Tariff rate class.

**~~CE~~ RME** = Projected annual ~~RMI~~ expenses associated with retail market enhancement, consumer education activities and CAP customer education mandated by the Commission ~~and other Commission-mandated consumer education related expenses for education activities directed by the Commission~~ in dollars for each customer class for the filing year.CAP customer education dollars shall be assigned to the Residential customer class for cost recovery purposes.

**C** = Projected average number of customers per customer class for the filing year.

**e =** The net overcollection or undercollection of the ~~RMI education and other~~ consumer education and retail market enhancement related expenses directed by the Commission as computed for each customer class as of the end of the reconciliation year.

**STANDARD CONTRACT RIDERS - (Continued)** (C)

**RIDER NO. 1 – ~~CONSUMER EDUCATION~~RETAIL MARKET ENHANCEMENT SURCHARGE – (Continued)**

**(Applicable to all Rates)**

**MONTHLY ~~CES~~ RETAIL MARKET ENHANCEMENT SURCHARGE RATES – (Continued)**

**T =** The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

**ANNUAL UPDATE**

The RMES defined herein will be updated effective June 1 of each year unless, upon determination, ~~that~~ the rates then in effect would result in a significant over or under collection. On or about January 31, the Company will file a reconciliation of the revenue and expense for the previous calendar year. On or about April 1 of the filing year, the Company will file revised RMES rates with the Commission defining rates in effect from June 1 to May 31 of the following year. These rates shall be determined based on the projected budget and number of customers for the filing year and the over or under collection of expenses based on actual RMES revenue and expense incurred for the previous calendar year, the reconciliation year. If it is determined that a significant over or under collection will occur, the Company shall file a revised RMES to become effective on no less than ten (10) days notice.

**MISCELLANEOUS**

No interest will be included in the ~~CES~~RMES.

Rider No. 10 – State Tax Adjustment Surcharge (STAS) shall be applicable to the surcharge defined in this Rider.

The ~~CES~~ RMES will be added to the monthly Customer Charge of each rate schedule or added as a line item on the monthly bill, as applicable.

The Company shall file reconciliation statements annually.

The ~~CES~~ RMES shall be subject to review and audit by the Commission.

The ~~CES~~ RMES shall remain in effect until otherwise directed by the Commission and until the final reconciliation statement is approved and charges fully recovered.

**STANDARD CONTRACT RIDERS - (Continued)**

## RIDER NO. 8 – DEFAULT SERVICE SUPPLY

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

Default Service Supply ("DSS") provides residential, commercial, industrial and lighting customers on the applicable rate schedules with a default service supply rate that is determined based on a request for proposal to acquire the energy to serve the load of customers taking service under the provisions of this Rider. Commercial and industrial customers are defined in Rate Schedules GS/GM and GMH, and, in general, are those customers with a monthly metered demand that is less than 300 kW in a twelve (12) month period.

### DEFAULT SERVICE SUPPLY RATE

Residential (Rate Schedules RS, RH and RA) (C)

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through May 31, 2016 | X.XXXX |
| June 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through May 31, 2017 | X.XXXX |

Small Commercial and Industrial customers with monthly metered demand less than 25 kW. (C)
(Rate Schedules GS/GM and GMH and Rate Schedule UMS)

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through May 31, 2016 | X.XXXX |
| June 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through May 31, 2017 | X.XXXX |

Medium Commercial and Industrial customers with monthly metered demand equal to or greater than 25 kW. (C)
(Rate Schedules GS/GM and GMH)

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through August 31, 2015 | X.XXXX |
| September 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through February 29, 2016 | X.XXXX |
| March 1, 2016 through May 31, 2016 | X.XXXX |
| June 1, 2016 through August 31, 2016 | X.XXXX |
| September 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through February 28, 2017 | X.XXXX |
| March 1, 2017 through May 31, 2017 | X.XXXX |

Lighting (Rate Schedules AL and SE) (C)

| Application Period | Supply Charge - ¢/kWh |
|---|---|
| June 1, 2015 through November 30, 2015 | X.XXXX |
| December 1, 2015 through May 31, 2016 | X.XXXX |
| June 1, 2016 through November 30, 2016 | X.XXXX |
| December 1, 2016 through May 31, 2017 | X.XXXX |

(C) – Indicates Change

## 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. (C)

| | | Application Period | | | |
|---|---|---|---|---|---|
| Wattage | Nominal kWh Energy Usage per Unit per Month | 06/01/2015 through 11/30/2015 | 12/01/2015 through 05/31/2016 | 06/01/2016 through 11/30/2016 | 12/01/2016 through 05/31/2017 |
| | | | | | |
| Supply Charge ¢ per kWh | | X.XXXX | X.XXXX | X.XXXX | X.XXXX |
| | | | | | |
| | | Fixture Charge — $ per Month | | | |
| Mercury Vapor | | | | | |
| 100 | 44 | X.XXXX | X.XXXX | X.XX | X.XX |
| 175 | 74 | X.XXXX | X.XXXX | X.XX | X.XX |
| 250 | 102 | X.XXXX | X.XXXX | X.XX | X.XX |
| 400 | 161 | X.XXXX | X.XXXX | X.XX | X.XX |
| 1000 | 386 | X.XXXX | X.XXXX | X.XX | X.XX |
| High Pressure Sodium | | | | | |
| 70 | 29 | X.XXXX | X.XXXX | X.XX | X.XX |
| 100 | 50 | X.XXXX | X.XXXX | X.XX | X.XX |
| 150 | 71 | X.XXXX | X.XXXX | X.XX | X.XX |
| 200 | 95 | X.XXXX | X.XXXX | X.XX | X.XX |
| 250 | 110 | X.XXXX | X.XXXX | X.XX | X.XX |
| 400 | 170 | X.XXXX | X.XXXX | X.XX | X.XX |
| 1000 | 387 | X.XXXX | X.XXXX | X.XX | X.XX |
| Flood Lighting - Unmetered | | | | | |
| 70 | 29 | X.XXXX | X.XXXX | X.XX | X.XX |
| 100 | 46 | X.XXXX | X.XXXX | X.XX | X.XX |
| 150 | 67 | X.XXXX | X.XXXX | X.XX | X.XX |
| 250 | 100 | X.XXXX | X.XXXX | X.XX | X.XX |
| 400 | 155 | X.XXXX | X.XXXX | X.XX | X.XX |
| Light-Emitting Diode (LED) | | | | | |
| 43 | 15 | X.XX | X.XX | X.XX | X.XX |
| 106 | 37 | X.XX | X.XX | X.XX | X.XX |

(C) – Indicates Change

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) ~~(C)~~

## CONTINGENCY PLAN

In the event Duquesne receives bids for less than all Tranches or the Commission does not approve all or some of the submitted bids or in the event of supplier default, then Duquesne will provide the balance of the default supply for commercial and industrial customers through purchases in the PJM spot markets until such time that a different contingency plan is approved by the Commission. Duquesne will submit to the Commission within ~~10~~ fifteen (15) days after any such occurrence an emergency plan to handle any default service shortfall. All costs associated with implementing the contingency plan will be included as part of the DSS described in the section below, "Calculation of Rate." (C)

## CALCULATION OF RATE

DSS rates shall be determined based on the formula described in this section. The DSS shall be filed with the Commission ~~on or about the fifteenth day of the month~~no less than sixty (60) days prior to the start of the next Application Period as defined under the Default Service Supply Rate section of this Rider. Rates are ~~revised~~ reconciled on a semi-annual basis in accordance with the Default Service Supply Rate section of this Rider. The rates shall include an adjustment to reconcile revenue and expense for each Application Period. The DSS shall be determined to the nearest one-thousandth of one (1) mill per kilowatt-hour in accordance with the formula set forth below and shall be applied to all kilowatt-hours billed for default service provided during the billing month: (C)~~(C)~~ (C)

$$DSS = [(RFP + (DSS_a + E))/S) * F] * [1/(1 – T)]$$ ~~(C)~~

Where:

DSS = Default Service Supply rate, converted to cents per kilowatt-hour, to be applied to each kilowatt-hour supplied to customers taking default service from the Company under this Rider.

RFP = The weighted average of the winning bids received in a competitive request for proposal for each customer class identified above and described in the "Default Service Supply Rate" section and adjusted for customer class transmission and distribution line losses. The request for proposal shall be conducted as described in "Procurement Process." ~~(C)~~

DSSa = The total estimated direct and indirect costs incurred by the Company to acquire DSS from any source on behalf of customers described above in the "Procurement Process." The Application Period shall be for each period over which the DSS, as computed, will apply. Projections of the Company's costs to acquire default supply for the Application Period shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated default service supply-related procurement and administration costs. The costs for Residential and both Small and Medium Commercial and Industrial customers will also include the costs to implement the time-of-use program available to these customers. The costs for Residential and Small Commercial and Industrial customers will also include the costs to implement the Standard Offer Program available to these customers. See the "Miscellaneous" section of this Rider for additional information. (C)

**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)**

**CALCULATION OF RATE – (Continued)**

E = Experienced net over or under collection for each customer procurement group based on the revenue and expense for the six (6) month period ending ~~sixty~~ one-hundred twenty (~~60~~120) days prior to the end of Application Period. The DSS rate effective June 1, 2015, shall include reconciliation of revenue and expense for the six (6) month period October 2014 through March 2015. The DSS rate effective December 1, 2015,~~3, for Residential customers~~ shall include reconciliation of revenue and expense for the four (4) month period ~~June 2013~~April 2015 through ~~September 2013~~July 2015. Thereafter, ~~T~~the DSS rate effective ~~December 1, 2013~~June 1 ~~, for Small Commercial and Industrial and Medium Commercial and Industrial customers~~ shall include reconciliation of revenue and expense for the ~~five~~six (~~5~~6) month period ~~May 2013~~August through January and the ~~through September 2013. The~~ DSS rate effective ~~June 1, 2014,~~December 1 shall include reconciliation of revenue and expense for the ~~period October 2013 through March 2014~~six (6) month period February through July. ~~The DSS rate effective December 1, 2014, shall include reconciliation of revenue and expense for the period April 2014 through September 2014. The DSS rate effective June 1, 2015, shall include reconciliation of revenue and expense for the period October 2014 through March 2015.~~ Interest shall be computed monthly at the rate provided for in Section 52 Pa. Code §54.187(g), from the month the over or under collection occurs to the month in which the over collection is refunded or the under collection is recouped. (C) (C) (C) (C) (C) (C) (C)

S = The Company's default service retail kWh sales to customers in the applicable Customer Class, projected for the Application Period.

F = Rate Factor only for the residential and lighting customer groups. The Rate Factor shall be 1.0 for all other customer groups. DSS for residential and lighting customer groups will be obtained in the same RFP. The Rate Factor adjustment reflects the load shape of the residential and lighting classes. The Rate Factor will be as follows for each Application Period.

| Application Period | Residential | Lighting | |
|---|---|---|---|
| June 1, 2015 through November 30, 2015 | ~~1.0033~~1.0075 | ~~0.7693~~0.6136 | (I)(D) |
| December 1, 2015 through May 31, 2016 | ~~1.0033~~1.0075 | ~~0.7693~~0.6136 | (I)(D) |
| June 1, 2016 through November 30, 2016 | 1.0052 | ~~0.6313~~0.7327 | (I) |
| December 1, 2016 through May 31, 2017 | 1.0052 | ~~0.6313~~0.7327 | (I) |

T = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

The rate shall become effective for default supply service rendered on and after the beginning of the Application Period unless otherwise ordered by the Commission, and shall remain in effect for the effective periods defined above, unless revised on an interim basis subject to the approval of the Commission. Pursuant to 52 Pa. Code §69.1809(c), upon determination that the DSS, if left unchanged, would result in a material over or undercollection of supply-related costs incurred or expected to be incurred during the effective period, the Company may file with the Commission for an interim revision of the DSS to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

**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)**

## ANNUAL RECONCILIATION

The Company will file with the Commission a reconciliation statement of the revenues, expenses and resulting over and under recovery for the ten (10) months beginning ~~June~~ April 1, 2015~~3~~, and ending ~~March~~January 31, 201~~3~~6, in accordance with 66 Pa. C.S. § 1307(e), by ~~April~~ March 1~~30~~, 2016~~4, for the Residential Service class~~. ~~The Company will file with the Commission a reconciliation statement of the revenues, expenses and resulting over and under recovery for the eleven (11) months beginning May 1, 2013, and ending March 31, 2014, in accordance with 66 Pa. C.S. § 1307(e) by April 30, 2014, for the Small Commercial and Industrial and Medium Commercial and Industrial service classes. In subsequent years, t~~Thereafter, the Company will file with the Commission an annual reconciliation statement of the revenues, expenses and resulting over and under recovery for the twelve (12) months beginning ~~April~~February 1 and ending ~~March~~January 31 of the following year, in accordance with 66 Pa. C.S. § 1307(e), by March 1~~April 30~~ for each service class. An annual reconciliation statement shall be prepared separately for the Residential, Small Commercial & Industrial and Medium Commercial & Industrial customer classes. (C) (C) (C) (C) (C) (C)

## MISCELLANEOUS

Minimum bills shall not be reduced by reason of the DSS. DSS charges shall not be a part of the monthly rate schedule minimum nor be subject to any credits or discounts.

Application of the DSS shall be subject to continuous review and audit by the Commission at intervals it shall determine.

In compliance with Commission Order at Docket No. P-2014-XXXXXXX, the Company is required to offer a Time-of-Use ("TOU") service program and a Standard Offer Program ("SOP") from June 1, 2015, through May 31, 2017. The Company is required to contract with an Electric Generation Supplier ("EGS") to provide these programs. The costs incurred by the Company to implement the TOU program shall be included in the determination of the DSS rate for the Residential and both Small and Medium Commercial and Industrial customer classes. Fifty percent (50%) of the incremental costs incurred by the Company in excess of the fees paid by EGSs to the Company to offer the SOP program shall be included in the determination of the DSS rate for the Residential and Small Commercial and Industrial customer classes. (C)

**STANDARD CONTRACT RIDERS - (Continued)**

## RIDER NO. 19 – STANDARD OFFER PROGRAM COST RECOVERY RIDER

**(Applicable to Rate Schedules RS, RH, RA, GS/GM)**

**This Rider and the cost recovery provisions stated within will terminate effective May 31, 2016.** **(C)**

## PURPOSE

In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company implemented a Standard Offer Program ("SOP"). Under the SOP, Electric Generation Suppliers ("EGSs") can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's' Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. The SOP shall be in effect through May 31, 2015, provided that the customer will continue to be served by the SOP EGS to the end of the customer's SOP term. The Standard Offer Program Cost Recovery Rider ("SOP Rider") is instituted as a cost recovery instrument to recover costs incurred by the Company in excess of fees collected from Electric Generation Suppliers to implement and operate the SOP.

## RATE

The Company shall file with the Commission, effective upon ten (10) days notice, the rate to become effective in accordance with this Rider.

In addition to the charges in this Tariff, a rate of 0.XXX cents per kilowatt-hour ("kWh") shall be added to the distribution energy charges per kWh of residential rate schedules RS, RH and RA. A rate of 0.XXX cents per kWh shall be added to the distribution energy charges per kWh of general service rate schedule GS/GM for non-demand metered customers and demand metered customers with monthly billing demand less than 25kW.

## CALCULATION OF RATE

A non-bypassable charge will be assessed on customers during the September 2014 through May 2015 period only if the total Customer Acquisition Fees for EDI transactions submitted through June 2014 are less than the costs of the Program incurred by Duquesne Light through June 2014. In this case, the non-bypassable charge assessed on customers during the September 2014 through May 2015 period will be calculated as follows:

1. Subtract: (1) the total Customer Acquisition Fees for EDI transactions submitted through June 2014; from (2) the costs of the Program incurred by Duquesne Light through June 2014. This is the "Excess Costs."

2. Divide the Excess Costs by the total kWh load of all Residential and Small C&I customers from September 2013 through May 2014 (which is the preceding September through May period). The result is the non-bypassable charge that will be assessed on a ¢/kWh basis to Residential and Small C&I customers during September 2014 through May 2015.

(C) – Indicates Change

**STANDARD CONTRACT RIDERS - (Continued)**

**RIDER NO. 19 – STANDARD OFFER PROGRAM COST RECOVERY RIDER – (Continued)**

**(Applicable to Rate Schedules RS, RH, RA, GS/GM)**

**CALCULATION OF RATE – (Continued)**

In June 2015, the Company shall submit a filing, effective upon ten (10) days notice, to recover the remaining balance of costs incurred by the Company not recovered through fees collected from SOP EGSs. From July 1, 2015, through May 31, 2016, a non-bypassable charge will be assessed on a $/kWh basis on Residential and Small C&I customers if the total costs of the Standard Offer Program were in excess of the Customer Acquisition Fees and non-bypassable charges through June 2015. The charge will be set to fully recover the unrecovered costs.

**MISCELLANEOUS**

The SOP Rider will be added to the applicable rate and not shown as a separate line item on the bill.

In no event shall the rate in this Rider be less than zero cents (0¢) per kWh.

This Rider is not subject to reconciliation.

Adjustments to rates pursuant to this Rider are subject to review and approval by the Commission.

Minimum bills shall not be reduced by reason of this Rider, nor shall charges hereunder be part of the monthly rate schedule minimum.

Effective May 31, 2016, Rider No. 19 – Standard Offer Program Cost Recovery Rider and the provisions stated within Rider No. 19 will be terminated. Please refer to the Company's Electric Generation Supplier Coordination Tariff for Standard Offer Program cost recovery procedures in effect. **(C)**

## APPENDIX B (C)

### RATE TOU - TIME-OF-USE

(Applicable to Rate Schedules RS, RH, RA, GS/GM and GMH)

### AVAILABILITY

Rate TOU is a time-of-day rate designed to provide optional pricing for electric generation service to encourage participants to shift their electricity usage from on-peak periods when wholesale electricity demands and prices are higher to off-peak periods when demands and prices are lower. Enrollment is voluntary and Residential and Small Commercial & Industrial (“C&I”) customers (as defined in each respective Rate Schedule) who have a digital meter and its data collection and communication systems installed at time of enrollment and medium C&I customers (as defined in its respective rate schedule) who have an interval meter installed at time of enrollment are eligible for this rate. Customers are free to terminate enrollment at any time.

### MONTHLY RATE

**DISTRIBUTION CHARGES**

**Customer Charge**

The Customer Charge as stated in the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) shall apply.

**Energy Charge**

The Energy Charge as stated in the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) shall apply.

**SUPPLY CHARGES**

October 1 through May 31:

The Supply Charge for the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) as stated in Rider No. 8 – Default Service Supply shall apply.

June 1 through September 30:

The on-peak period is defined as weekdays from 2:00 PM to 6:00 PM, excluding PJM holidays. The off-peak period is defined as all hours that are not during the on-peak period.

**(C) – Indicates Change**

## APPENDIX B – (Continued) (C)

## RATE TOU - TIME-OF-USE – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM and GMH)

### SUPPLY CHARGES – (Continued)

| Rate Schedule | Time Of Use | June 1 through September 30 | |
|---|---|---|---|
| | | 2015 Supply Charge ¢/kWh | 2016 Supply Charge ¢/kWh |
| **Residential (RS, RH, RA)** | | | |
| | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |
| **Small C&I (GS/GM and GMH < 25 kW)[1]** | | | |
| | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |
| | | June 1 through August 31 | |
| **Medium C&I (GS/GM and GMH ≥ 25 kW)[2]** | | | |
| | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |
| | | September 1 through September 30 | |
| **Medium C&I (GS/GM and GMH ≥ 25 kW)[2]** | On-Peak | X.XXXX | X.XXXX |
| | Off-Peak | X.XXXX | X.XXXX |

[1]Small Commercial & Industrial customers with monthly metered demand less than 25 kW.
[2]Medium Commercial & Industrial customers with monthly metered demand greater than or equal to 25 kW.

### CALCULATION OF ON-PEAK AND OFF-PEAK SUPPLY RATES

The On-Peak and Off-Peak Supply Rates in Rate TOU – Time-of-Use are based on the applicable rate class Default Service rates defined in Rider No. 8 – Default Service Supply multiplied by the on-peak factor and the off-peak factor. The on-peak factor is 1.50 and the off-peak factor is 0.90. These factors are based on the Company's system load and were approved by the Pennsylvania Public Utility Commission in the Company's Default Service Plan Filing at Docket No. P-2014-XXXXXXX.

### TRANSMISSION CHARGES

The Transmission Charge for the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) as stated in Appendix A shall apply.

### MINIMUM CHARGE

The Minimum Charge for the applicable Rate Schedule (RS, RH, RA, GS/GM and GMH) shall apply.

### RIDERS

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

## APPENDIX B – (Continued) (C)

## RATE TOU - TIME-OF-USE – (Continued)

(Applicable to Rate Schedules RS, RH, RA, GS/GM and GMH)

### LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein and are due and payable on or before twenty 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 charges billed by the Company. The Late Payment Charge shall be calculated on the overdue portion(s) of the charges on the bill and shall not be charged against any sum that falls due during a current billing period. A Late Payment Charge on a disputed bill may be reduced or eliminated by the Company, or upon order by the Commission, to facilitate payment by the disputing customer.

### SPECIAL TERMS AND CONDITIONS

In accordance with Act 129 of 2008 ("Act"), the Company is obligated to offer time-of-day rates as a supply rate option to customers. In compliance with the Act and with the Commission's Order at Docket No. P-2014-XXXXXXX, the Company will seek, through a competitive request for proposal, an Electric Generation Supplier ("EGS") to provide a time-of-use supply rate option. The Company will post the time-of-use supply rates available from an EGS at www.duquesnelight.com. If an EGS offers time-of-day supply rates and those rates are posted by the Company on its website, then this Appendix B — Rate TOU – Time-of-Use, shall not be available to eligible customers. In the event that no EGS offers time-of-day supply rates, then the supply rates in this Appendix B — Rate TOU – Time-of-Use shall be available to eligible customers.

### MISCELLANEOUS

The Supply Charges billed to customers in accordance with Appendix B — Rate TOU – Time-of-Use shall be included in the Company's Annual Reconciliation filing described in Rider No. 8 – Default Service Supply applicable to each customer class.

Customers who meet the eligibility requirements described in the "Availability" section of this Appendix B may enroll by contacting the Company and requesting to be placed on this rate. Service under this rate will begin no sooner than three (3) business days after the customer contacts the Company and makes the request.

For billing purposes, the Supply Charges defined in this Appendix B shall be applied on a calendar basis regardless of the meter read cycle.

Customers may switch to applicable default service rates in Rider No. 8 or to an Electric Generation Supplier ("EGS") at any time.

Switching to a default service rate defined in Rider No. 8 – Default Service Supply shall occur on the next meter read cycle. Switching to an Electric Generation Supplier ("EGS") shall occur in accordance with the switching rules defined in Rule No. 45 through Rule No. 45.2 of this Tariff.

## ~~APPENDIX B~~ ~~(C)~~

## ~~RATE R-TOU - RESIDENTIAL SERVICE TIME-OF-USE~~
~~(Applicable to Rate Schedules RS, RH and RA)~~

## ~~AVAILABILITY~~

~~Available only to residential customers who voluntarily enrolled in the Company's Time-of-Week ("TOU-1") or Time-of-Day ("TOU-2") Smart Sense Pilot Programs as of June 1, 2011. The Company's filings and the Commission's Orders at Docket No. P-2009-2149807 provide details about the Smart Sense Pilot Programs. Appendix B shall be effective June 1, 2012, through September 30, 2012, after which it will be terminated.~~

## ~~MONTHLY RATE~~

**~~Customer Charge~~**

~~The Customer Charge of the participants' applicable Rate Schedule (RS, RH or RA) shall apply.~~

**~~Supply — TOU-1 Pilot Program~~**

~~The supply charges of the participants' applicable Rate Schedule (RS, RH or RA) shall apply.~~

~~The TOU-1 pilot program is a time-of-week plan. This pilot is a temporary program that will evaluate the participants' ability to reduce their weather normalized electricity use on weekdays during the months of June 2012 through September 2012, as compared to their weather normalized usage during the same time period in 2011.~~

~~The TOU-1 pilot program is designed to provide participants with an incentive to reduce their weather normalized weekday usage during the months of June 2012 through September 2012 from the weather normalized baseline consumption mark set during those months in 2011. Effective June 1, 2012, if a participant can reduce their usage by 10% or more below their 2011 baseline kilowatt-hour usage, the participant will receive an additional 10% credit on the supply portion of their bill. As an added incentive, participants who reduce their monthly consumption by at least 10% for all four 2012 months – June 2012 through September 2012 – will receive an additional 10% off of their September 2012 supply charges.~~

~~Participation in the TOU-1 pilot program is available only to those residential default service customers who voluntarily pre-enrolled in the Company's TOU-1 pilot program as of June 1, 2011. No additional customers will be permitted to participate in the TOU-1 pilot program.~~

**~~Supply — TOU-2 Pilot Program~~**

~~The TOU-2 pilot program is a time-of-day plan. This pilot is a temporary program that will evaluate the participants' ability to shift energy usage away from peak periods of electricity demand and evaluate their response to rates that change throughout the day.~~

~~The TOU-2 pilot program is designed to provide optional pricing for electric generation service to encourage these participants to shift their electricity usage from on-peak periods when wholesale electricity demands and prices are higher, to off-peak periods when demands and prices are lower.~~

~~(C) – Indicates Change~~

~~**APPENDIX B – (Continued)**~~ ~~**(C)**~~

~~**RATE R-TOU - RESIDENTIAL SERVICE TIME-OF-USE – (Continued)**~~
~~(Applicable to Rate Schedules RS, RH and RA)~~

~~**Supply – TOU-2 Pilot Program – (Continued)**~~

~~The supply charges of the participants' applicable Rate Schedule (RS, RH or RA) shall apply. Effective June 1, 2012, the following supply charges shall be available to participants in the TOU-2 pilot program. The participants must select one of the time-of-day options prior to May 1, 2012. Participants cannot switch options once a selection has been made. Participants who do not make a selection by May 1, 2012, will be placed on the Time-of-Day 1 rate. Effective October 1, 2012, the supply charges of the participants' applicable Rate Schedule (RS, RH or RA) shall apply.~~

| | ~~Time-of-Day 1~~ | ~~Time-of-Day 2~~ |
|---|---|---|
| ~~On-Peak Period~~ | ~~Weekdays 1 p.m. to 6 p.m.~~ | ~~Weekdays 4 p.m. to 6 p.m.~~ |
| ~~Off-Peak Period~~ | ~~12:00 a.m. – 1:00 p.m. and 6:00 p.m. – 12:00 a.m. weekdays and all weekend hours*~~ | ~~12:00 a.m. – 4:00 p.m. and 6:00 p.m. – 12:00 a.m. weekdays and all weekend hours*~~ |
| ~~On Peak Rate~~ | ~~15.72 cents/kWh~~ | ~~31.44 cents/kWh~~ |
| ~~Off Peak Rate~~ | ~~6.13 cents/kWh~~ | ~~5.86 cents/kWh~~ |

~~*Independence Day (Wednesday, July 4, 2012) and Labor Day (Monday, September 3, 2012) will be considered off-peak all day.~~

~~The purpose of selecting on-peak and off-peak prices is to encourage customers to reduce demand during periods of high system usage and to provide participants who can reduce demand at those times an opportunity for savings.~~

~~Participation in the TOU-2 pilot program is available only to those residential default service customers who, as of June 1, 2011, voluntarily pre-enrolled in the Company's TOU-2 pilot program and had an Alpha electronic meter installed at their residential premise. No additional customers will be permitted to participate in the TOU-2 pilot program.~~

~~**Distribution**~~

~~The Distribution Charge of the participants' applicable Rate Schedule (RS, RH or RA) shall apply.~~

~~**Transmission**~~

~~The Transmission Charge (Appendix A of this Tariff) of the participants' applicable Rate Schedule (RS, RH or RA) shall apply.~~

~~**METERING**~~

~~Participants in the TOU-2 pilot program granted the Company permission to install an Alpha electronic meter capable of recording and storing energy consumption in hourly intervals on their home. The Company installed these Alpha meters in the spring of 2011 at no cost to the pilot program participants. The Alpha meter shall remain installed until replaced by the Company or at the participants' request.~~

~~**(C) – Indicates Change**~~

**~~APPENDIX B – (Continued)~~** **~~(C)~~**

**~~RATE R-TOU - RESIDENTIAL SERVICE TIME-OF-USE – (Continued)~~**
~~(Applicable to Rate Schedules RS, RH and RA)~~

**~~LATE PAYMENT CHARGE~~**

~~Bills will be calculated on the rates stated herein and are due and payable on or before twenty 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 charges billed by the Company. The Late Payment Charge shall be calculated on the overdue portion(s) of the charges on the bill and shall not be charged against any sum that falls due during a current billing period. A Late Payment Charge on a disputed bill may be reduced or eliminated by the Company, or upon order by the Commission, to facilitate payment by the disputing customer.~~

**~~SPECIAL TERMS AND CONDITIONS~~**

~~The TOU-1 and TOU-2 pilot programs are a part of the Company's Smart Sense Pilot Program and all terms and conditions of the Smart Sense Pilot Program shall apply.~~

~~Participants are free to remove themselves from the pilot program at any time. However, participants that remain in the Smart Sense Pilot Program through November 2012 will receive an incentive gift card of $100.00 to encourage participation in the pilot programs.~~

~~All other applicable rules and riders of this Tariff shall apply.~~

~~This pilot is a temporary program that will run from June 2012 through September 2012.~~

Exhibit No. WVP-7

SUPPLEMENT NO. XX
TO ELECTRIC – PA. P.U.C. NO. 3S

# DUQUESNE LIGHT COMPANY

## ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

**DUQUESNE LIGHT COMPANY**
411 Seventh Avenue
Pittsburgh, PA 15219

**Richard Riazzi**
**President and Chief Executive Officer**

**Issued: XXXXX XX, 2015** **Effective: June 1, 2015**

Issued in compliance with Docket No. P-2014-XXXXXXX.

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# NOTICE

**THIS TARIFF SUPPLEMENT MAKES CHANGES TO THE RULES AND REGULATIONS AND A RIDER. THIS TARIFF SUPPLEMENT MAKES AN INCREASE IN A RIDER.**

**See Page Two**

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES

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

Pages No. 2C through 2F have been removed from the Table of Contents as they are no longer needed. Pages No. 2C through 2F have been removed from the List of Modifications as they are no longer needed.

**Rules and Regulations** — **Second Revised Page No. 20**
**5. Direct Access Procedures** — **Cancelling First Revised Page No. 20**
**5.4 Provisions Relating to an EGS's Customers**
**Rule No. 5.4.4**

Rule No. 5.3.8 has been added to the Tariff which allows the Company to contract with an Electric Generation Supplier ("EGS") to provide Time-of-Use ("TOU") service from June 1, 2015, through May 31, 2017.

**Rules and Regulations** — **Second Revised Page No. 20**
**5. Direct Access Procedures** — **Cancelling First Revised Page No. 20**
**5.4 Provisions Relating to an EGS's Customers**
**Rule No. 5.4.4**

Rule No. 5.4.4 - Customer Participation - has been added to the Tariff which allows the Company to obtain TOU data from the contracted EGS in order to submit required reports to the Pennsylvania Public Utility Commission ("PaPUC").

**Rules and Regulations** — **Third Revised Page No. 30A**
**12. Payment and Billing** — **Cancelling Second Revised Page No. 30A**
**Rule No. 12.1.7**

Rule No. 12.1.7 - Purchase of EGS Receivables (POR) Program. Language has been modified to reflect the new default service period beginning June 1, 2015, through May 31, 2017.

**Rules and Regulations** — **Second Revised Page No. 30A-1**
**12. Payment and Billing** — **Cancelling First Revised Page No. 30A-1**
**Rule No. 12.1.7.2.1**

Rule No. 12.1.7.2.1 - Purchase Price Discount Adjustment. Language has been modified to reflect the new default service period beginning June 1, 2015.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES – (Continued)

**Rules and Regulations** — **Second Revised Page No. 30A-1**
**12. Payment and Billing** — **Cancelling First Revised Page No. 30A-1**
**Rule No. 12.1.7.2.1**

Rule No. 12.1.7.2.1 - Purchase Price Discount Adjustment. Language has been added in regard to Standard Offer Program cost recovery.

**Rules and Regulations** — **Third Revised Page No. 30C**
**12. Payment and Billing** — **Cancelling Second Revised Page No. 30C**
**Rule No. 12.1.7.5**

Rule No. 12.1.7.5 - Transfer of Collection Responsibilities and Rights. Language has been modified to reflect current operations of the Company.

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

**First Revised Page No. 42C**
**Cancelling Original Page No. 42C**

Language has been modified to include the word “Rider” in the title.

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

Language has been modified to include compliance with Commission Order dated XXXXX XX, XXXX, at Docket No. P-2014-XXXXXXX.

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

Language has been modified in regard to cost recovery.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES – (Continued)

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

Language has been modified in regard to adjusting the POR Administrative Discount, if necessary, in 2017.

### INCREASE

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

The Customer Acquisition Fee per EDI transaction has been modified resulting in an increase.

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(C) – Indicates Change

**RULES AND REGULATIONS - (Continued)**

**5. DIRECT ACCESS PROCEDURES - (Continued)**

**5.3 SWITCHING AMONG EGSs OR BETWEEN AN EGS AND THE COMPANY - (Continued)** **(C)**

**5.3.8** The Company may contract with an EGS to provide Time-of-Use ("TOU") service from June 1, 2015, to May 31, 2017. TOU rates will become effective June 1, 2015, and June 1, 2016, with on-peak and off-peak rates in effect from June through September of each year. The contracted EGS may submit an EDI transaction from May 29 through July 31 of each year to enroll customers in the TOU program. Standard switching rules shall apply to customers enrolled in the TOU service program. **(C)**

**5.4 PROVISIONS RELATING TO AN EGS'S CUSTOMERS**

**5.4.1 ARRANGEMENTS WITH EGS CUSTOMERS** EGSs shall be solely responsible for having appropriate contractual or other arrangements with their customers necessary to implement direct access consistent with all applicable laws, Pennsylvania Public Utility Commission requirements, and this tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

**5.4.2 TRANSFER OF COST OBLIGATIONS BETWEEN EGSS AND CUSTOMERS** Nothing in this tariff is intended to prevent an EGS and a customer from agreeing to reallocate between them any charges that this tariff imposes on the EGS, provided that any such agreement shall not change in any way the EGS's obligation to pay such charges to the Company, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's customer for any charges owed to the Company by the EGS.

**5.4.3 CUSTOMER OBLIGATIONS** Customers of an EGS remain bound by the rules and requirements of the applicable EDC Tariff under which they receive service from the Company.

**5.4.4 CUSTOMER PARTICIPATION** The Company may contract with an EGS to provide Time-of-Use ("TOU") service from June 1, 2015, to May 31, 2017. The Company is obligated to file periodic reports to the Pennsylvania Public Utility Commission on customer participation in and results of TOU programs. The EGS contracted to provide TOU service will be required to provide data to the Company by November 1, 2015, and November 1, 2016, for Company reporting purposes. Such data to be provided to the Company shall be related to EGS marketing efforts to enroll customers in the TOU program, customer participation in and response to the TOU program, and TOU program performance. **(C)**

**(C) – Indicates Change**

**RULES AND REGULATIONS - (Continued)**

**12. PAYMENT AND BILLING – (Continued)**

**12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM** Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, comprised of generation and transmission services, to residential customers and commercial and industrial ("C&I") customers with monthly metered demand less than 300 kW within Duquesne's service territory. Eligible customers are those customers taking delivery service under the Company's retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. Commercial and industrial customers will be separated into two categories for purposes of the Purchase Price Discount discussed in Section 12.1.7.2. Small C&I customers will be those customers with monthly metered demand less than 25 kW and Medium C&I customers will be those customers with monthly metered demand equal to or greater than 25 kW. The classification of customers as less than or equal to or greater than 25 kW is discussed in detail in the Company's retail tariff Rate GS/GM and Rate GMH. Under the POR program, Duquesne will reimburse EGSs for their customer billings regardless of whether Duquesne receives payment from the customer, subject to the limitations set forth below. Duquesne will seek to recover the EGS receivables from EGS customers consistent with Duquesne's existing collection procedures for recovery of billings to default service customers, and incur any uncollectible costs related to billings for EGSs. The term of the POR program defined herein will become effective June 1, 2015, and will remain in effect as described through May 31, 2017 and will terminate on May 31, 2017. **(C)**

**12.1.7.1 ELIGIBILITY REQUIREMENTS** EGSs that choose Duquesne's consolidated billing option for all or a portion of their eligible customer accounts will be required to sell their accounts receivable to Duquesne for those customers for whom Duquesne issues a consolidated bill. (EGSs may continue to issue their own bills [dual billing] for commodity service, for all or a portion of their customers, but will not be eligible to participate in the POR program for those customers that receive dual billing.) EGSs may choose to participate in the POR program with consolidated billing at any time during the term of the POR program as long as the EGS does not remove customer accounts from consolidated billing. A customer whose service is terminated or who voluntarily switches from the EGS' service to another generation provider is not considered to have been removed by the EGS from consolidated billing and the POR program.

EGSs participating in this POR program will agree not to reject for enrollment a new customer covered by the program based on credit-related issues. Any customer who wishes to be served by an EGS participating in the POR program will be accepted by the EGS if that EGS is actively serving the rate class to which that customer belongs.

**12.1.7.2 PURCHASE PRICE DISCOUNT** EGS' electric commodity receivables will be purchased at a discount. The discount rate will be comprised of two components reflecting 1.) the costs related to the estimated incremental EGS uncollectible expenses which will remain fixed throughout the program, and 2.) recovery of incremental initial and incremental ongoing operating and administrative costs associated with the POR program.

The discount rate for POR for residential customers shall be 0.52% comprised of 0.42% for uncollectible expenses and 0.10% for incremental ongoing operating and administrative expenses related to these customers. The discount rate for POR for Small C&I customers shall be 0.52% comprised of 0.42% for uncollectible expenses and 0.10% for incremental ongoing operating and administrative expenses related to these customers. The discount rate for POR for Medium C&I customers shall be 0.28% comprised of 0.18% for uncollectible expenses and 0.10% for incremental ongoing operating and administrative expenses related to these customers.

**(C) – Indicates Change**

**RULES AND REGULATIONS - (Continued)**

**12. PAYMENT AND BILLING – (Continued)**

**12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM –(Continued)**

**12.1.7.2.1 PURCHASE PRICE DISCOUNT ADJUSTMENT** During the term of the POR program beginning in June 2015, the discount rate may be adjusted to reflect Duquesne's most recent experiences of the total administrative discount cost to implement and operate the POR program (including actual incremental costs already incurred), less the actual total dollar amount of discounts from the prior calendar year(s) related to the recovery of administrative costs, divided by the number of years remaining in the recovery period, divided by the actual EGS consolidated billings for the most recent 12 month period. **(C)**

Duquesne will provide the updated discount rates to EGSs authorized to serve customers in the Company's service territory 60 days before the effective date of the discount rate change.

The Company may adjust the administrative component of the Purchase Price Discount to recover a portion of the incremental cost the Company incurs to offer and implement the Standard Offer Program. The details of the Standard Offer Program are provided on Page No. 42B and Page No. 42C, Standard Offer Program Cost Recovery Rider. **(C)**

**(C) – Indicates Change**

**RULES AND REGULATIONS - (Continued)**

**12. <u>PAYMENT AND BILLING – (Continued)</u>**

**12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM** –(Continued)

**12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS** - (Continued)

service termination provisions contained herewith and consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Duquesne shall be authorized to terminate commodity service to an EGS customer if the customer's payments do not cover the amount billed by the Company. A residential customer terminated from utility service under the POR program may be reconnected to service upon the payment of the arrears that were subject to the termination. The required payment may include both delivery and EGS commodity charges. **(C)**

An EGS customer in the POR program that has been terminated for non-payment may be reconnected upon paying the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS commodity service, (or a payment arrangement required by applicable law. At the time of reconnection, the customer will be reconnected to the EGS or the default service provider of record. **(C)**

**12.1.7.6 DISPUTE RESOLUTION** To the extent concerns arise regarding the implementation of the provisions of the POR program, parties shall attempt to resolve such disputes according to the informal, internal and/or external dispute resolution procedures described in this tariff at Rule No. 18 – Alternative Dispute Resolution. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

**(C) – Indicates Change**

## STANDARD OFFER PROGRAM COST RECOVERY RIDER (C)

### BACKGROUND

In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company implemented a Standard Offer Program ("SOP"). The SOP was modified in compliance with Commission Order dated XXXXX XX, XXXX, at Docket No. P-2014-XXXXXXX. Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's' Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. Complete SOP rules and documentation may be found at http://supplier.customer-choice.com. (C)

### SUPPLIER CHARGES

As approved by the Commission in the above-referenced proceeding, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

### COST RECOVERY (C)

For EDI transactions submitted between June 1, 2015, and May 31, 2017, the Customer Acquisition Fee will be $30 per EDI transaction. The Company will track the difference between actual program costs incurred and the Customer Acquisition Fees collected from the SOP Supplier. Costs in excess of the Customer Acquisition Fees collected will be recovered 50% from the Purchase of Receivables ("POR") administrative discount associated with Residential and Small Commercial and Industrial ("C&I") customers and 50% through the default service rates for Residential and Small C&I default service customers eligible to participate in the SOP program. In the event the SOP program costs exceed the Customer Acquisition Fees collected for the period June 1, 2015, through February 29, 2016, the Company will increase the POR administrative discount associated with EGSs supplying Residential and Small C&I customers. The increase to the administrative component of the Purchase Price Discount in Rule No. 12.1.7.2 will be calculated as 50% of the incremental costs for the period June 1, 2015, through February 29, 2016, divided by the total revenue billed by the Company for consolidated billings during that same time period. The Company will monitor the Customer Acquisition Fees collected and the SOP program costs. If necessary, the Company will adjust the POR administrative discount. The adjusted POR administrative discount shall remain in effect until all costs incurred by the Company are recovered. (C) (I)(C)

### BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

**(I) – Indicates Increase** **(C) – Indicates Change**

**STANDARD OFFER PROGRAM COST RECOVERY RIDER– (Continued)** **(C)**

**BILLING AND PAYMENT – (Continued)**

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue (MD: 6-1)
Pittsburgh, PA 15219

or through a wire/ACH transfer to:

Bank Name: Mellon Bank, Pittsburgh
ABA: 043000261
Account No: 000-8061
Acct Name: Duquesne Light Company

If a SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable (“POR”) payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

**(C) – Indicates Change**

Exhibit No. WVP-8

SUPPLEMENT NO. XX
TO ELECTRIC – PA. P.U.C. NO. 3S

# DUQUESNE LIGHT COMPANY

## ELECTRIC GENERATION SUPPLIER COORDINATION TARIFF

Issued By

**DUQUESNE LIGHT COMPANY**
411 Seventh Avenue
Pittsburgh, PA 15219

**Richard Riazzi**
**President and Chief Executive Officer**

**Issued: XXXXX XX, 2015** **Effective: June 1, 2015**

Issued in compliance with Docket No. P-2014-XXXXXXX.

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# NOTICE

**THIS TARIFF SUPPLEMENT MAKES CHANGES TO THE RULES AND REGULATIONS AND A RIDER. THIS TARIFF SUPPLEMENT MAKES AN INCREASE IN A RIDER.**

**See Page Two**

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES

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

Pages No. 2C through 2F have been removed from the Table of Contents as they are no longer needed. Pages No. 2C through 2F have been removed from the List of Modifications as they are no longer needed.

**Rules and Regulations** — **Third Revised Page No. 19**
**5. Direct Access Procedures** — **Cancelling Second Revised Page No. 19**
**5.3 Switching Among EGSs or Between an EGS and the Company**
**Rule No. 5.3.8**

Rule No. 5.3.8 has been added to the Tariff which allows the Company to contract with an Electric Generation Supplier (“EGS”) to provide Time-of-Use (“TOU”) service from June 1, 2015, through May 31, 2017.

**Rules and Regulations** — **Second Revised Page No. 20**
**5. Direct Access Procedures** — **Cancelling First Revised Page No. 20**
**5.4 Provisions Relating to an EGS’s Customers**
**Rule No. 5.4.4**

Rule No. 5.4.4 - Customer Participation - has been added to the Tariff which allows the Company to obtain TOU data from the contracted EGS in order to submit required reports to the Pennsylvania Public Utility Commission (“PaPUC”).

**Rules and Regulations** — **Third Revised Page No. 30A**
**12. Payment and Billing** — **Cancelling Second Revised Page No. 30A**
**Rule No. 12.1.7**

Rule No. 12.1.7 - Purchase of EGS Receivables (POR) Program. Language has been modified to reflect the new default service period beginning June 1, 2015, through May 31, 2017.

**Rules and Regulations** — **Second Revised Page No. 30A-1**
**12. Payment and Billing** — **Cancelling First Revised Page No. 30A-1**
**Rule No. 12.1.7.2.1**

Rule No. 12.1.7.2.1 - Purchase Price Discount Adjustment. Language has been modified to reflect the new default service period beginning June 1, 2015.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES – (Continued)

**Rules and Regulations** — **Second Revised Page No. 30A-1**
**12. Payment and Billing** — **Cancelling First Revised Page No. 30A-1**
**Rule No. 12.1.7.2.1**

Rule No. 12.1.7.2.1 - Purchase Price Discount Adjustment. Language has been added in regard to Standard Offer Program cost recovery.

**Rules and Regulations** — **Third Revised Page No. 30C**
**12. Payment and Billing** — **Cancelling Second Revised Page No. 30C**
**Rule No. 12.1.7.5**

Rule No. 12.1.7.5 - Transfer of Collection Responsibilities and Rights. Language has been modified to reflect current operations of the Company.

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

**First Revised Page No. 42C**
**Cancelling Original Page No. 42C**

Language has been modified to include the word “Rider” in the title.

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

Language has been modified to include compliance with Commission Order dated XXXXX XX, XXXX, at Docket No. P-2014-XXXXXXX.

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

Language has been modified in regard to cost recovery.

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

### CHANGES – (Continued)

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

Language has been modified in regard to adjusting the POR Administrative Discount, if necessary, in 2017.

### INCREASE

**Standard Offer Program Cost Recovery Rider** — **First Revised Page No. 42B**
**Cancelling Original Page No. 42B**

The Customer Acquisition Fee per EDI transaction has been modified resulting in an increase.

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(C) – Indicates Change

**RULES AND REGULATIONS - (Continued)**

**5. DIRECT ACCESS PROCEDURES - (Continued)**

**5.3 SWITCHING AMONG EGSs OR BETWEEN AN EGS AND THE COMPANY - (Continued)** ~~(C)~~

**5.3.5** Subject to Rules 14.4 and 14.5, if a customer contacts the Company to request a change of EGS to the Company's tariffed Energy and Capacity Charges for default Provider-of-Last-Resort (PLR) Service under the EDC Tariff, the Company will process the request as follows. The Company will send the customer a confirmation letter notifying the customer of the right to rescind. If the customer does not contact the Company within five (5) days of the date on the confirmation letter, then the Company will process the request. The request will be effective as of the next scheduled meter read date and the Company as the Provider-of-Last Resort will become the supplier of record for delivery provided that: (1) the Company has received at least eleven (11) days prior notice from the customer; and (2) the five day (5-day) waiting period has expired; and (3) the customer has not contacted the Company to rescind or dispute the switch to Default PLR Service. Once the preceding process is complete, the Company will notify the customer's prior EGS, via electronic exchange, of the discontinuance of service to the customer from that prior EGS. The preceding process will not apply when an EGS discontinues a customer's service, no other EGS has agreed to provide such service and that customer is subsequently provided by Default PLR Service.

In accordance with the Commission's Final Order at Docket No. M-2011-2270442 — Interim Guidelines Regarding Standards for Changing a Customer's Electricity Generation Supplier, the reduction in the waiting period has been modified from ten (10) days to five (5) days. The reduction in the 10-day waiting period also adjusts the "16-day rule" to an "11-day rule." These modifications are in effect for three (3) years from October 25, 2012, and are defined in Rule No. 5.3.5 – Switching Among EGSs. Also in accordance with the Order, Sections 57.173 and 57.174 of the Commission's regulations at Title 52 of the Pennsylvania Code have been waived for the three (3) year period. If the Commission further modifies the waiting period by regulation or Order, the Company will apply the revised waiting period as directed by the Commission.

**5.3.6**

**A.** If a customer contacts the Company to discontinue electric service at the customer's then current location, and initiates a request for service at a new location in the Company's service territory, the Company will notify the current EGS, via electronic exchange, of the customer's discontinuance of service for the account at the customer's prior location. Final bill(s) will be issued to the date of discontinuance of service. The Company will also notify, via electronic exchange, the customer's selected EGS for its new location, which may or may not be the current EGS, of the basic information described in Rule No. 4.14 (A). If the selected EGS is not the same EGS that served the customer at the old location, the Company will provide the EGS that served the customer at the old location with the customer's new mailing address or forwarding address. This process shall be updated as necessary pursuant to the Commission's standards for switching.

**B.** If a customer contacts the Company to discontinue electric service and indicates that the customer will be relocating outside of the Company's service territory, the Company will notify the current EGS, via electronic exchange, of the customer's discontinuance of service for the account at the customer's location. If available, the Company will provide the EGS that served the customer at the old location with the customer's new mailing address or forwarding address.

**5.3.7** If the Company elects to change the account number for a customer receiving generation service from an EGS, the Company will notify the EGS of the change in account number at the same customer location, via electronic exchange.

5.3.8 The Company may contract with an EGS to provide Time-of-Use ("TOU") service from June 1, 2015, to May 31, 2017. TOU rates will become effective June 1, 2015, and June 1, 2016, with on-peak and off- **(C)** peak rates in effect from June through September of each year. The contracted EGS may submit an EDI transaction from May 29 through July 31 of each year to enroll customers in the TOU program. Standard switching rules shall apply to customers enrolled in the TOU service program.

**(C) – Indicates Change**

**RULES AND REGULATIONS - (Continued)**

**5. DIRECT ACCESS PROCEDURES - (Continued)**

## 5.4 PROVISIONS RELATING TO AN EGS'S CUSTOMERS

**5.4.1 ARRANGEMENTS WITH EGS CUSTOMERS** EGSs shall be solely responsible for having appropriate contractual or other arrangements with their customers necessary to implement direct access consistent with all applicable laws, Pennsylvania Public Utility Commission requirements, and this tariff. The Company shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

**5.4.2 TRANSFER OF COST OBLIGATIONS BETWEEN EGSS AND CUSTOMERS** Nothing in this tariff is intended to prevent an EGS and a customer from agreeing to reallocate between them any charges that this tariff imposes on the EGS, provided that any such agreement shall not change in any way the EGS's obligation to pay such charges to the Company, and that any such agreement shall not confer upon the Company any right to seek recourse directly from the EGS's customer for any charges owed to the Company by the EGS.

**5.4.3 CUSTOMER OBLIGATIONS** Customers of an EGS remain bound by the rules and requirements of the applicable EDC Tariff under which they receive service from the Company. ~~(C)~~

5.4.4 **CUSTOMER PARTICIPATION** The Company may contract with an EGS to provide Time-of-Use ("TOU") service from June 1, 2015, to May 31, 2017. The Company is obligated to file periodic reports to the Pennsylvania Public Utility Commission on customer participation in and results of TOU programs. The EGS contracted to provide TOU service will be required to provide data to the Company by November 1, 2015, and November 1, 2016, for Company reporting purposes. Such data to be provided to the Company shall be related to EGS marketing efforts to enroll customers in the TOU program, customer participation in and response to the TOU program, and TOU program performance. **(C)**

**(C) – Indicates Change**

**RULES AND REGULATIONS - (Continued)**

**12. PAYMENT AND BILLING – (Continued)**

**12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM** Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, comprised of generation and transmission services, to residential customers and commercial and industrial ("C&I") customers with monthly metered demand less than 300 kW within Duquesne's service territory. Eligible customers are those customers taking delivery service under the Company's retail tariff Rate RS, RH, RA, GS/GM and GMH, and who purchase their electric commodity requirements from the EGS through consolidated billing with the Company. Commercial and industrial customers will be separated into two categories for purposes of the Purchase Price Discount discussed in Section 12.1.7.2. Small C&I customers will be those customers with monthly metered demand less than 25 kW and Medium C&I customers will be those customers with monthly metered demand equal to or greater than 25 kW. The classification of customers as less than or equal to or greater than 25 kW is discussed in detail in the Company's retail tariff Rate GS/GM and Rate GMH. Under the POR program, Duquesne will reimburse EGSs for their customer billings regardless of whether Duquesne receives payment from the customer, subject to the limitations set forth below. Duquesne will seek to recover the EGS receivables from EGS customers consistent with Duquesne's existing collection procedures for recovery of billings to default service customers, and incur any uncollectible costs related to billings for EGSs. The term of the POR program defined herein will become effective June 1, ~~2013~~2015, and will remain in effect as described through May 31, ~~2015~~ 2017 and will terminate on May 31, ~~2015~~2017. ~~(C)~~ (C)

**12.1.7.1 ELIGIBILITY REQUIREMENTS** EGSs that choose Duquesne's consolidated billing option for all or a portion of their eligible customer accounts will be required to sell their accounts receivable to Duquesne for those customers for whom Duquesne issues a consolidated bill. (EGSs may continue to issue their own bills [dual billing] for commodity service, for all or a portion of their customers, but will not be eligible to participate in the POR program for those customers that receive dual billing.) EGSs may choose to participate in the POR program with consolidated billing at any time during the term of the POR program as long as the EGS does not remove customer accounts from consolidated billing. A customer whose service is terminated or who voluntarily switches from the EGS' service to another generation provider is not considered to have been removed by the EGS from consolidated billing and the POR program. ~~(C)~~

EGSs participating in this POR program will agree not to reject for enrollment a new customer covered by the program based on credit-related issues. Any customer who wishes to be served by an EGS participating in the POR program will be accepted by the EGS if that EGS is actively serving the rate class to which that customer belongs.

**12.1.7.2 PURCHASE PRICE DISCOUNT** EGS' electric commodity receivables will be purchased at a discount. The discount rate will be comprised of two components reflecting 1.) the costs related to the estimated incremental EGS uncollectible expenses which will remain fixed throughout the program, and 2.) recovery of incremental initial and incremental ongoing operating and administrative costs associated with the POR program. ~~(C)~~

The discount rate for POR for residential customers shall be 0.52% comprised of 0.42% for uncollectible expenses and 0.10% for incremental ongoing operating and administrative expenses related to these customers. The discount rate for POR for Small C&I customers shall be 0.52% comprised of 0.42% for uncollectible expenses and 0.10% for incremental ongoing operating and administrative expenses related to these customers. The discount rate for POR for Medium C&I customers shall be 0.28% comprised of 0.18% for uncollectible expenses and 0.10% for incremental ongoing operating and administrative expenses related to these customers. ~~(C)~~

**(C) – Indicates Change**

**RULES AND REGULATIONS - (Continued)**

**12. PAYMENT AND BILLING – (Continued)**

**12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM –(Continued)**

**12.1.7.2.1 PURCHASE PRICE DISCOUNT ADJUSTMENT** During the term of the POR program beginning in June ~~2013~~2015, the discount rate may be adjusted to reflect Duquesne's most recent experiences of the total administrative discount cost to implement and operate the POR program (including actual incremental costs already incurred), less the actual total dollar amount of discounts from the prior calendar year(s) related to the recovery of administrative costs, divided by the number of years remaining in the recovery period, divided by the actual EGS consolidated billings for the most recent 12 month period. **(C)**

Duquesne will provide the updated discount rates to EGSs authorized to serve customers in the Company's service territory 60 days before the effective date of the discount rate change.

The Company may adjust the administrative component of the Purchase Price Discount to recover a portion of the incremental cost the Company incurs to offer and implement the Standard Offer Program. The details of the Standard Offer Program are provided on Page No. 42B and Page No. 42C, Standard Offer Program Cost Recovery Rider. **(C)**

**(C) – Indicates Change**

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING – (Continued)

**12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PROGRAM** –(Continued)

**12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS** - (Continued)

service termination provisions contained herewith and consistent with the provisions of Chapter 14 of the Pennsylvania Public Utility Code and Chapter 56 (or a successor chapter) of the Commission's regulations. Duquesne shall be authorized to terminate commodity service to an EGS customer if the customer's payments do not cover the amount billed by the Company. A residential customer terminated from utility service under the POR program ~~shall~~ may be reconnected to service upon the payment of the arrears that were subject to the termination ~~or a lesser amount as set forth below~~. The required payment may include both delivery and EGS commodity charges. ~~(C)~~ (C)

An EGS customer in the POR program that has been terminated for non-payment may be reconnected upon paying the ~~lesser of: a) the~~ sum of unpaid distribution charges (plus any applicable reconnection fees or deposits) and the amount billed for EGS commodity service, (or a payment arrangement required by applicable law~~); or b) the sum of unpaid distribution charges (plus any applicable reconnection fees or deposits)~~. At the time of reconnection, the customer will be reconnected to the EGS or the default service provider of record. ~~(C)~~ (C)

~~(C)~~ ~~(C)~~

**12.1.7.6 DISPUTE RESOLUTION** To the extent concerns arise regarding the implementation of the provisions of the POR program, parties shall attempt to resolve such disputes according to the informal, internal and/or external dispute resolution procedures described in this tariff at Rule No. 18 – Alternative Dispute Resolution. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

(C) – Indicates Change

## STANDARD OFFER PROGRAM COST RECOVERY RIDER (C)

### BACKGROUND

In compliance with Commission Order dated July 16, 2013, at Docket No. P-2012-2301664, the Company implemented a Standard Offer Program ("SOP"). The SOP was modified in compliance with Commission Order dated XXXXX XX, XXXX, at Docket No. P-2014-XXXXXXX. Under the SOP, EGSs can submit applications agreeing to become SOP Suppliers and provide a Standard Offer that is a fixed price product seven percent (7%) lower than Duquesne Light's' Price to Compare ("PTC"), in effect at the time of the offer, for a twelve month (12-month) period. Complete SOP rules and documentation may be found at http://supplier.customer-choice.com. (C)

### SUPPLIER CHARGES

As approved by the Commission in the above-referenced proceeding, the Company will charge each SOP Supplier a Customer Acquisition Fee that will be applied to the number of EDI transactions submitted by the SOP Supplier to Duquesne Light.

### ~~CUSTOMER ACQUISITION FEE~~COST RECOVERY (C)

For EDI transactions submitted between ~~August 16, 2013~~June 1, 2015, and ~~August 31, 2014~~May 31, 2017, the Customer Acquisition Fee will be ~~$25~~$30 per EDI transaction. The Company will track the difference between actual program costs incurred and the Customer Acquisition Fees collected from the SOP Supplier. Costs in excess of the Customer Acquisition Fees collected will be recovered 50% from the Purchase of Receivables ("POR") administrative discount associated with Residential and Small Commercial and Industrial ("C&I") customers and 50% through the default service rates for Residential and Small C&I default service customers eligible to participate in the SOP program. In the event the SOP program costs exceed the Customer Acquisition Fees collected for the period June 1, 2015, through February 29, 2016, the Company will increase the POR administrative discount associated with EGSs supplying Residential and Small C&I customers. The increase to the administrative component of the Purchase Price Discount in Rule No. 12.1.7.2 will be calculated as 50% of the incremental costs for the period June 1, 2015, through February 29, 2016, divided by the total revenue billed by the Company for consolidated billings during that same time period. The Company will monitor the Customer Acquisition Fees collected and the SOP program costs. If necessary, the Company will adjust the POR administrative discount. The adjusted POR administrative discount shall remain in effect until all costs incurred by the Company are recovered. (C) (I)(C)

~~The Company will track the difference between actual program costs incurred and the SOP Supplier fees collected for enrollments through June 30, 2014. Based on its experience through June 30, 2014, the Company will adjust the supplier fee prospectively up or down with a floor of $0 and a cap of $30 per enrolled customer, effective September 1, 2014. The revised fee shall be calculated as: (1) the costs of the Program incurred by Duquesne Light through June 2014, divided by (2) the number of applicable EDI transactions through June 2014 across all SOP Suppliers. The revised Customer Acquisition Fee shall remain in effect through June 2015. SOP Suppliers will be assessed the Customer Acquisition Fee in effect for May 2015 for any applicable EDI Transactions submitted in June 2015 pertaining to referrals made in May 2015.~~

~~Any excess cost above the amounts collected through the Customer Acquisition Fees will be recovered from customers by the Company through a non-bypassable charge from July 1, 2015 through May 31, 2016.~~

### BILLING AND PAYMENT

The Company will bill the participating SOP Suppliers on a monthly basis. All charges are due and payable within 30 days. There are two methods of payment:

**(I) – Indicates Increase** **(C) – Indicates Change**

**STANDARD OFFER PROGRAM COST RECOVERY RIDER– (Continued)** **(C)**

**BILLING AND PAYMENT – (Continued)**

A check made payable to Duquesne Light Company and mailed to:

Duquesne Light Company
Attn: Supplier Service Center
411 Seventh Avenue (MD: 6-1)
Pittsburgh, PA 15219

or through a wire/ACH transfer to:

Bank Name: Mellon Bank, Pittsburgh
ABA: 043000261
Account No: 000-8061
Acct Name: Duquesne Light Company

If a SOP Supplier fails to make the required payment, Duquesne Light may reduce the amount due to that SOP Supplier from that SOP Supplier's next Purchase of Receivable (“POR”) payment by the SOP amount due (but not from amounts that are subject to a bona fide POR payment dispute).

**(C) – Indicates Change**