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June 5, 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA HAND DELIVERY

RE: Petition of Duquesne Light Company for Approval of Default Service Plan for the Period January 1, 2008 Through December 31, 2010; Docket No. P-00072247

Dear Secretary McNulty:

Please be advised that the Duquesne Industrial Intervenors ("DII") will not be filing Exceptions to the Recommended Decision issued in the above-reference proceeding.

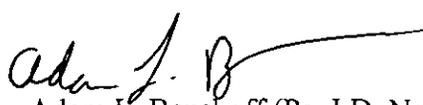
As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and kindly return it to our messenger for our filing purposes.

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Very truly yours,

MCNEES WALLACE & NURICK LLC

By 
Adam L. Benshoff (Pa. I.D. No. 200498)

Counsel to the Duquesne Industrial Intervenors

ALB/sds

Enclosures

c: Administrative Law Judge, Larry Gesoff (via e-mail and first class mail)
Cheryl Walker Davis, Director, Office of Special Assistants (via hand delivery)
Certificate of Service

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JUN 06 2007

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant):

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Certificate of Service
Docket No. P-00072247
Page 2

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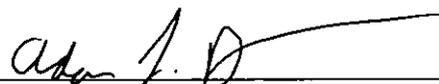
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Certificate of Service
Docket No. P-00072247
Page 3

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Adam L. Benshoff

Dated this 5th day of June, 2007, at Harrisburg, Pennsylvania.

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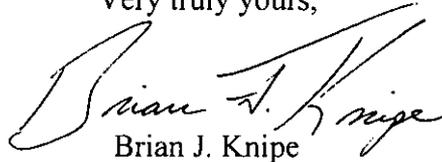
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: Petition of Duquesne Light Company for Approval of a Default Service
Plan for the Period January 1, 2008 Through December 31, 2010,
Docket No. P-00072247

Dear Secretary McNulty:

Reliant Energy, Inc. will not be filing Exceptions to the Recommended Decision issued in this proceeding. Copies of this letter have been served upon all parties of record as indicated in the attached Certificate of Service.

Very truly yours,



Brian J. Knipe

For BUCHANAN INGERSOLL & ROONEY, P.C.

**DOCUMENT
FOLDER**

BJK/eh

Enclosure

cc: Certificate of Service

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JUN 06 2007

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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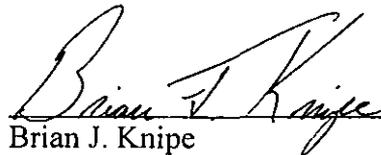
Dated this 5th day of June, 2007

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June 5, 2007

James J. McNulty
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DOCUMENT
FOLDER

Re: Petition of Duquesne Light Company
For approval of a Default Service
Plan for the Period January 1, 2008
Through December 31, 2010
Docket No. P-00072247

DOCKETED
JUN 08 2007

Dear Secretary McNulty:

Please be advised that the Office of Consumer Advocate will not be filing
Exceptions to the Recommended Decision of Judge Larry Gesoff, issued on May 16,
2007 in the above-captioned proceeding.

Copies have been served on the parties of record as shown on the enclosed
Certificate of Service.

Sincerely,

David T. Evrard
Assistant Consumer Advocate
PA Attorney I.D. # 33870

cc: Honorable Larry Gesoff
Parties of Record

*94307

2007 JUN -6 PM 3:52
RECORDS BUREAU

69

CERTIFICATE OF SERVICE

Petition of Duquesne Light Company :
for Approval of Default Service Plan : Docket No. P-00072247
for the Period January 1, 2008 through :
December 31, 2010 :

I hereby certify that I have this day served a true copy of the foregoing document, Office of Consumer Advocate's Letter Re: Not Filing Exceptions, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 5th day of June 2007.

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2007 JUN -6 P11 3:52
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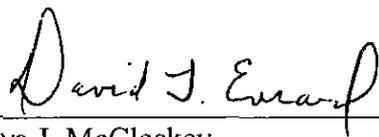
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June 5, 2007

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ORIGINAL

**Re: Petition of Duquesne Light Company for Approval of Default Service Plan
For The Period January 1, 2008 Through December 31, 2010
Docket No. P-00072247**

Dear Secretary McNulty:

Please be advised that the Office of Small Business Advocate will not be filing substantive Exceptions to the Recommended Decision ("R.D.") of Honorable Larry Gesoff, issued on May 8, 2007, in the above-referenced proceeding. However, the OSBA has filed this letter to request one correction in History of the Proceeding on page 4 of the R.D. In that section, the OSBA was inadvertently omitted from the list of signatories to the general stipulation. There is a detailed discussion of the general stipulation on pages 6 and 7 which correctly reflects the OSBA as a signatory. Further, the general stipulation, Attachment A to the R.D., also accurately reflects that the OSBA is a signatory to the general stipulation.

As evidenced by the enclosed certificate of service, all parties have been served as indicated. If you have any questions, please contact me.

Sincerely,

Sharon E. Webb
Assistant Small Business Advocate
Attorney ID No. 73995

DOCUMENT
FOLDER

Enclosure

cc: Certificate of Service
Cheryl Walker Davis, Office of Special Assistants

Brian Kalcic

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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SECRETARY'S BUREAU

Petition of Duquesne Light Company for :
Approval of Default Service Plan for the : Docket No. P-00072247
Period January 1, 2008 Through :
December 31, 2010 :

Certificate of Service

I certify that I am serving two copies of the informational exception, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

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Dated: June 5, 2007



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Attorney ID No. 73995

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June 5, 2007

ORIGINAL

VIA HAND DELIVERY

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
PO Box 3265
Harrisburg, PA 17105-3265

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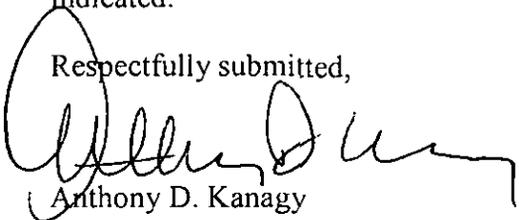
**RE: Petition of Duquesne Light Company for Approval of Default Service
Plan for the Period January 1, 2008 through December 31, 2010 -
Docket No. P-00072247**

Dear Secretary McNulty:

Enclosed, for filing, are an original and nine (9) copies of the Supplemental Statement of Support of Duquesne Light Company ("Duquesne") in the above-referenced proceeding. On May 16, 2007, the Commission issued the Recommended Decision of Administrative Law Judge Larry Gesoff. Exceptions to the Recommended Decision are due within 20 days, or by June 5, 2007. In lieu of Exceptions, Duquesne is filing its Supplemental Statement in Support.

As indicated on the certificate of service, copies have been served on the parties in the manner indicated.

Respectfully submitted,



Anthony D. Kanagy

**DOCUMENT
FOLDER**

ADK/jl

Enclosures

cc: Honorable Larry Gesoff
Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :
For Approval of Default Service Plan : Docket No. P-00072247
For The Period January 1, 2008 :
Through December 31, 2010 :

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**SUPPLEMENTAL STATEMENT OF SUPPORT
OF DUQUESNE LIGHT COMPANY**

I. INTRODUCTION

1. On January 25, 2007, Duquesne Light Company ("Duquesne") filed its Petition For Approval of Default Service Plan for the Period January 1, 2008 to December 31, 2010 ("POLR IV Plan"). After extensive investigation and litigation, on April 26, 2007, and on May 2, 2007, Duquesne filed with the Administrative Law Judge ("ALJ") and the Pennsylvania Public Utility Commission ("Commission" or "PUC") three Stipulations reflecting a unanimous settlement of all issues with all parties in this proceeding. All parties either supported, supported in part and did not oppose, or did not oppose the settlement. On or before May 4, the parties supporting the settlement (or parts thereof) filed Statements in Support of the proposed settlement. On May 8, 2007, ALJ Gesoff issued a Recommended Decision approving the settlement as in the public interest. (R. D. at p. 10). On May 10, 2007, the Commission issued its Final Rulemaking Order ("Order") which contained the Commission's proposed final default service rules. Docket No. L-0004169. The regulations were available in draft form during the course of the Duquesne POLR IV proceeding. They were advanced as support for the positions of parties in the POLR IV proceeding and considered by the parties in reaching the settlement and requesting that the Commission waive any provisions of the final regulations that could be construed as conflicting with the settlement. The final Rulemaking Order contains statements regarding the effect of the default service rules on Provider of Last Resort ("POLR") proceedings

pending before the Commission. To address these statements, Duquesne files herewith its Supplemental Statement in support of the proposed settlement.

II. SUPPLEMENTAL STATEMENT OF SUPPORT

2. The Commission noted in its Rulemaking Order that the default service rules are undergoing further review by the Independent Regulatory Review Commission, the Legislature, the Pennsylvania Attorney General's Office, and the Governor's Budget Office. Order p. 7 and 45. The rules will become effective sometime after this review. Based on these requirements, the default service rules will most likely not be final at the time this Commission rules on Duquesne's POLR IV plan, and therefore, should have no impact on this proceeding. As the PUC noted in its Rulemaking Order, there should be no retroactive application of the rules. Order p. 9.

3. Assuming, however, that the regulations were to become final before the PUC's decision on the Duquesne POLR IV settlement, the Commission also noted in the May 10 Order that EDC's with pending default service proceedings before the Commission do not need to withdraw their filings and submit a new plan due to the default service rules. (Order p. 9). Even assuming the regulations were to be approved by the end of July 2007, the PUC correctly questioned whether there was sufficient time for an EDC, like Duquesne Light, to seek Commission approval of a new, amended default service plan and obtain supply at reasonable prices prior to the expiration of currently effective rates on December 31, 2007. *Id.*

4. In its Order, the Commission recommended that EDCs with pending plans evaluate whether they wish to amend their filings. *Id.* Duquesne does not believe that any amendment to its plan is necessary or appropriate in light of: (1) the universal Settlement by all the parties in this proceeding, (2) the short timeframe that exists in order to finish acquiring

generation supply for customers, and (3) the need to educate customers and suppliers about the details of the plan prior to the plan becoming effective on January 1, 2008.¹

5. In its Order, the Commission further noted that if EDCs do not wish to amend their pending plan, they should request a waiver, in the pending proceeding, from any provision of the approved regulations that conflict with their proposal. *Id.* Duquesne has already requested such a waiver in this proceeding, and that request is either supported or not opposed by all parties. The first waiver request was in the initial filing of Duquesne on January 25, 2007. The request for a waiver stated, “First, Duquesne Light requests that the Commission issue an order in this proceeding stating that if the Commission’s default service regulations become effective prior to January 1, 2011, Duquesne Light will be granted a waiver of the regulations to the extent that they conflict with the provisions of the Default Service Plan. This waiver is necessary in order for Duquesne Power to procure supply for Duquesne Light’s default service customers. As indicated above, Duquesne Power is assuming considerable risks under the Default Service Plan, and Duquesne Light respectfully requests that the Commission eliminate the risk that the final default service regulations could override the terms and conditions of the Plan.” Petition at pp. 30-31.

6. In addition, the main Stipulation that was filed on April 26, 2007, in this case requests a waiver of the Commission’s final default service regulations to the extent necessary to implement the Settlement. The specific language contained in the Stipulation states “In the event that the Commission adopts final default service regulations that become effective prior to January 1, 2011, and they apply to plans filed prior to the effective date, Duquesne Light will be granted a waiver of those regulations to the extent that they conflict with the provisions of the

¹ See Footnote 7 of the Commission’s May 10 Order

Stipulation.” See Paragraph 9C of the Stipulation. Thus, the parties, who have unanimously agreed to a POLR plan for a three-year period, recognize the importance of all of the elements of the POLR plan. The waiver preserves these elements through January 1, 2011 and is necessary regardless of when the regulations for default service plans are approved.

7. Granting the requested waiver, if necessary, is reasonable and appropriate for a variety of reasons. In its Statement in Support, Duquesne explained, in some detail, the reasons why the settlement should be approved. These same principles also support granting the requested waiver. For convenience, a copy of that Statement, which was previously filed with the Commission, is attached to this Supplemental Statement as Exhibit A.

a. It must be emphasized that the proposed settlement is unanimous, reflecting the agreement or non-opposition of all parties on all issues in this proceeding. Such a settlement, to the Company’s knowledge, is unprecedented in POLR proceedings for major EDCs. Moreover, the settlement reflects a *diverse group of parties*, including the EDC, the Commission’s Office of Trial Staff, the Office of Consumer Advocate, the Office of Small Business Advocate, marketers, low-income advocacy groups and environmental groups. Such an agreement obviously reflects a careful and delicate balancing of strongly competing interests and should not be rejected or amended.

b. In addition, the settlement is not intended to establish precedent or policy. It is expressly described as a transition plan designed to place Duquesne and its customers on a level playing field with all other Pennsylvania electric utilities and their customers.

c. Moreover, the settlement adopts significant improvements to Duquesne’s current POLR III plan which are designed to support and enhance the development of retail competition. It is important to note that Duquesne currently has the highest levels of shopping in the

Commonwealth and among the highest in the country. Duquesne has been able to foster competition for small customers while also providing small customers with stable POLR rates. Nevertheless, the settlement builds on that success in several important ways. The settlement introduces for the first time a small customer Purchase of Receivables program which should encourage additional marketers to serve residential and small commercial and industrial customers. The Plan eliminates declining energy rate blocks and supply related demand charges which will make shopping comparisons easier and should promote conservation. The Plan also transitions small C & I customers over 25 Kw (representing 80% of C & I load) to more frequent rate changes in anticipation of 2011 when all major EDCs rate caps end. The new Plan builds on the success of the POLR III plan and provides customers rates that are lower than they were 15 years ago.

8. The Commission further stated in its Order that in reviewing any waiver requests, the Commission will be guided by its stated policy objectives of mitigating the impact of potential electric price increases for retail customers. As the Commission is aware, Duquesne's current plan ends on December 31, 2007. If the Commission were to reject the settlement and require Duquesne to undertake a competitive procurement for power, there would be no time for any significant laddering of contracts or the development of any reasonable supply portfolio. Duquesne would be able to undertake only one or perhaps two solicitations. This would expose customers to potentially major price increases, particularly if the procurement were to take place during a volatile period as experienced by Pike County. In this regard, Duquesne would note significant recent increases in wholesale market prices could expose customers to substantially increased prices and risk. Hence, approval of this POLR IV plan will mitigate price increases for customers, consistent with the Commission's objective.

III. CONCLUSION

The default service rules approved by the Commission in its May 10 Order are not final. In that Order, however, the Commission recommended that an EDC with a pending POLR plan evaluate whether they wish to amend their plan in light of the Order. Duquesne does not believe that any amendment to its plan is necessary or appropriate, especially due to the universal settlement of all the issues by all the parties in the case and the time that would be needed to amend a plan, procure generation supply, and provide education for a new POLR plan that must begin January 1, 2008.

The Duquesne Petition and Settlement in this proceeding request any necessary waiver of rules on behalf of all the parties. Further, the Duquesne POLR plan meets the Commission's objective for granting any waiver by providing price mitigation for customers.

Accordingly, Duquesne Light respectfully requests that the Commission adopt the Recommended Decision and its approval of the unanimous Settlement among the parties as quickly as possible so that the acquisition of generation supply can be completed and so that customers and suppliers can be educated about the terms and conditions of the default service plan.

Respectfully submitted,



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Date: June 5, 2007

Attorneys for Duquesne Light Company

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company :
For Approval of Default Service Plan : Docket No. P-00072247
For The Period January 1, 2008 :
Through December 31, 2010 :

**STATEMENT OF DUQUESNE LIGHT COMPANY
IN SUPPORT OF STIPULATIONS SETTLING ALL ISSUES**

Duquesne Light Company ("Duquesne Light") has entered into three stipulations with the Parties¹ in the above-referenced proceeding which have resulted in the settlement of all issues with all Parties (hereafter "Settlement"). Duquesne Light believes that this Settlement is in the best interests of Duquesne Light and its default service customers and will enhance retail competition. Therefore, the Settlement is in the public interest and should be approved. Duquesne Light submits this Statement in Support to explain the reasons that support such conclusion.

I. INTRODUCTION

Since restructuring, Duquesne Light has implemented three very successful default service programs. These programs have helped create the most competitive shopping environment in the Commonwealth and also have provided customers with substantial rate reductions. Duquesne Light's current default service plan, as modified by the Settlement, will build upon the success of Duquesne Light's prior default service plans.

¹ The parties in this proceeding are Duquesne Light, the Office of Trial Staff ("OTS"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), Dominion Retail, Inc. ("Dominion"), Reliant Energy, Inc. ("Reliant"), Conservation Consultants, Inc. ("CCI"), Constellation New Energy, Inc. and Constellation Energy Commodities Group, Inc. (collectively "Constellation"), Citizen Power, Inc. ("Citizen Power"), Exelon Corporation and Exelon Generation Company, LLC (collectively "Exelon"), Citizens For Pennsylvania's Future ("PennFuture"), FirstEnergy Solutions Corp. ("FES"), the Pennsylvania Large Energy Users Coalition ("PALEUC"), Duquesne Industrial Intervenors ("DII"), Strategic Energy, LLC ("Strategic"), Direct Energy, LLC ("Direct") and Retail Energy Supply Association ("RESA") (collectively, the "Parties").

In developing its default service plan, Duquesne Light considered several important policy issues. Two of the most important were (i) the effect of the plan on competition and (ii) the level of price certainty and rate stability provided for different customer groups. Other important policy considerations include the transitional nature of the filing, the impact of legacy rate designs and conservation. As explained below, Duquesne Light believes that its default service plan, as modified by Settlement, appropriately balances these important policy issues. The Settlement provides significant benefits to Duquesne Light's customers in terms of reasonable default service rates with appropriate levels of rate stability for each of the major customer groups. The default service plan, as amended by the Settlement, also advances retail competition by offering rates at prevailing market prices, adopting a purchase of receivables program ("POR Program") for Residential and small commercial and industrial ("Small C&I") customers, providing for a Market Share Threshold ("MST") collaborative, and eliminating, over time, energy demand charges and declining block energy rates.

The reasonableness of the proposed Settlement is further demonstrated by the fact that it either is supported, or not opposed, by all Parties in this proceeding. The Parties include consumer advocate groups, multiple EGSs, large customer groups, and others. This is a remarkable achievement and clearly demonstrates that the Settlement is in the public interest and should be approved.

The Settlement was achieved after considerable investigation of Duquesne Light's default service plan, through both informal and formal discovery, and submission of direct, rebuttal and surrebuttal testimony by a number of the Parties in this proceeding. The Settlement, if approved by Administrative Law Judge Larry Gesoff (the "ALJ") and the Pennsylvania Public Utility Commission ("Commission"), will reduce the amount of expense and effort that will be required

by the Parties and the Commission to bring this matter to a conclusion. The Parties and the Commission will be able to avoid the substantial effort and expense that would be incurred in continuing to litigate this proceeding, including preparing for and participating in hearings, preparation of briefs, reply briefs, exceptions, replies to exceptions and possible appellate litigation.

II. RESIDENTIAL CUSTOMER PLAN

In its original filing, Duquesne Light proposed to establish residential customer rates for three years commencing January 1, 2008, based on prevailing market prices for a three-year fixed price full requirements contract to serve these customers.² Duquesne Exh. No. 1, p. 16. In order to determine prevailing market prices, Duquesne Light reviewed the results of recent competitive wholesale solicitations in Pennsylvania, New Jersey, Maryland and Illinois. All of these solicitations involved full requirement default service supply service to residential and/or small commercial and industrial customers. In order to compare the solicitations on an “apples to apples” basis, Duquesne Light adjusted the results: (1) to state the prices on a comparable basis for definitional differences in product (including network transmission, line losses, ancillary services and taxes); (2) for location and timing differences; and (3) for different risk factors. Duquesne Exh. No. 1, p. 21. In order to mitigate customer rate impacts, Duquesne Light also proposed to move the RH rate to equal the RS and RA rates in 2010 and to eliminate declining energy blocks for RH and RA customers by January 1, 2010. Duquesne Exh. No. 1, p. 17.

As explained in more detail in Section VII below, many of the Parties that filed testimony in this proceeding largely supported or did not oppose the rate levels proposed by Duquesne

² The Residential Customer classes include Rate RS – Residential Service (“Rate RS”), Rate RH – Residential Service Heating (“Rate RH”) and Rate RA – Residential Service Add-on Heat Pump (“Rate RA”).

Light. In its testimony, the OCA stated that "... the Company's price proposal is a reasonable estimate of what a competitive procurement would produce" OCA St. No. 1, p. 12. However, the OCA suggested one modification to the Company's residential rate proposal. While the OCA agreed with Duquesne Light's overall policy of narrowing the differences in RH and RA rate levels, the OCA did not believe the supply rates should be the same in 2010. OCA St. No. 1, pp. 17-19. It was OCA's position that the rate for RH customers should be lower than the rate for RS and RA customers in 2010, due to OCA's belief that the RH customer load profile justified a lower rate and in order to mitigate rate impacts for these customers created by eliminating declining energy blocks.

The Settlement rates for residential customers served under the RS and RA rate schedules reflect the rates originally filed by Duquesne Light. However, as a result of OCA's concerns, Duquesne Light and the other Parties agreed to a compromise whereby the supply rate for Rate RH customers in 2010 is \$0.00261 per kWh lower than the supply rates for Rate RS and RA customers. Duquesne Exh. No. 2, p. 2. The 2010 supply rate for Rate RH customers was adjusted to reflect the market cost to serve the Rate RH class separated from the other residential classes.³ Duquesne Light believes that this adjustment is in the public interest because it is based on the market cost to serve the Rate RH class and will mitigate rate impacts for Rate RH customers in 2010 as compared to Duquesne Light's original proposal.

As Duquesne Light proposed in its original filing, declining block energy rates for residential heating customers will be phased out by January 1, 2010. Duquesne Exh. No. 2, p. 2. Phasing out declining energy blocks will give customers an opportunity to adjust to the new rate

³ The RH rates proposed for 2008 and 2009 are increased slightly in the Settlement to recover the revenue shortfall that results from a lower than proposed RH rate in 2010. This adjustment also will allow the RH rate to more closely track the market cost to serve while phasing in the rate increase.

design and to avoid potential rate shock. Duquesne Light believes that phasing out declining energy blocks is in the public interest because it will simplify customers' rates. This will make it easier for customers and marketers to compare competitive offers. Likewise, eliminating declining energy blocks should encourage conservation.

Duquesne Light believes that its default service plan for residential customers, as modified by the Settlement, appropriately balances the identified policy goals. The plan provides stable rates for residential customers over a three-year period. Duquesne Light believes that it is important to provide stable rates for residential customers because the competitive market for these customers is still developing.⁴ In addition, the default service plan will promote competition for residential customers by re-setting rates to reflect prevailing market prices. As noted above, the Plan also will promote competition by eliminating declining energy blocks. Moreover, as explained below, Duquesne Light has agreed to implement a POR Program to further encourage EGSs to serve small customers in Duquesne Light's service territory. Based upon these factors, Duquesne Light believes that the plan, as modified by the Settlement, provides appropriate rate stability and promotes competition for residential customers in its service territory.

III. SMALL C&I CUSTOMER PLAN

In its original filing, Duquesne Light proposed to fix default supply prices for Small C&I customers in 2008, and to adjust the rates in 2009 and 2010 to reflect changes based on an annual forward market price index.⁵ Duquesne Exh. No. 1, p. 14. Duquesne Light also proposed to eliminate declining energy blocks and supply related demand charges for all Small C&I

⁴ Dominion, the electric generation supplier ("EGS") serving the largest number of Duquesne Light's residential customers, supports this position. Dominion St. No. 1, 9.

⁵ The Small C&I customer classes include Rate GS, Rate GM and Rate GMH.

customers so that as of January 1, 2010, all Small C&I customers would be charged flat energy supply rates. Duquesne Exh. No. 1, pp. 14-15.

In its testimony, the OSBA argued that all Small C&I customers should have fixed rates for a three-year period similar to those offered to residential customers. OSBA St. No. 1, p. 2. As support for its position, the OSBA cited to the Commission's draft regulations which propose that rates for residential and Small C&I customers be adjusted with the same frequency. OSBA St. No. 1, pp. 12-13. Various other parties contended that more frequent changes for Small C&I customers were appropriate to support competition. Direct/RESA St. No. 1, p. 11; SE/RESA St. No. 1, p. 15.

The Settlement reflects a carefully balanced compromise of these competing positions. In order to achieve a compromise of the Parties positions, Duquesne Light divided the Small C&I classes into two subgroups. The first subgroup is Small C&I customers that have less than 25 kW of maximum peak demands. These customers are the smallest of the commercial and industrial customers, and in terms of overall usage, many of these customers are similar to Residential customers. Duquesne Light notes that the Commission's Policy Statement regarding default service treats Residential and Small C&I customers with less than 25 kW of maximum demand the same for purposes of acquiring supply. See Proposed 52 Pa. Code § 69.1805. The second subgroup is Small C&I customers that have maximum peak demands of 25 kW or greater. These are the larger Small C&I customers and generally represent larger business entities.

Under the Settlement, Duquesne Light will offer Small C&I customers with less than 25 kW of maximum peak demands fixed rates for the three-year term of the default service plan. Duquesne Exh. No. 2, p. 2. In addition, as explained in more detail below, in an effort to

enhance the competitive market, Duquesne Light has agreed to convene a collaborative to attempt to develop a MST Program for up to 5,000 GS and GM customers with less than 25 kW of maximum peak demands. If an MST Program is implemented, EGSs will be able to bid to supply generation service to certain Small C&I customers. Bids must reflect a discount off of default supply rates.

For Small C&I customers with maximum peak demands of 25 kW or greater, Duquesne Light will offer fixed default service supply rates in 2008. In 2009 and 2010, default service supply rates for these customers will be adjusted every six months based on changes in a market index. Duquesne Exh. No. 2, pp. 2-3.

The Settlement compromises the positions of the OSBA and the EGSs and is in the public interest. The Settlement will ensure that the smallest of the Small C&I customers (those under 25 kW) are offered default service that, in effect, mirrors the plan for residential customers. Given their similarity, Duquesne Light believes that it is appropriate to offer these Small C&I customers a default service rate plan that is similar to the plan offered to Residential customers. As noted above, the Commission's proposed Policy Statement regarding default service provides that default service providers should acquire supply for residential and Small C&I customers with less than 25 kW in maximum peak load under the same conditions. See Proposed 52 Pa. Code § 69.1805. Moreover, the MST collaborative creates an opportunity to further enhance the competitive market for Small C&I customers with less than 25 kW of maximum peak demands in Duquesne Light's service territory. If the MST Program is implemented, EGSs will be able to bid to supply generation service to these Small C&I customers. This would provide an additional avenue for EGSs to enter into or expand their service in Duquesne Light's service territory.

In addition, the Settlement addresses the EGSs' requests for more frequent rate adjustments to support competition by adjusting rates for Small C&I customers with maximum peak demands of 25 kW or greater every six months in 2009 and 2010, as opposed to an annual basis. Duquesne Light believes that more frequent adjustments for Small C&I customers with maximum peak demands of 25 kW or greater is appropriate for settlement purposes because these larger Small C&I customers should be able to adjust to changing prices easier than the smaller customers.

With respect to rate design issues, in its original filing, Duquesne Light proposed to eliminate declining energy blocks for Rate GS customers by January 1, 2008, and for Rate GM and GMH customers by January 1, 2010. Duquesne Exh. No. 1, p. 15. In its testimony, Constellation argued that Duquesne Light should eliminate declining energy blocks for all Small C&I customers by January 1, 2008. Constellation NewEnergy St. No. 1, pp. 8-9. As a compromise, Duquesne Light and the Parties agreed under the Settlement to eliminate declining energy blocks for Rate GM/GMH customers that have a maximum monthly metered demand of 25 kW or greater on January 1, 2008.⁶ Duquesne Light believes that this Settlement condition is in the public interest because it will simplify rate comparisons for these customers and should promote competition.

In addition, as the Company originally proposed, supply related demand charges for all Small C&I customers will be phased out by January 1, 2010. Duquesne Exh. No. 2, p. 2. The phase out will mitigate rate impacts associated with eliminating demand charges and provide flat supply rates for all Small C&I customers by January 1, 2010. Flat energy rates should promote competition by making it easier for customers and marketers to compare rates. Elimination of

⁶ Declining blocks for the Rate GM/GMH customers that have demands less than 25 kW will be phased out by January 1, 2010.

supply-related demand charges also will allow default service rates to more closely track market prices.

IV. LARGE C&I CUSTOMERS

In its original filing, Duquesne Light proposed to offer large commercial and industrial ("Large C&I") customers⁷ default service at real-time hourly rates. Duquesne Exh. No. 1, pp. 12-13. Duquesne Light considered offering fixed price service to Large C&I customers but decided against it for several reasons. As explained below, very few customers are currently taking fixed price default service from Duquesne Light. In addition, as explained in Mr. Fisher's testimony, Duquesne Light has experienced considerable difficulty in obtaining fixed price bids to serve Large C&I customers through competitive solicitations. Duquesne St. No. 3, p. 10. In October 2004, Duquesne Light conducted a competitive solicitation process to offer fixed price service to Large C&I customers, and the solicitation resulted in only six bids with a wide variation in price. Few customers elected the resulting fixed rate option. Duquesne St. No. 3, p. 9. In March 2006, Duquesne Light conducted a second competitive solicitation and received no bids. The Commission subsequently modified the solicitation process to make it more attractive to bidders and to allow Duquesne Light's affiliate, Duquesne Power, to bid. This solicitation resulted in only one bid and that was from Duquesne Power. Duquesne St. No. 3, p. 10. Given this experience, and the high level of Large C&I customers that are shopping, Duquesne Light decided not to offer a fixed price default service to Large C&I customers.⁸ However, in response to concerns from DII, Duquesne Light has agreed to offer a day-ahead hourly priced default service. See Duquesne Exh. No. 4.

⁷ Large C&I customer classes include Rate GL, Rate GLH, Rate L and Rate HVPS.

⁸ As of December 2006, 98% of the Large C&I load in Duquesne Light's service territory was being served by an alternative supplier.

Duquesne Light believes that offering day-ahead hourly priced default service to Large C&I customers is in the public interest. Under the POLR III Plan, Duquesne Light's Large C&I customers could choose between fixed price or real-time hourly priced default services.⁹ As of December 31, 2006, only six of 871 eligible customers were receiving fixed price default service from Duquesne Light. Because so few Large C&I customers in Duquesne Light's service territory are taking fixed price default service and because of the difficulty in obtaining bids to provide fixed price service to Large C&I customers, Duquesne Light believes that it is appropriate to eliminate the fixed price default option for these customers. However, Duquesne Light also believes it is in the public interest to modify its original proposal in order to offer Large C&I customers' day-ahead hourly priced service. This will give Large C&I customers that elect default service a better opportunity to manage their electricity usage and supply costs by providing customers with advanced notice of energy prices. As evidenced by the agreement or non-opposition of EGSs serving these customers, the day-ahead price will not harm the competitive market for these customers.

V. MARKET ENHANCEMENTS

In its original filing, Duquesne Light proposed to implement several measures to enhance the competitive market in its service territory. One of these measures is a POR Program. As part of the Settlement of Duquesne Light's recent distribution case at Docket No. R-00061346, Duquesne Light agreed to meet with parties to consider developing a POR Program. As a result of these meetings, Duquesne Light and other parties developed the POR Program that is described in the Direct Testimony of Nancy J.D. Krajovic. Duquesne St. No. 5. The Settlement in this proceeding adopts the POR Program as filed by Duquesne Light.

⁹ Under the terms and conditions of Duquesne Light's tariff, fixed price supply service for Large C&I customers will terminate on May 31, 2007.

Under the POR Program, Duquesne Light will purchase the accounts receivables, without recourse, associated with EGSs sales of retail electric commodity service to residential and Small C&I customers in Duquesne Light's service territory. Duquesne Light will purchase the accounts receivables at a small discount, and then reimburse EGSs for their customer billings regardless of whether Duquesne Light receives payment from customers. The POR Program should enhance the competitive market for residential and Small C&I customers in Duquesne Light's service territory. The POR Program eliminates EGSs' risks for serving credit-troubled customers, and will reduce their costs associated with upfront credit analyses and with collection activities. In addition, the POR Program should expand competitive options for residential and Small C&I customers because under the program, participating EGSs cannot refuse to serve residential and Small C&I customers for credit-related reasons. For these reasons, the POR Program should enhance the competitive market for residential and Small C&I customers in Duquesne Light's service territory.

In its original filing, Duquesne Light also agreed to improve communications with its employees regarding the Code of Conduct by having key employees review the Code of Conduct on an annual basis and commit in writing to its terms. Duquesne St. No. 2, p. 16. This should enhance the competitive market by ensuring that Duquesne Light's employees abide by the Code of Conduct.

In addition, as noted above, the default service plan will enhance the competitive market by eliminating declining energy blocks and supply related demand charges by January 1, 2010. This will promote competition by simplifying rate structures and will make it easier for customers and EGSs to compare rates.

In addition to the market enhancement measures described above, under the Settlement, Duquesne Light has agreed to enter into a collaborative to attempt to develop a MST Program for 5,000 GS and GM customers with maximum measured peak demands of less than 25 kW. Under an MST Program, EGSs can bid to provide generation service to Duquesne Light's default service customers. The bids must be at a discount to approved default service rates. Selected customers are then given an opportunity to take service at a discount to default service rates. Duquesne Light will convene the collaborative no later than three months after the Commission's order approving the Settlement of this proceeding. The collaborative will provide parties a definitive avenue to attempt to develop an MST Program. If the Parties are able to agree on an MST Program, this will provide an additional opportunity for EGSs to enter into or expand their service in Duquesne Light's service territory. If the collaborative does not produce a consensus by April 1, 2008, Direct may file a Petition with the Commission seeking approval of an MST program consistent with the terms described above.

VI. POWER PROCUREMENT

Under the Settlement, Duquesne Light will procure power for Residential, Small C&I and Lighting customers through an amendment to its full requirements contract with its affiliate, Duquesne Power.¹⁰ As noted in Paragraph 6 of Duquesne Exhibit No. 2, Duquesne Light requests that the Commission approve the amendment to the contract as an affiliate interest agreement. The amendment and the original contract were provided to the Parties in this proceeding in Exhibit NSF-19. Duquesne Power will rely on competitive wholesale market purchases at prevailing market prices in PJM Interconnection, LLC to obtain power for

¹⁰ In Duquesne Light's POLR III proceeding, the Commission approved the full requirements contract between Duquesne Light and Duquesne Power for a six-year period ending December 31, 2010. *Petition of Duquesne Light Company for Approval of Plan for Post-Transition Period Provider of Last Resort Service*, Docket No. P-00032071, Order entered August 23, 2004 ("POLR III Order"), p. 53.

Duquesne Light's default service customers. Duquesne Power will assume market price, customer switching, load following and other regulatory and business related risks associated with default service supply.

Duquesne Light believes that obtaining power through an amendment to its contract with Duquesne Power is in the public interest. Duquesne Light considered obtaining power through a competitive procurement process, but decided that it was not in the interests of its customers at this time. As explained by Mr. Fisher, wholesale solicitations do not provide the same level of price certainty to retail customers as Duquesne Light's proposal, have not proven to result in higher levels of shopping than currently experienced in Duquesne Light's service territory and may actually harm retail competition. Duquesne St. No. 3, p. 21, 30. Structured solicitations involve numerous decisions regarding process and product design that take considerable time to develop. In addition, as explained above in Section IV, structured solicitations do not always work as anticipated. As a result, competitive solicitations may be more effective if conducted on a state-wide or multi-jurisdictional basis.

Under the default service plan, Duquesne Power is assuming the risks that power prices will increase in the future as opposed to having customers assume these risks. As explained in Mr. Fisher's testimony, Duquesne Power is assuming considerable risks, including but not limited to, risks associated with: (1) increases in wholesale market prices; (2) changing usage levels; (3) changing load shapes; (4) supplier default; and (5) changes in collateral requirements.¹¹ Duquesne St. No. 3, pp. 44-46. As explained by Mr. Fisher, bidders in

¹¹ Paragraph 8 of Duquesne Exhibit No. 2 sets forth the limited conditions under which Duquesne Light may seek a rate increase during the term of the plan. These conditions are designed to protect Duquesne Light in the event that unexpected defaults threaten Duquesne Light's ability to provide reliable service, if regulatory approvals are not obtained or maintained, or if substantial modifications to the plan are required as a result of regulatory requirements.

competitive solicitations assume these risks and seek compensation in their bids for these risks. Duquesne St. No. 3, p. 46.

Given the current state of market development, Duquesne Light does not believe it is appropriate to have customers assume the risks associated with a competitive solicitation. Recent auctions for Pike County Light & Power Company, Delmarva Power Company and Baltimore Gas & Electric Company have resulted in very large rate increases for customers. *See Policies To Mitigate Potential Electricity Rate Increases*, Docket No. M-00061957, Order entered May 24, 2006. Given these recent examples, Duquesne Light does not believe that it is in the public interest for Residential, Small C&I and Lighting customers to bear these risks at this time.

VII. THE SETTLEMENT RATES REFLECT PREVAILING MARKET PRICES

Under Section 2803(e)(3) of the Public Utility Code, default service providers must acquire energy at prevailing market prices to serve default service customers. Based upon the plain language of Section 2807(e)(3), the Settlement rates fully comply with the statutory requirement that electric energy shall be purchased at prevailing market prices. As explained above, rates under the Settlement reflect prevailing market prices, at the time of the filing, for a three-year, fixed price full requirements contract. Prevailing market prices were determined by reviewing recent competitive solicitations in Pennsylvania, New Jersey, Maryland and Illinois and adjusting them to reflect Duquesne Light's particular circumstances.

Duquesne Light notes that many of the Parties that filed testimony in this proceeding largely supported or did not oppose the price levels proposed by Duquesne Light. OCA's witness Kahal testified that "The POLR IV prices reflect a reasonable estimate today of the forward 'prevailing market prices.'" OCA St. No. 1-SR, p. 9. OSBA's witness Kalcic used Duquesne Light's rate formulas to develop a three-year fixed rate for Small C&I customers.

OSBA St. No. 1, p. 14. Dominion's witness Butler testified that Duquesne Light's proposed rates were at the lower end of a range of reasonable prices. Dominion St. No. 1, p. 3. Moreover, neither Reliant nor Constellation NewEnergy, Inc. objected to Duquesne Light's proposed rates for Residential, Small C&I or Lighting customers in their testimony. This broad support or non-opposition from consumer groups and EGSs clearly demonstrates that Duquesne Light's energy prices reflect prevailing market prices.

In other proceedings, certain parties have argued that the term "prevailing market prices" require a default service provider to acquire power in the short-term market. Based upon the plain language of the statute, Duquesne Light does not believe that this is a correct interpretation. The statute uses the term "prevailing market prices" in the plural, rather than the singular. There are many prevailing market prices for electricity over different terms, including short-term, medium-term and long-term prices. There also are a wide variety of electricity products, including capacity, load following energy, around-the-clock energy, full-requirements service, derivatives and hedges. These products are available for different lengths of time. Each product for a given term has a prevailing market price at a point in time. Clearly, the existence of multiple products and term lengths in the competitive market demonstrates that prevailing market prices are not limited only to short-term hourly market prices at the time of delivery. Duquesne Light supports tailoring the default service plan to the needs of a particular customer class given the competitive market situation that those customers face. The Settlement provides the most sophisticated customers (approximately 46% of the system load) with day-ahead hourly price default service, while providing larger Small C&I customers with market price default rates that adjust once in 2008 and semi-annually in 2009 and 2010. Meanwhile, Residential and Small C&I customers with peak demands less than 25 kW, who have relatively few competitive

alternatives, are provided default service rates at prevailing market prices that are fixed for three years.

Moreover, in prior proceedings, the Commission has determined that “prevailing market prices” are not limited to short-term prices. In Duquesne Light’s POLR II and POLR III proceedings, the Commission approved three-year terms for each Plan. In the POLR III proceeding, the Commission expressly stated that Duquesne Light’s rates for the three-year period reflected prevailing market prices. *POLR III Order*, entered August 23, 2004. In addition, the Commission indicated that a second three-year term may be appropriate after the POLR III term expired. *POLR III Order*, p. 17. Likewise, the Commission approved a three-year term for UGI’s recent default service plan. *Petition of UGI Utilities, Inc. – Electric Division For Approval To Implement 2007-2009 Default Service Tariff Provisions On One Day’s Advance Notice*, Docket No. P-00062212 (Order entered June 23, 2006). These Orders clearly demonstrate that prevailing market prices are not limited to short term prices.

VIII. THE SETTLEMENT SHOULD BE APPROVED AS A REASONABLE TRANSITION PLAN

As indicated in its Petition and supporting testimony, Duquesne Light’s default service plan is intended to serve as a bridge to a more competitive market in 2011. The majority of customers in Pennsylvania are subject to generation rate caps that were set during restructuring through the end of 2010. As a result, competitive markets are continuing to develop in Pennsylvania.

The Settlement takes important steps in order to prepare for a more competitive market in 2011. As explained above, Duquesne Light is eliminating declining energy blocks and supply related demand charges for all customers by January 1, 2010. This will prepare customers for more competitive markets by simplifying rate structures, thereby making it easier for customers

and EGSs to compare prices. In addition, the Settlement implements more frequent rate changes for Small C&I customers with a maximum monthly demand of 25 kW or greater. Duquesne Exh. No. 2, pp. 2-3. This will prepare these customers for the possibility of more frequent price changes in 2011.

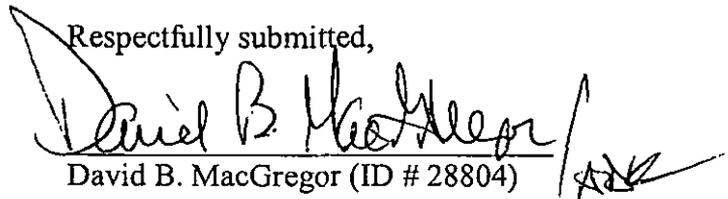
The Settlement is not intended to establish precedent for other default service proceedings. Rather, the terms of the Settlement are appropriate for Duquesne Light's current circumstances and the state of the market today. The terms and conditions of the Settlement are in the public interest because they serve as a reasonable transition from Duquesne Light's current circumstances to a more competitive market in 2011.

IX. CONCLUSION

Through this default service plan, as modified by the Settlement, Duquesne Light is building upon the success of its POLR III Plan. Under the POLR III Plan, rates for customers are lower than they were 15 years ago, and at the same time, shopping levels in Duquesne Light's service territory are among the highest in the nation. Duquesne St. No. 3, p. 12. Duquesne Light's prior default service plans have been true success stories for the state of Pennsylvania, and Duquesne Light believes that this default service plan will continue and expand upon that success.

Duquesne Light respectfully requests that the ALJ and the Commission approve this Settlement without modification. This Settlement is the result of a thorough examination of Duquesne Light's default service plan, multiple rounds of testimony and compromise by all Parties. Duquesne Light believes that a fair and reasonable compromise has been achieved in this proceeding, as is evident by the fact that all Parties either support or do not oppose the Settlement. Duquesne Light fully supports this Settlement and respectfully requests that the ALJ and the Commission expeditiously review and approve the Settlement without modification.

Respectfully submitted,



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I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant).

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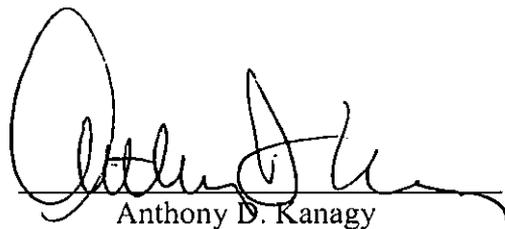
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June 15, 2007

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Harrisburg, PA 17120

VIA HAND DELIVERY

**RE: Petition of Duquesne Light Company for Approval of Default Service Plan
for the Period January 1, 2008 Through December 31, 2010; Docket No.
P-00072247**

Dear Secretary McNulty:

Please be advised that the Duquesne Industrial Intervenors ("DII") will not be filing Reply Exceptions to the Recommended Decision issued in the above-reference proceeding.

As evidenced by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and kindly return it to our messenger for our filing purposes.

Very truly yours,

MCNEES WALLACE & NURICK LLC

By *Adam L. Benschhoff*
Adam L. Benschhoff (Pa. I.D. No. 200498)

Counsel to the Duquesne Industrial Intervenors

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ALB/sds
Enclosures

c: Administrative Law Judge, Larry Gesoff (via e-mail and first class mail)
Cheryl Walker Davis, Director, Office of Special Assistants (via hand delivery)
Certificate of Service

**DOCUMENT
FOLDER**

DOCKETED
JUN 18 2007

58

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant):

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Certificate of Service
Docket No. P-00072247
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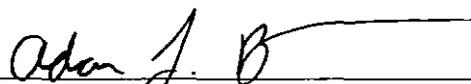
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Certificate of Service
Docket No. P-00072247
Page 3

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Adam L. Benshoff

Dated this 15th day of June, 2007, at Harrisburg, Pennsylvania.



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July 12, 2007

VIA OVERNIGHT DELIVERY

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**RE: Duquesne Light Company
Default Service Plan for the Period
January 1, 2008 through December 31, 2010
Docket No. P-00072247**

Dear Secretary McNulty:

Enclosed for filing in the above-referenced case are the original and three copies of the Compliance Tariffs of Duquesne Light Company which have been prepared in accordance with the Commission's Order entered on June 22, 2007.

Very truly yours,

Gary A. Jack
Assistant General Counsel

Enclosures

BTL

48

1 DUQUESNE LIGHT – POLR IV COMPLIANCE FILING
2 RESPONSE ON MARGINAL LOSSES
3

4 In the last paragraph of his June 21, 2007 Statement, Vice Chairman Cawley stated:
5

6 Lastly, when the compliance tariffs are submitted for the Commission's approval, I ask that
7 the Company and parties explain why a transmission loss factor, as provided for in the supplier
8 tariff, is appropriate, when PJM has incorporated incremental transmission losses into
9 Locational Marginal Prices effective June 1, 2007.
10

11 Prior to June 1, 2007, LMP was a single price and PJM made no adjustments to the zonal calculated
12 load for marginal losses outside of the Duquesne zone. (Average transmission losses were
13 previously utilized.) PJM implemented marginal losses effective June 1, 2007 with separate LMP
14 prices now for energy, congestion and marginal losses. This was done to enable better economic
15 dispatch of generation. In other words, all else being equal, a generator with lower, overall cost,
16 including losses, should be dispatched before one with higher costs. Losses were unbundled to
17 provide appropriate price signals.
18

19 The issue raised by Vice Chairman Cawley has been identified and addressed by PJM, and PJM has
20 taken steps to assure that there is no double counting of losses. The solution PJM implemented is to
21 calculate the amount of losses that will be included in the LMP value and then subtract it from the
22 EDCs' total load values. This eliminates any possible double counting potential and does not
23 require filing new retail rates with the individual States. See Exhibit 1 attached from the PJM
24 Marginal Losses Training Manual, February 2007. Also see another PJM document, Exhibit 2
25 attached, wherein PJM notes the potential for double counting due to the change to marginal losses
26 and explains how it addresses the issue by derating (subtracting) the losses from the load schedules.
27

28 More specifically, effective June 1, 2007, PJM de-rated the zonal load by a loss de-ration factor.
29 The EDC loss de-ration factor is calculated hourly by PJM as the EDC State Estimated Losses/EDC
30 Revenue-metered Load. Then, the PJM loss de-ration factor is applied to the hourly eSchedule load
31 delivered to the Duquesne zone for each load serving entity ("LSE") so that, in total, the sum of the
32 de-rated load for all LSEs is equal to the total de-rated zonal calculated load for the Duquesne zone
33 for each hour. LMP prices are then applied for energy, congestion and marginal losses to the de-
34 rated load.
35

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1 In summary, PJM calculates the amount of losses that will be included in the LMP value and then
2 subtracts it from the EDC's total load value, as shown in Exhibits 1 and 2, to assure there is no
3 double counting. This approach also does not require the filing of new retail rate tariffs with the
4 States. Duquesne's supplier tariff provides that transmission losses will be calculated pursuant to
5 the PJM tariff to be able to accommodate changes, like marginal losses, that are adopted by PJM.



Marginal Losses and Reported EDC/LSE Loads

- Implementation of Marginal Losses creates potential for double counting of losses due to:
 - EDCs gross up the derived loads measured at individual retail meters to account for losses
 - Based on State-filed retail rates
 - PJM Settlement calculations being changed to account for losses using the marginal loss component of LMP
- Solution is to calculate the amount of losses that will be included in the LMP value and subtract it from the EDCs' total load values
 - Eliminates double counting potential
 - Consistent approach
 - Does not require filing new retail rates with States



EDC Loss De-Ration Factors Example

Summary

Implementation of Marginal Losses creates the potential for double counting of losses because a) EDCs gross up the derived loads measured at individual retail meters to account for losses based on State-filed retail rates; and b) PJM Settlement calculations now account for losses using the marginal loss component of LMP. To address these issues, hourly EDC Loss De-ration Factors will be computed to de-rate the loss-loaded schedules submitted in eSchedules by the amount of losses included in the marginal loss component of the LMP. Loads will be reduced based on a hourly EDC Loss De-ration Factor determined by state-estimated losses. The factor is then used to de-rate loss-loaded schedules as an alternative to re-filing state tariffs that include a loss loading factor.

Details of the Load de-rating process can be found in the PJM Training material.

The EDC Loss De-Ration Factor, $f_{de-rate}$, is simply the ratio of the losses divided by the load. While the true EDC Loss De-Ration Factor will be calculated on an hourly basis, we can use hourly State Estimator data to determine an estimated value called $f_{de-rate}'$. The estimated De-Ration Factor is the hourly zonal State Estimator Losses divided by the hourly zonal State Estimator Load.

$$f_{margin}' = \frac{Loss_{SE}}{Load_{SE}} \quad (1)$$

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**



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

Morgan K. O'Brien
President and Chief Executive Officer

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

ISSUED: July 12, 2007

EFFECTIVE: January 1, 2008

NOTICE

**THIS TARIFF INCREASES, DECREASES AND CHANGES EXISTING RATES AND RIDERS,
ADDS A RIDER AND PAGES AND REMOVES A RIDER AND PAGES**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Table of Contents

Fifth Revised Page No. 3
Cancelling Fourth Revised Page No. 3

Rate GS/GM – General Service Small and Medium. Original Page No. 42A has been added to the tariff.

Rate GMH – General Service Medium Heating. Original Page No. 46A has been added to the tariff.

Rider No. 9 – Day-Ahead Hourly Price Service. Original Page No. 93A has been added to the tariff.

Rider No. 1 – PJM Surcharge. This rider has been removed the tariff.

Rider No. 20 – Market Price Adjustment. This rider has been added to the tariff.

Rules and Regulations – Contracts – Page No. 9A. This page has been removed from the tariff.

Appendix A – Transmission Service Charges. Original Page No. 116 has been added to the tariff.

Rider No. 9 – Hourly Price Service

Second Revised Pages No. 90 and 91
Cancelling First Revised Pages No. 90 and 91

Rider No. 9 has been modified to directly include the PJM Surcharge and reflect updated fixed retail adder rate.

3. – Application

Second Revised Page No. 6
Cancelling First Revised Page No. 6

3.1 – Definitions – (2) Basic Services

Second Revised Page No. 6
Cancelling First Revised Page No. 6

3.1 – Definitions – (7) Default Service

Second Revised Page No. 7
Cancelling First Revised Page No. 7

3.1 – Definitions – (17) Supply Charges

Second Revised Page No. 8
Cancelling First Revised Page No. 8

4. – Contracts

Second Revised Page No. 8
Cancelling First Revised Page No. 8

21.2 – Partial Payment of Bills

Second Revised Page No. 24
Cancelling First Revised Page No. 24

Rule No. 45.2 – Supplier Switching Options

Third Revised Page No. 31
Cancelling Second Revised Page No. 31

Rate RS – Residential Service

Second Revised Page No. 32
Cancelling First Revised Page No. 32

Rate RH – Residential Service Heating

Second Revised Pages No. 34-35
Cancelling First Revised Pages No. 34-35



LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

CHANGES – (Continued)

Rate RA – Residential Service Add-On Heat Pump	Second Revised Pages No. 37-38 Cancelling First Revised Pages No. 37-38
Rate GS/GM – General Service Small and Medium	Second Revised Pages No. 40-42 Cancelling First Revised Pages No. 40-42
Rate GMH – General Service Medium Heating	Second Revised Pages No. 43-46 Cancelling First Revised Pages No. 43-46
Rate GL – General Service Large	Third Revised Pages No. 47-48 Cancelling Second Revised Pages No. 47-48
Rate GLH – General Service Large Heating	Third Revised Pages No. 50-51 Cancelling Second Revised Pages No. 50-51
Rate L – Large Power Service	Third Revised Pages No. 53-54 Cancelling Second Revised Pages No. 53-54
Rate HVPS – High Voltage Power Service	Third Revised Pages No. 57-58 Cancelling Second Revised Pages No. 57-58
	Second Revised Page No. 59 Cancelling First Revised Page No. 59
Rate AL – Architectural Lighting Service	Second Revised Pages No. 61-62 Cancelling First Revised Pages No. 61-62
Rate SE – Street Lighting Energy	Second Revised Page No. 64 Cancelling First Revised Page No. 64
Rate SM – Street Lighting Municipal	Second Revised Pages No. 68-69 Cancelling First Revised Pages No. 68-69
Rate SH – Street Lighting Highway	Second Revised Page No. 71 Cancelling First Revised Page No. 71
Rate UMS – Unmetered Service	Second Revised Page No. 74 Cancelling First Revised Page No. 74
Rate PAL – Private Area Lighting	Second Revised Pages No. 76-77 Cancelling First Revised Pages No. 76-77
Rider No. 5 – Time of Day Discounts	Third Revised Page No. 84 Cancelling Second Revised Page No. 84
Rider No. 9 – Day-Ahead Hourly Price Service	Second Revised Page No. 89 Cancelling First Revised Page No. 89

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

CHANGES – (Continued)

Rider No. 9 – Day-Ahead Hourly Price Service	Third Revised Page No. 93 Cancelling Second Revised Page No. 93 Original Page No. 93A
Rider No. 11 – Street Railway Service	Second Revised Page No. 95 Cancelling First Revised Page No. 95
Rider No. 16 – Service to Non-Utility Generating Facilities	Third Revised Pages No. 101-102 Cancelling Second Revised Pages No. 101-102
Rider No. 17 – Emergency Energy Conservation	Second Revised Page No. 103 Cancelling First Revised Page No. 103
Rider No. 19 – Off-Peak Water Heating Service	Second Revised Page No. 107 Cancelling First Revised Page No. 107
Appendix A – Transmission Service Charges	Fourth Revised Page No. 113 Cancelling Third Revised Page No. 113 Second Revised Pages No. 114-115 Cancelling First Revised Pages No. 114-115

The term "generation" has been replaced with "supply" and "Provider of Last Resort" or "POLR" has been replaced with "Default Service," as appropriate, throughout the tariff to more accurately describe the service provided to customers.

Rate RS – Residential Service	Second Revised Page No. 32 Cancelling First Revised Page No. 32
Rate RH – Residential Service Heating	Second Revised Page No. 35 Cancelling First Revised Page No. 35
Rate RA – Residential Service Add-on-Heat Pump	Second Revised Page No. 38 Cancelling First Revised Page No. 38
Rate GS/GM – General Service Small and Medium	Second Revised Page No. 41 Cancelling First Revised Page No. 41
Rate GMH – General Service Large Heating	Second Revised Page No. 45 Cancelling First Revised Page No. 45
Rate AL – Architectural Lighting Service	Second Revised Page No. 61 Cancelling First Revised Page No. 61

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

CHANGES – (Continued)

Rate SE – Street Lighting Energy	Second Revised Page No. 64 Cancelling First Revised Page No. 64
Rate SM – Street Lighting Municipal	Second Revised Page No. 68 Cancelling First Revised Page No. 68
Rate SH – Street Lighting Highway	Second Revised Page No. 71 Cancelling First Revised Page No. 71
Rate UMS – Unmetered Service	Second Revised Page No. 74 Cancelling First Revised Page No. 74
Rate PAL – Private Area Lighting	Second Revised Page No. 77 Cancelling First Revised Page No. 77
Rider No. 1 – PJM Surcharge	This Rider has been removed from the Tariff.
Appendix A – Transmission Service Charges	Fourth Revised Page No. 113 Cancelling Third Revised Page No. 113 Second Revised Pages No. 114-115 Cancelling First Revised Pages No. 114-115 Original Page No. 116

Language regarding the inclusion of ancillary services, line losses and PJM Surcharge in the supply charge has been eliminated, as those costs will be recovered via the Transmission Service Charge prospectively, which has been modified accordingly.

Rule No. 4 – Contracts	Second Revised Page No. 9 Cancelling First Revised Page No. 9 First Revised Page No. 9A has been removed from the tariff.
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Deleted special contract information no longer needed due to modifications to Rider No. 9 – Day-Ahead Hourly Price Service.

Rider No. 5 – Time of Day Discounts	Third Revised Page No. 84 Cancelling Second Revised Page No. 84
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The availability and application of Rider No. 5 – Time of Day Discounts will terminate December 31, 2010.

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

CHANGES – (Continued)

Rate RH – Residential Service Heating
Second Revised Page No. 34
Cancelling First Revised Page No. 34

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

Rate GS/GM – General Service Small and Medium
Second Revised Pages No. 40-41
Cancelling First Revised Pages No. 40-41

Rate GMH – General Service Medium Heating
Second Revised Pages No. 43-45
Cancelling First Revised Pages No. 43-45

These rate schedules have been modified to show supply charges effective January 1, 2008, January 1, 2009 and January 1, 2010.

Rate GS/GM – General Service Small and Medium
Second Revised Pages No. 40-41
Cancelling First Revised Pages No. 40-41

Rate GMH – General Service Medium Heating
Second Revised Page No. 45
Cancelling First Revised Page No. 45

Rider No. 20 – Annual Market Price Adjustment Rate Multiplier
Second Revised Pages No. 108-109
Cancelling First Revised Pages No. 108-109

Language has been added to Rates GS/GM and GMH and Rider No. 20 has been added to the tariff to implement the market index adjustment factor for small commercial and industrial customers.

Rule No. 26 – Arrears
Second Revised Page No. 24
Cancelling First Revised Page No. 24

Language has been added to allow the Company to terminate service for non-payment of EGS receivables purchased by the Company pursuant to the Purchase of Receivables Program.

Rate GS/GM – General Service Small and Medium
Second Revised Page No. 42
Cancelling First Revised Page No. 42

Rate GMH – General Service Large Heating
Second Revised Page No. 46
Cancelling First Revised Page No. 46

The minimum charge provisions in these rates have been modified to reflect the shift toward energy only rate structures.

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)**CHANGES – (Continued)****Rider No. 9 – Day-Ahead Hourly Price Service****Second Revised Pages No. 89-92
Cancelling First Revised Pages No. 89-92****Third Revised Page No. 93
Cancelling Second Revised Page No. 93****Original Page No. 93A**

The title of this rider has been renamed and the language in this rider has been added and/or modified to reflect day-ahead hourly price service.

**Rider No. 13 – General Service Separately Metered
Electric Space Heating Service****Second Revised Page No. 97
Cancelling First Revised Page No. 97**

Language has been modified to reflect that during the heating months, Rate GMH shall apply to service rendered and that during the non-heating months, Rate GS/GM shall apply to service rendered.

**Rider No. 14 – Residential Service Separately Metered
Electric Space and Water Heating Service****Second Revised Page No. 98
Cancelling First Revised Page No. 98**

Language has been modified to reflect that during the heating months, Rate RH shall apply to service rendered and that during the non-heating months, Rate RS shall apply to service rendered.

Rate GS/GM – General Service Small and Medium**Original Page No. 42A****Rate GMH – General Service Medium Heating****Original Page No. 46A****Rider No. 9 – Day-Ahead Hourly Price Service****Original Page No. 93A**

Language and page set-up modifications resulted in additional tariff sheets for these Rate Schedules.

INCREASES**Rate RS – Residential Service****Second Revised Page No. 32
Cancelling First Revised Page No. 32****Rate RH – Residential Service Heating****Second Revised Page No. 34
Cancelling First Revised Page No. 34****Rate RA – Residential Service Add-On Heat Pump****Second Revised Page No. 37
Cancelling First Revised Page No. 37**

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)**INCREASES – (Continued)**

Rate GS/GM – General Service Small and Medium	Second Revised Page No. 40 Cancelling First Revised Page No. 40
Rate GMH – General Service Medium Heating	Second Revised Pages No. 43-44 Cancelling First Revised Pages No. 43-44
Rate AL – Architectural Lighting Service	Second Revised Page No. 61 Cancelling First Revised Page No. 61
Rate SE – Street Lighting Energy	Second Revised Page No. 64 Cancelling First Revised Page No. 64
Rate SM – Street Lighting Municipal	Second Revised Page No. 68 Cancelling First Revised Page No. 68
Rate UMS – Unmetered Service	Second First Revised Page No. 74 Cancelling First Revised Page No. 74
Rate PAL – Private Area Lighting	Second First Revised Page No. 76 Cancelling First Revised Page No. 76
Rider No. 9 – Day-Ahead Hourly Price Service	Second Revised Page No. 91 Cancelling First Revised Page No. 91

Unit supply prices have been changed resulting in increases.

Appendix A – Transmission Service Charges	Fourth Revised Page No. 113 Cancelling Third Revised Page No. 113
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Unit prices have been changed, resulting in increases.

DECREASES

Rate RH – Residential Service Heating	Second Revised Page No. 34 Cancelling First Revised Page No. 34
Rate RA – Residential Service Add-On Heat Pump	Second Revised Page No. 37 Cancelling First Revised Page No. 37
Rate GS/GM – General Service Small and Medium	Second Revised Pages No. 40-42 Cancelling First Revised Pages No. 40-42
Rate GMH – General Service Medium Heating	Second Revised Pages No. 43-46 Cancelling First Revised Pages No. 43-46

LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

DECREASES – (Continued)

Rate SH – Street Lighting Highway

Second First Revised Page No. 71
Cancelling First Revised Page No. 71

Rate UMS – Unmetered Service

Second First Revised Page No. 74
Cancelling First Revised Page No. 74

Unit supply prices have been changed resulting in decreases.

Rate AL – Architectural Lighting Service

Second Revised Page No. 61
Cancelling First Revised Page No. 61

Demand Charges have been removed. Unit prices have been changed resulting in decreases.

TABLE OF CONTENTS

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

(C) – Indicates Change



RULES AND REGULATIONS

THE ELECTRIC SERVICE TARIFF

1. **FILING AND POSTING** A copy of the tariff, comprising the Rules and Regulations, Rates and Riders, and governing electric service, is filed with the Pennsylvania Public Utility Commission and is posted and open to inspection at the offices of the Company where payments are made by customers.
2. **REVISIONS** The tariff is subject to such change and modification as may be made from time to time in the manner prescribed by the Public Utility Law. If any rate for electric service is increased, the affected customer shall have the option of discontinuing service, but shall be obligated to pay the increased rate from the effective date thereof until service has been discontinued.
3. **APPLICATION** Rates of the tariff apply only to the Company's Standard Service delivered from overhead supply lines except in certain restricted areas where the Company is required to provide underground distribution. Riders of the tariff amend or modify the terms governing the electric service under the rates to which they apply. Standard Service is alternating current of sixty cycles frequency, conforming as to voltage and phase with the following list of standard nominal service delivery voltages.

SINGLE-PHASE

120 volts, 2 wire
 120/240 volts, 3 wire
 120/208 volts, 3 wire
 230 volts, 2 wire
 460 volts, 2 wire
 230/460 volts, 3 wire
 2,400 volts, 2 wire
 23,000 volts, 2 wire

THREE-PHASE

120/208 volts, 4 wire	11,500 volts, 3 wire
230 volts, 3 wire	13,200/23,000 volts, 4 wire
277/480 volts, 4 wire	23,000 volts, 3 wire
460 volts, 3 wire	69,000 volts, 3 wire
2,400 volts, 3 wire	138,000 volts, 3 wire
2,400/4,160 volts, 4 wire	345,000 volts, 3 wire

The supply of electricity may be provided by the Company or by an alternative EGS. Rates for the supply of electricity shall apply per applicable tariffs of the Company or the EGS. (C)

3.1 DEFINITIONS

- (1) **Aggregator or Market Aggregator** - An entity, licensed by the Commission, that purchases electric energy and takes title to electric energy as an intermediary for sale to retail customers.
- (2) **Basic Services** - The services necessary for the physical delivery of electricity service including supply, transmission and distribution. Unless indicated otherwise, "electric service" or "service" used throughout this tariff shall have the same meaning. (C)
- (3) **Broker or Marketer** - An entity, licensed by the Commission, that acts as an agent or intermediary in the sale and purchase of electric energy but does not take title to electric energy.
- (4) **Commission** - The Pennsylvania Public Utility Commission.
- (5) **Company** - Duquesne Light Company.

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

3.1 DEFINITIONS - (Continued)

- (6) **Customer** - A retail electric customer or potential customer of retail electricity service who are direct purchasers of electric power for use at their facility. Unless indicated otherwise, "retail customer" and "customer" used throughout this tariff shall have the same meaning. A residential customer is a natural person in whose name a residential service account is listed and who is primarily responsible for payment of bills rendered for the service, or any adult occupant whose name appears on the mortgage, deed or lease of the property of which the residential utility service is requested.
- (7) **Default Service** - The Company will provide electricity to the customer in the event that a customer: 1) elects not to obtain electricity from an EGS; 2) elects to have the Company supply electricity after having previously purchased electricity from an EGS; 3) contracts with an EGS who fails to supply electricity, or 4) or has been returned to Default Service by the EGS under circumstances as described in Rule No. 45.2 of this Tariff. (C)
- (8) **Direct access** - The right of EGSs and retail customers to utilize and interconnect with the electric transmission and distribution system of the Company on a non-discriminatory basis at rates and terms and conditions of service comparable to the Companies' own use of the system to transport electricity from any generator of electricity to any retail customer.
- (9) **Distribution Charges** - Basic service charges for delivering electricity over a distribution system (e.g. wires, transformers, substations and other equipment) to the home or business from the transmission system. The distribution charge is regulated by the Commission. These charges include basic service under 52 Pa. Code §56.15 (4) (relating to billing information) and universal service, as applicable.
- (10) **Electric Distribution Company (EDC)** - Duquesne Light Company (the Company) owning and providing facilities for the jurisdictional transmission and distribution of electricity to retail customers, except building or facility owners or operators that manage the internal distribution system serving such building or facility and that supply electric power and other related electric power services to occupants of the building or facility.
- (11) **Electric Generation Suppliers (EGS)** - A person or corporation, including municipal corporation, which provides service outside its municipal limits except to the extent provided prior to January 1, 1997. This includes brokers and marketers, aggregators or any other entities that sell to end-use customers electricity or related services utilizing the jurisdictional transmission or distribution facilities of an electric distribution company. The term excludes building or facility owner/operators that manage the internal distribution system for the building or facility and that supply electric power and other related power services to occupants of the building or facility. The term also excludes electric cooperative corporations except as provided in 15 Pa. C.S. Ch. 74 (relating to generation choice for customers of electric cooperatives).

RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

3.1 DEFINITIONS - (Continued)

- (12) **Electricity Provider** - The term refers collectively to the EDC, EGS, electricity supplier, marketer, aggregator and/or broker, as well as any third party acting on behalf of these entities.
- (13) **Non-Basic Services** - Optional recurring services which are distinctly separate and clearly not required for the physical delivery of electric service.
- (14) **Renewable Resource** - Includes technologies such as solar photovoltaic energy, solar thermal energy, wind power, low-head hydropower, geothermal energy, landfill or other biomass-based methane gas, mine-based methane gas, energy from waste and sustainable biomass energy.
- (15) **PJM** – PJM Interconnection, L.L.C.
- (16) **PJM Tariff** - the PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.
- (17) **Supply Charges** - Basic service charges for acquiring or producing electricity for supply to retail customers. This excludes charges for transmission or other charges related to electric service. (C)
- (18) **Transmission Charges** - Basic charges for the cost of transporting electricity over high voltage wires from the generator to the distribution system of the Company billed to customers that acquire their electricity from the Company. Customers who choose to acquire electricity from an EGS will be billed for transmission services by the EGS.

3.2 ELECTRIC GENERATION SUPPLIER TARIFF The rules and guidelines provided in the Company's "Electric Generation Supplier Coordination Tariff" (Supplier Tariff) shall apply to EGS's accessing the Company's transmission and distribution systems to supply electricity to retail customers. Those rules and guidelines pertaining to direct access procedures shall apply accordingly to customers who elect to purchase part or all of their electricity from an EGS. Copies of these rules may be obtained at the Company's offices.

4. CONTRACTS The Company reserves the right to require non-residential customers to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and 66 Pa.C.S. § 2807. Extension of such facilities will not be conditioned on the customer's agreement to purchase supply from the Company. Receipt of electric service by any entity, however, shall constitute the receiver a customer of the Company, subject to its rules and regulation, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service. (C)



RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS4. CONTRACTS – (Continued)

The Company at its sole discretion may enter into special contracts for electric service with industrial or commercial customers having load of at least 100 kW to address changing business needs or operating conditions, for incremental sales of at least 100 kW from existing or new industrial customers, or to address less expensive competitive alternatives for energy to be used for applications other than space heating. If requested by the Company, the customer shall provide to the Company, on a confidential basis, all information, records and financial analysis necessary to evaluate the customer's request for a special contract.

Terms and conditions of service will be mutually agreed upon by the Company and the customer and included in a signed contract, which will be filed with the Public Utility Commission. The Company at its sole discretion may request Public utility Commission approval. The terms of the agreement will be confidential upon filing with the Commission. Rates established under special contracts will be sufficient to recover, at a minimum, all appropriate incremental costs. Any special contracts written to become effective on or after January 1, 2007, shall apply only to charges for the distribution service provided by the Company.

The contract shall contain all terms and conditions and the rates and charges to be paid for electric service. The contract shall be for a period of no less than five years and no greater than ten years.

The contract will be terminated by the Company if the Company charges are not paid when due as specified in Tariff Rule No. 21, before the addition of the Late Payment Charge. Upon termination of the contract under these conditions, the regular electric tariff rates will be applied to electric service rendered from that point forward. A new special contract will not be made available to a customer whose previous special contract was terminated because of failure to pay bills as specified in Tariff Rule No. 21.

(C)

**RULES AND REGULATIONS - (Continued)****BILLS AND NET PAYMENT PERIODS – (Continued)**

21.2 PARTIAL PAYMENT OF BILLS For customers who submit payments which are insufficient to cover all of the charges billed by the Company, including EGS charges for those customers who have selected consolidated billing, the Company will apply the payment based upon their outstanding balance, if any, and their current bill, as follows: (1) past-due distribution charges; (2) past-due transmission charges; (3) current distribution charges; (4) current transmission charges; (5) past-due supply charges; (6) current supply charges; and (7) non-basic service charges.

(C)

21.3 RETURNED CHECK OR ACCESS DENIED CHARGE If a check or access device as defined by Pennsylvania law received in payment of a Customer's account is returned to the Company unpaid by the Customer's bank and cannot be redeposited by the Company for payment, a \$20.00 charge for the returned check will be added to the Customer's account.

COMPANY PROPERTY ON CUSTOMER'S PREMISES

22. ACCESS TO PREMISES Company representatives, who are properly identified, shall have full and free access to the customer's premises at all reasonable times for the purpose of reading Company meters, for inspection and repairs, for removal of Company property, or for any other purpose incident to the service. The customer should immediately communicate with the Company in case of any question as to the authority or credentials of Company representatives.

23. CUSTOMER'S RESPONSIBILITY The customer shall protect the property of the Company on the premises and shall not permit access thereto except by authorized representatives of the Company.

24. TAMPERING Where evidence is found that the service wires, meters, switch box or other appurtenances on the customer's premises have been tampered with, the customer shall be required to bear all costs incurred by the Company for investigations and inspections, and for such protective equipment as, in the judgment of the Company, may be necessary (including the relocation of inside metering equipment to an accessible outside location); and in addition, where the tampering has resulted in improper measurement of the electricity delivered, the customer shall be required to pay for such electric delivery service, and any Company supplied electricity, including interest at the Late Payment Charge rate, as the Company may estimate, from available information to have been used but not registered by the Company's meters.

25. REPAIRS OR LOSSES The customer shall pay the Company for any repairs to or any loss of the Company's property on the premises when such repairs are necessitated, or loss occasioned, by negligence on the part of the customer or failure to comply with the rules and regulations under which service is furnished.

DISCONTINUANCE, CURTAILMENT OR INTERRUPTION OF ELECTRIC SERVICE

26. ARREARS The Company upon reasonable notice may terminate electric service and remove its equipment from the premises for nonpayment of undisputed Company service charges, Company charges as the default service charges or EGS receivables purchased by the Company up to the amount that the customer would have paid under Default Service rates during the non-payment period, pursuant to Duquesne's Electric Generation Supplier Coordination Tariff Rule No. 12.1.7. When a residential customer or a residence is involved, the Company will comply with the provisions of 52 Pa. Code Chapter 56, "Standards and Billing Practices for Residential Utility Service" and 66 Pa.C.S. § 1406, "Termination of Utility Service."

(C)

RULES AND REGULATIONS - (Continued)**GENERAL PROVISIONS- (Continued)****45.1 SWITCHING PROTOCOLS – (Continued)**

information or supply signed written authorization before the change is processed. If during the 10-day waiting period, the Customer elects to rescind its new EGS selection, the Company will notify the rejected EGS of the rescission. In the event the customer rescinds their EGS selection after the 10-day waiting period, the customer will be required to remain with the selected EGS for a minimum of one billing cycle.

45.2 SUPPLIER SWITCHING OPTIONS Customers who take Default Service from the Company may switch to an EGS at any time provided such notice is made to the Company in accordance with the switching protocols Rule No. 45.1. If a customer's service with an EGS is scheduled to terminate at some future date, that customer may renew that service with the same EGS or enter into a new contract with another EGS for service without returning to Default Service, provided such notice is made in accordance with the switching protocols. The customer may return to Default Service at the applicable tariff rates in effect at the time service is rendered to the customer. Only the customer may initiate the switch from EGS service to return to the Company's Default Service. The customer must notify the Company by telephone, in person or by written correspondence to initiate the switch to return to Default Service. The Company, however, will permit a customer to return to Default Service in a switch initiated by the customer's EGS through standard EDI procedures in the following circumstances: (1) the customer's failure to pay for service rendered by the EGS, (2) the complete abandonment of service in the Company's service area by the customer's EGS, (3) to remedy a case of inadvertent slamming of the customer, and (4) the expiration of the term of the customer's contract with the EGS, provided that the customer's contract with the EGS is a standard one commonly used by the EGS to provide service to other customers with similar service requirements and the expiration dates of the contract are not otherwise designed to game supply around Default Service rates by returning the customer to Default Service when wholesale energy prices have increased and EGS service to the customer has become uneconomic. Upon receipt of notice from an EGS to switch a customer from Default Service to the EGS, or notice from the customer of its intention to return to Default Service, the Company will provide the customer with a confirmation letter confirming the change in electricity supply unless otherwise instructed by the customer within 10 days.

(C)

46. PROVISION OF LOAD DATA The Company will provide to a customer or its authorized representative historical data in accordance with all current regulatory requirements of direct access once each calendar year for no fee. All subsequent requests by the customer, and all requests for historical data by the EGSs or other customer authorized consultant will be provided in accordance with the Supplier Tariff.

47. TAX INDEMNIFICATION If Duquesne Light Company becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, Pa. C.S. §§ 2806(g) and 2809(f), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify Duquesne for the amount of additional state tax liability imposed upon Duquesne by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Report Code of 1971 or Chapter 28 of Title 66.



RATE RS - RESIDENTIAL SERVICE

AVAILABILITY

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

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge\$7.00

ENERGY CHARGES

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	(C)
All kilowatt-hours	4.2313	7.1560	(I)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

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

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

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges. (C)

(C) – Indicates Change

(I) – Indicates Increase

RATE RH - RESIDENTIAL SERVICE HEATING

AVAILABILITY

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

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge.....\$7.00

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 500 kilowatt-hours	4.2313	7.1560	7.1560	6.8950	(D)
Additional kilowatt-hours	2.1912	4.4358	5.9501	6.8950	(I)

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
All kilowatt-hours	4.2313	7.1560	7.1560	6.8950	(D)

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

RATE RH - RESIDENTIAL SERVICE HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

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

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

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges. (C)

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

MINIMUM CHARGE

The Minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before 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 Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period. 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.



RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP

AVAILABILITY

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

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge\$7.00

WINTER MONTHLY RATE

For the Billing Months of November through April:

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 500 kilowatt-hours	2.8953	7.1560	7.1560	7.1560	(D)
Additional kilowatt-hours	1.4994	4.1867	5.6713	7.1560	(I)

SUMMER MONTHLY RATE

For the Billing Months of May through October:

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
All kilowatt-hours	2.8953	7.1560	7.1560	7.1560	(D)

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008



RATE RA - RESIDENTIAL SERVICE ADD-ON HEAT PUMP - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

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

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

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges. (C)

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

MINIMUM CHARGE

The Minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

Bills will be calculated on the rates stated herein, and are due and payable on or before 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 Company charges on the bill. The Charge shall be calculated on the overdue portions of the Company charges on the bill and shall not be charged against any sum that falls due during a current billing period. 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.

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM

AVAILABILITY

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

MONTHLY RATE FOR NON-DEMAND METERED CUSTOMERS

CUSTOMER CHARGE

Customer Distribution Charge\$7.00

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
All kilowatt-hours	4.2313	7.2720	7.2720	7.2720	(D)(I)

MONTHLY RATE FOR DEMAND METERED CUSTOMERS LESS THAN 25 kW

(C)

CUSTOMER CHARGE

Customer Distribution Charge\$30.00

DEMAND CHARGES

(C)

	<u>Distribution Charge</u> \$ per kilowatt	<u>Supply Charge</u> \$ per kilowatt			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge	
Additional kilowatts of Demand	4.84	6.19	3.09	No Charge	(D)

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 1,300 kilowatt-hours	0.8323	7.2720	7.2720	7.2720	(D)
Additional kilowatt-hours	0.8323	4.2497	5.7608	7.2720	(I)

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

(C)

MONTHLY RATE FOR DEMAND METERED CUSTOMERS EQUAL TO OR GREATER THAN 25 kW

(C)

CUSTOMER CHARGE

Customer Distribution Charge\$30.00

DEMAND CHARGES

(C)

	<u>Distribution Charge</u> <u>\$ per kilowatt</u>	<u>Supply Charge</u> <u>\$ per kilowatt</u>			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge	
Additional kilowatts of Demand	4.84	6.19	3.09	No Charge	(D)

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	<u>Supply Charge</u> <u>cents per kilowatt-hour</u>			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
All kilowatt-hours	0.8323	5.5349	6.3065	7.0780	(D)

MONTHLY RATE

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

Beginning January 1, 2009, the Supply Charges for customers with monthly metered demand equal to or greater than 25 kW will be subject to two market price rate adjustments per calendar year. The Supply Charges will be multiplied by the Market Price Adjustment Rate Multiplier described in Rider No. 20. The adjusted Supply Charges shall be in effect for the periods described in Rider No. 20. (C)

For purposes of determining the monthly rate for demand metered customers, Duquesne Light shall evaluate the customer's twelve (12) most recent months of monthly metered demand for that customer available in October of the preceding year. If the customer's monthly metered demand is less than 25 kW in each of the twelve (12) months, then that customer shall be charged the monthly rate for demand metered customers less than 25 kW for the next calendar year and automatically assigned to that rate effective with their January billing. If the customer's monthly metered demand is 25 kW or greater for any single month of the twelve (12) month period, then that customer shall be charged the monthly rate for demand metered customers equal to or greater than 25 kW for the next calendar year and automatically assigned to that rate as their default service rate effective with their January billing. In no instance, shall a customer be eligible for more than one default service offering at a time. A new customer or a customer with limited or no historical data shall be eligible for and assigned to the applicable rate based on Duquesne Light's estimate of the customer's peak monthly metered demand for the next twelve (12) month period. (C)

(C) – Indicates Change

(D) – Indicates Decrease

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

(C)

MONTHLY RATE – (Continued)

ELECTRIC CHARGES – (Continued)

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

(C)

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

(C)

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges.

(C)

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

MAXIMUM AVERAGE CHARGE

For customers who elect to purchase their electricity from the Company, the total average charge for distribution, transmission and supply calculated under the rates contained in this Tariff shall not exceed 21.947 cents per kilowatt-hour except by reason of the Minimum Charge.

(C)

(D)

For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 21.947 cents per kilowatt-hour had they purchased their electricity from the Company, the average charge for distribution shall not exceed 7.88 cents per kilowatt-hour.

(D)

The maximum average charges shall be allocated among distribution, transmission and supply and billed as follows:

<u>Maximum Average Distribution Charge cents per kilowatt-hour</u>	<u>Maximum Average Transmission Charge cents per kilowatt-hour</u>	<u>Maximum Average Supply Charge cents per kilowatt-hour</u>
7.88	0.76	13.307

(C)

(D)

This provision is only applicable for those bills that include demand billed on the above Demand Charges.

MINIMUM CHARGE

(C)

The Minimum Charge shall be the sum of the Customer Distribution Charge plus a Demand Charge based on 50% of the current month Billing Demand or 30% of the highest Billing Demand, during the preceding eleven months, whichever is greater, plus the current billing period charges for Company supplied transmission and supply service, if any. The Demand Charge shall be determined using the Distribution Charge only, but shall not be less than the Customer Distribution Charge.

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)

(C)

MONTHLY RATE – (Continued)**RIDERS**

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above.

CONTRACT PROVISIONS

Contracts will be written for a period of not less than one year.

STANDARD CONTRACT RIDERS

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

RATE GMH - GENERAL SERVICE MEDIUM HEATING

AVAILABILITY

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

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE FOR DEMAND METERED CUSTOMERS LESS THAN 25 kW (C)

CUSTOMER CHARGE

Customer Distribution Charge\$30.00

WINTER MONTHLY RATE (C)

For the Billing Months of October through May:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt of Demand over 6 kilowatts	3.0313	7.2720	7.2720	7.2720	(D)
Additional kilowatt-hours	0.8323	4.4535	5.8627	7.2720	(I)

SUMMER MONTHLY RATE (C)

For the Billing Months of June through September:

DEMAND CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge	
Additional kilowatts of Demand	4.84	6.19	3.09	No Charge	(D)

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008



RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued) (C)

MONTHLY RATE FOR DEMAND METERED CUSTOMERS LESS THAN 25 kW - (Continued) (C)

SUMMER MONTHLY RATE – (Continued) (C)

For the Billing Months of June through September: - (Continued)

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 1,300 kilowatt-hours	0.8323	7.2720	7.2720	7.2720	(D)
Additional kilowatt-hours	0.8323	4.2497	5.7608	7.2720	(I)

MONTHLY RATE FOR DEMAND METERED CUSTOMERS EQUAL TO OR GREATER THAN 25 kW (C)

CUSTOMER CHARGE

Customer Distribution Charge\$30.00

WINTER MONTHLY RATE (C)

For the Billing Months of October through May:

ENERGY CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt of Demand over 6 kilowatts	3.0313	5.7240	6.4010	7.0780	(D)
Additional kilowatt-hours	0.8323	5.7240	6.4010	7.0780	(I)

SUMMER MONTHLY RATE (C)

For the Billing Months of June through September:

DEMAND CHARGES (C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour			
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>	
First 5 kilowatts or less of Demand	No Charge	No Charge	No Charge	No Charge	
Additional kilowatts of Demand	4.84	6.19	3.09	No Charge	(D)

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008



RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

(C)

MONTHLY RATE FOR DEMAND METERED CUSTOMERS EQUAL TO OR GREATER THAN 25 kW
 - (Continued)

(C)

SUMMER MONTHLY RATE

(C)

For the Billing Months of June through September: - (Continued)

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour		
		<u>01/01/2008</u>	<u>01/01/2009</u>	<u>01/01/2010</u>
All kilowatt-hours	0.8323	5.5349	6.3065	7.0780

(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

(C)

Beginning January 1, 2009, the Supply Charges for customers with monthly metered demand equal to or greater than 25 kW will be subject to two market price rate adjustments per calendar year. The Supply Charges will be multiplied by the Market Price Adjustment Rate Multiplier described in Rider No. 20. The adjusted Supply Charges shall be in effect for the periods described in Rider No. 20.

(C)

For purposes of determining the monthly rate for demand metered customers, Duquesne Light shall evaluate the customer's 12 most recent months of monthly metered demand for that customer available in October of the preceding year. If the customer's monthly metered demand is less than 25 kW in each of the 12 months, then that customer shall be charged the monthly rate for demand metered customers less than 25 kW for the next calendar year and automatically assigned to that rate effective with their January billing. If the customer's monthly metered demand is 25 kW or greater for any single month of the 12 month period, then that customer shall be charged the monthly rate for demand metered customers equal to or greater than 25 kW for the next calendar year and automatically assigned to that rate as their default service rate effective with their January billing. In no instance, shall a customer be eligible for more than one default service offering at a time. A new customer or a customer with limited or no historical data shall be eligible for and assigned to the applicable rate based on Duquesne Light's estimate of the customer's peak monthly metered demand for the next 12 month period.

(C)

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

(C)

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

(C)

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges.

(C)



RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

(C)

MONTHLY RATE - (Continued)

ELECTRIC CHARGES – (Continued)

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

MAXIMUM AVERAGE CHARGE

(C)

For customers who elect to purchase their electricity from the Company, the total average charge for distribution, transmission and supply calculated under the above rates shall not exceed 21.947 cents per kilowatt-hour except by reason of the Minimum Charge.

(D)

For customers who elect to purchase their energy from an EGS, and where the total charges would have exceeded 21.947 cents per kilowatt-hour had they purchased their electricity from the Company, the average charge for distribution shall not exceed 7.88 cents per kilowatt-hour.

(D)

The Maximum Average Charges shall be allocated among distribution, transmission and supply and billed as follows:

<u>Maximum Average Distribution Charge cents per kilowatt-hour</u>	<u>Maximum Average Transmission Charge cents per kilowatt-hour</u>	<u>Maximum Average Supply Charge cents per kilowatt-hour</u>
7.88	0.76	13.307

(C)

(D)

This provision is only applicable for those bills that include demand billed during the billing months of June through September.

MINIMUM CHARGE

(C)

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge for the first kilowatt, plus a Distribution Charge of \$4.55 per kW, plus the current billing period charges for Company supplied transmission and supply service, if any. The Minimum Charge shall not be less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be calculated in accordance with the Minimum Charge provisions in Rate GS/GM.

RIDERS

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

LATE PAYMENT CHARGE

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



RATE GMH - GENERAL SERVICE MEDIUM HEATING - (Continued)

(C)

DETERMINATION OF DEMAND

The demand will be measured where a customer's monthly use exceeds 1,000 kilowatt-hours or where the demand is known to exceed 5 kilowatts. The demand will be the sum of individual demands of each metered standard service. Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. For the months of June through September, demand will be determined as defined in Rate GS/GM.

STANDARD CONTRACT RIDERS

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

SPECIAL PROVISION

Any renewable energy source system that produces electric energy may not be interconnected with circuits supplied by the Company's service except upon written approval from the Company.

**RATE GL - GENERAL SERVICE LARGE****AVAILABILITY**

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

MONTHLY RATE**SUPPLY****(C)**

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

(C)**DISTRIBUTION****DEMAND CHARGES**

First 300 kilowatts or less of Demand	\$2,121.00
Additional kilowatts of Demand	\$6.45 per kW

ENERGY CHARGES

All kilowatt-hours	0.1236 cents per kWh
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ELECTRIC CHARGES

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

(C)

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

(C)

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

(C)

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

**RATE GL - GENERAL SERVICE LARGE - (Continued)****MONTHLY RATE – (Continued)****MINIMUM CHARGE**

(C)

The Minimum Charge shall be the sum of a Demand Charge based on 50% of the Contract On-Peak Demand for distribution, plus the charges for Company supplied transmission and supply, if any. The Demand Charge shall be determined using the Distribution Charge, and in total shall not be less than the demand charges associated with the first 300 kW or less of demand. For Company supplied transmission and supply, the transmission charges shall be calculated as set forth in Appendix A and the supply charges shall be calculated as set forth under Rider No. 9.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND FOR DISTRIBUTION

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\}$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service, adjusted for power factor as defined above, but not less than 50% of the Contract On-Peak Demand nor less than 300 kilowatts, whichever is the greater.

CONTRACT DEMAND

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



RATE GLH - GENERAL SERVICE LARGE HEATING

AVAILABILITY

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

*American Society of Heating, Refrigerating and Air Conditioning Engineers

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge\$30.00

SUPPLY

(C)

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

(C)

DISTRIBUTION

For the Billing Months of October through May:

ENERGY CHARGES

First 1,250 kilowatt-hours plus 150 kilowatt-hours for each kilowatt of Demand over 6 kilowatts 3.7110 cents per kWh

Additional kilowatt-hours 0.1236 cents per kWh

For the Billing Months of June through September:

Rate GL shall apply.



RATE GLH - GENERAL SERVICE LARGE HEATING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

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

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

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

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

MINIMUM CHARGE

For the months of October through May, the Minimum Charge shall be the Customer Distribution Charge for the first kilowatt plus a Distribution Charge of \$5.57 per kW and the charges for Company supplied transmission and supply, if any. For Company supplied transmission and supply, the transmission charges shall be calculated as set forth in Appendix A and the supply charges shall be calculated as set forth under Rider No. 9. The Minimum Charge shall not be less than the Customer Distribution Charge. For the months of June through September, the Minimum Charge shall be calculated in accordance with the Minimum Charge provisions contained in Rate GL. (C)

RIDERS

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

LATE PAYMENT CHARGE

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

RATE L - LARGE POWER SERVICEAVAILABILITY

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

MONTHLY RATE**SUPPLY**

(C)

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

(C)

DISTRIBUTION**DEMAND CHARGES**

First 5,000 kilowatts or less of Demand	\$30,555.00
Next 10,000 kilowatts of Demand	\$6.04 per kW
Additional kilowatts of Demand	\$5.89 per kW

ENERGY CHARGES

All kilowatt-hours	0.1100 cents per kWh
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ELECTRIC CHARGES

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

(C)

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

(C)

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

(C)

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

RATE L - LARGE POWER SERVICE - (Continued)

MONTHLY RATE - (Continued)

UNTRANSFORMED SERVICE CREDIT

Where the customer furnishes all necessary equipment to take untransformed service at 11,500 volts or higher, in strict accordance with the Company's standards and specifications, a credit of \$0.70 per kW based upon the individual demand of the untransformed circuit shall be applied to the customer's account.

MINIMUM CHARGE

(C)

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand for transmission and distribution and the Demand Charge as calculated under Rider No. 9 for Company supplied supply. The Demand Charge shall be determined using the Distribution Charge, and the Transmission and Supply Charges associated with Company supplied transmission and supply, if any, but in total not less than the demand charges associated with the first 5,000 kW or less of demand.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND FOR DISTRIBUTION

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above, but not less than 70% of the Contract On-Peak Demand nor less than 5,000 kilowatts, whichever is the greater.

RATE HVPS - HIGH VOLTAGE POWER SERVICE

AVAILABILITY

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

MONTHLY RATE

SUPPLY

(C)

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

(C)

DISTRIBUTION

DEMAND CHARGES

First 30,000 kilowatts or less of On-Peak Demand	\$9,114.90
Additional kilowatts of Demand	\$0.11 per kW

ELECTRIC CHARGES

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

(C)

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

(C)

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

(C)

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

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)MONTHLY RATE - (Continued)**MINIMUM CHARGE**

(C)

The Minimum Charge shall be the Demand Charge based on 70% of the Contract On-Peak Demand for transmission and distribution and the Demand Charge as calculated under Rider No. 9 for Company supplied supply. The Demand Charge shall be determined using the Distribution Charge, and the Transmission and Supply Charges associated with Company supplied transmission and supply, if any, but in total not less than the demand charges associated with the first 30,000 kW's or less of demand.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND FOR DISTRIBUTION

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 nor more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above, but not less than 70% of the Contract On-Peak Demand, nor less than 33 1/3% of the Contract Off-Peak Demand nor less than 30,000 kilowatts, whichever is the greater.

ON-PEAK AND OFF-PEAK CONTRACT DEMAND

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

RATE HVPS - HIGH VOLTAGE POWER SERVICE - (Continued)ON-PEAK AND OFF-PEAK CONTRACT DEMAND – (Continued)

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

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours.

The Off-Peak Demand is the demand during off-peak hours.

The Billing Demand is the On-Peak Demand except where the Off-Peak Demand is more than three times the On-Peak Demand. Then the Billing Demand will be one-third (33 1/3%) of the Off-Peak Demand. Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

These demands will apply only for purposes of calculating the applicable transmission and distribution charges under this rate and do not apply to demand for electric supply. (C)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Thursday
10:00 a.m. to 9:00 p.m.

Friday
10:00 a.m. to 5:00 p.m.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rate and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

CONTRACT PROVISION

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

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



RATE AL - ARCHITECTURAL LIGHTING SERVICE

AVAILABILITY

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge\$7.50

DEMAND CHARGES

(C)

	<u>Distribution Charge</u> <u>\$ per kilowatt</u>	<u>Supply Charge</u> <u>\$ per kilowatt</u>
All kilowatts of Demand	1.40	No Charge

(D)

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	<u>Supply Charge</u> <u>cents per kilowatt-hour</u>
All kilowatt-hours	0.1991	5.9230

(D)(I)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

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

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

RATE AL - ARCHITECTURAL LIGHTING SERVICE - (Continued)MONTHLY RATE - (Continued)**ELECTRIC CHARGES – (continued)**

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply charges. (C)

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

MINIMUM CHARGE

The Minimum Charge shall be the Customer Distribution Charge.

RIDERS

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

LATE PAYMENT CHARGE

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

DETERMINATION OF DEMAND

Individual demand, except in unusual cases, will be determined by measurement of the average kilowatts during the fifteen-minute period of greatest kilowatt-hour use during the billing period. Individual demands which may exceed 30 kilowatts will be adjusted for power factor by multiplying by

$$\left\{ 0.8 + \left[0.6 \frac{\text{Reactive Kilovolt - ampere hours}}{\text{Kilowatt - hours}} \right] \right\},$$

where such multiplier will be not less than 1.00 or more than 2.00. The Billing Demand will be the sum of the individual demands of each metered service adjusted for power factor as defined above.



RATE SE - STREET LIGHTING ENERGY

AVAILABILITY

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

MONTHLY RATE

DISTRIBUTION CHARGE

Monthly charge per lamp\$3.17

SUPPLY CHARGE

All kilowatt-hours 5.9230 cents per kWh

(C)
(I)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges.

(C)

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

(C)

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

(C)

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges.

(C)

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

RATE SM - STREET LIGHTING MUNICIPALAVAILABILITY

Available for mercury vapor and high pressure sodium lighting of public streets, highways, bridges, parks and similar public places, for normal dusk to dawn operation of approximately 4,200 hours per year.

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

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	(C)
Mercury Vapor				
100	44	\$12.52	\$2.61	(I)
175	74	\$12.78	\$4.38	(I)
250	102	\$13.03	\$6.04	(I)
400	161	\$13.54	\$9.54	(I)
1,000	386	\$15.59	\$22.86	(I)
Sodium Vapor				
70	29	\$12.94	\$1.72	(I)
100	50	\$13.04	\$2.96	(I)
150	71	\$13.22	\$4.21	(I)
250	110	\$13.57	\$6.52	(I)
400	170	\$14.11	\$10.07	(I)
1,000	387	\$16.23	\$22.92	(I)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

(C) – Indicates Change

(I) – Indicates Increase

ISSUED: JULY 12, 2007

EFFECTIVE: XJANUARY 1, 2008

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

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

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

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges. (C)

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

RIDERS

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

LATE PAYMENT CHARGE

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

POLES

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

Where the installation of one (1) or more wood poles is required to serve the customer, the customer has the option to install the pole(s) at his own expense in accordance with SPECIAL TERM AND CONDITION NO. 2 or the Company will install, own and maintain the pole(s) and bill the customer at the monthly rate of \$10.26 for each pole required.

(C) – Indicates Change



RATE SH - STREET LIGHTING HIGHWAY

AVAILABILITY

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

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	
Sodium Vapor				
100	50	\$13.04	\$2.96	(D)
150	71	\$13.22	\$4.21	(D)
200	95	\$13.40	\$5.63	(D)
400	170	\$14.11	\$10.07	(D)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

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

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

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges. (C)

(C) – Indicates Change

(D) – Indicates Decrease

RATE UMS – UNMETERED SERVICE

AVAILABILITY

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

MONTHLY RATE

CUSTOMER CHARGE

Customer Distribution Charge\$10.00

ENERGY CHARGES

(C)

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	
All kilowatt-hours	2.5602	6.7180	(D)(I)

ELECTRIC CHARGES

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

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

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

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges. (C)

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

RATE PAL - PRIVATE AREA LIGHTING

AVAILABILITY

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

MONTHLY RATE

Bills shall be rendered monthly according to the following rates:

DUQUESNE LIGHT COMPANY OWNED AND MAINTAINED EQUIPMENT

Monthly Rate Per Unit

<u>Nominal Lamp Wattage</u>	<u>Nominal kWh Energy Usage per Unit per Month</u>	<u>Distribution Charge per Unit</u>	<u>Supply Charge per Unit</u>	<u>(C)</u>
High Pressure Sodium				
70	29	\$12.94	\$1.72	(I)
100	50	\$13.04	\$2.96	(I)
150	71	\$13.22	\$4.21	(I)
250	110	\$13.57	\$6.52	(I)
400	170	\$14.11	\$10.07	(I)
Flood Lighting				
100	46	\$14.35	\$2.72	(I)
150	67	\$14.54	\$3.97	(I)
250	100	\$14.93	\$5.92	(I)
400	155	\$15.52	\$9.18	(I)

UNMETERED ENERGY FOR CUSTOMER OWNED AND MAINTAINED EQUIPMENT

70	29	\$3.17	\$1.72	(I)
100	46	\$3.17	\$2.72	(I)
150	67	\$3.17	\$3.97	(I)
250	100	\$3.17	\$5.92	(I)
400	155	\$3.17	\$9.18	(I)

(C) – Indicates Change

(I) – Indicates Increase

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

RATE PAL - PRIVATE AREA LIGHTING - (Continued)**MONTHLY RATE - (Continued)****ELECTRIC CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. (C)

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

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

For customers who elect to purchase their supply from an EGS, the customer is responsible for any other charges from the EGS. Any month in which the supplier becomes unavailable or during which the customer has not chosen a supplier, the Company will supply electricity at the above Distribution and Supply Charges. (C)

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

RIDERS

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

LATE PAYMENT CHARGE

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

POLES

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

STANDARD CONTRACT RIDERS - (Continued)

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STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 5 - TIME OF DAY DISCOUNTS

(Applicable to Rates GS/GM, GL and L and to Rates GMH and GLH during the months of June, July, August and September only)

The availability and application of Rider No. 5 – Time of Day Discounts will terminate December 31, 2010. (C)

Where a customer has a separately measured demand and is supplied by any standard service voltage and where such customer so operates that the maximum demand created during any billing period occurs during off-peak hours, the bills will be calculated using the Billing Demand defined below on the applicable rate and any other applicable riders.

CONTRACT DEMANDS

The Contract On-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to make available during the on-peak hours to the customer.

The Contract Off-Peak Demand is the maximum electrical capacity in kilowatts which the Company shall be required by the contract to make available during the off-peak hours to the customer. The customer's minimum Billing Demand shall be no lower than one-third (33 1/3%) of the customer's Contract Off-Peak Demand.

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

DEMANDS AND ENERGIES

The On-Peak Demand is the demand during on-peak hours. The Off-Peak Demand is the demand during off-peak hours.

Demands and energies will be determined on an individual demand basis and corresponding quantities will be combined to obtain demands and energies for billing purposes.

RATES GL, GLH AND L

For customers on Rates GL, GLH and L who purchase their electric supply requirements from the Company, the discounts available under the provisions of this rider will apply only to the demand charges billed for distribution. (C)
The demand charges billed for supply provided under Rider No. 9 will not be impacted by this rider. For customers on Rates GL, GLH and L who purchase their electric supply requirements from an EGS, the discounts available under the provisions of this rider will apply only to the demand charges billed for distribution service.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE

(C)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

Day-ahead hourly price service provides large commercial and industrial customers with the ability to purchase their electric supply requirements on a day-ahead hourly basis. Beginning January 1, 2008, the Company will supply electricity under this rider by obtaining the requirements through the PJM market and passing through all such costs to the customer to provide this service. This rider is also available for the supply of electricity to generating stations that are not otherwise self-supplying and where the generating station is not otherwise receiving service from an EGS. Metering equipment must be installed at the generating station at the expense of the customer.

(C)

MONTHLY CHARGES

(C)

Energy charges are hourly and provided at the day-ahead and real-time PJM locational marginal prices based on the customer's day-ahead scheduled load and the customer's real time metered hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, plus a retail margin. PJM posts the day-ahead locational marginal price on their web site at 4:00 pm. EPT. Balancing operating reserve charges will be assigned to each customer based on their pro-rata share of the net system deviation from the day-ahead forecast. Capacity charges are equal to the full PJM Reliability Pricing Model ("RPM") capacity price for the Duquesne Zone, and shall recover the charges associated with the customer's share of the Company's capacity obligation assigned by PJM, plus the charges for capacity based ancillary services. Energy and capacity charges will be calculated using the following formula and adjusted for the Pennsylvania Gross Receipts Tax (GRT) in effect.

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [L_{\text{DAI}} * (1+\text{ADJ}_t) * (\text{LMP}_{\text{DAI}} + \text{OR}_{\text{DAI}})] +$$

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [((L_{\text{RTI}} - L_{\text{DAI}}) * (1+\text{ADJ}_t))] * \text{LMP}_{\text{RTI}}] +$$

$$\sum_{t=\text{Start Hour}}^{\text{End Hour}} [((L_{\text{RTI}} - L_{\text{DAI}}) * (1+\text{ADJ}_t))] * \text{OR}_{\text{RTI}}] +$$

$$\sum_{t=\text{Start Day}}^{\text{End Day}} [(CO_d * \text{CChg}_d) + \text{NPLC}_d * (R_d + B_d)]$$

(C) Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(C)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

Where:

t = Particular clock hour in the Billing Period from start hour to end hour for energy charges.

D = Particular day in the Billing Period from start day to end day for capacity charges.

Customer Load

 L_{DA} = Day-Ahead scheduled hourly load of the customer, measured in MW.

(C)

 L_{RTt} = Actual (Real-Time) metered load of the customer, measured in MW.

(C)

 ADJ_t = Adjustments to the customer load at the retail meter using the same methodology used to determine the hourly load obligations of a customer served by an EGS pursuant to Duquesne's Supplier Coordination Tariff. The hourly load adjustments shall be the sum of the percentage distribution and transmission (if applicable) losses of the applicable schedule as specified in Duquesne's Supplier Coordination Tariff. The Company will also adjust the customer load for the loss de-rating factor defined by PJM.

(C)

Energy Charges

 LMP_{DA} = Day-Ahead hourly locational marginal price (LMP) in \$/MWH including energy, congestion and marginal losses for the Duquesne Zone or Duquesne Residual Zone as applicable.

(C)

 LMP_{RTt} = Real-time hourly locational marginal price (LMP) in \$/MWH including energy, congestion and marginal losses for the Duquesne Zone or Duquesne Residual Zone as applicable.

(C)

PJM Ancillary Service Charges and Other PJM Charges

 SR_{RTt} = Hourly real-time synchronous reserve charge in \$/MWH as calculated by PJM for supporting the customer's load.

(C)

 OR_{DAI} = Hourly Day-Ahead operating reserve (supplemental) charge in \$/MWh as calculated by PJM for supporting the customer's load.

(C)

 OR_{RTt} = Hourly real-time operating reserve (supplemental) charge in \$/MWH as calculated by PJM for supporting the customer's load.

(C)

(C) Indicates Change

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(C)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

PJM Ancillary Service Charges and Other PJM Charges – (Continued)

REG_{RTT} = Hourly real-time regulation charge in \$/MWH as calculated by PJM for supporting the customer's load. (C)

SCN_{RTT} = Real-time Synchronous Condensing Charge in \$/MWH for supporting the customer's load if this charge is billed separately by PJM to the Company. (C)

S1A = PJM Schedule 1A rate in \$/MWH applicable to the Duquesne Zone.

PJM_S = PJM Surcharge of \$0.384 per MWH. The PJM Surcharge is a pass-through of the charges incurred by the Company for start-up, grid management and administrative costs associated with membership and operation in PJM. These charges are billed by PJM to each electricity supplier. The charges incurred are beyond the control of the Company and can change from time to time. The Surcharge will be adjusted annually to recover actual costs incurred by the Company and reconcile costs with revenues collected. (C)

R_D = Reactive supply service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 2.

B_D = Blackstart service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 6A.

Retail Margin

FRA = The Company's fixed retail adder of \$6.07 per MWH. (I)

Customer's Capacity Obligation and Network Service Peak Load

CO_D = Capacity Obligation in MW for each day associated with supporting the customer's load as described in the section "Determination of Capacity Obligation".

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(C)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)Customer's Capacity Obligation and Network Service Peak Load – (Continued)

$NPLC_D$ = The customer's daily network service coincident peak load contribution in MW. This quantity is determined based on the customer's load coincident with the annual peak of the Duquesne Zone (single coincident peak) as defined in the PJM Tariff Section 34.1.

Capacity Charges

$CChg_D$ = The demand charge in \$/MW-day, which is equal to the full PJM RPM Final Zonal Capacity Price for the Duquesne Zone.

(C)

PJM bills these charges to the Company as a function of the load measured in megawatts (MW) and expresses these charges as \$/MW, \$/MWH and \$/MW-day. The Company measures the customer's load and energy usage in kilowatts (kW) and will convert the above charges to \$/kW, \$/kWh and \$/kW-day for the purposes of computing the customer's monthly bill.

LOCATIONAL MARGINAL PRICE

The "Duquesne Zone" is the PJM-defined area encompassing the franchised service territory of the Duquesne Light Company. The pricing for the Duquesne Zone contains every transmission load bus on the Company's system. PJM will determine the locational marginal price for the Duquesne Zone and an hourly nodal locational marginal price for each load bus. Load Serving Entities (LSE's) and wholesale transmission customers have the option of electing energy settlement at the hourly nodal prices.

The "Duquesne Residual Zone" is the pricing zone determined by PJM in the event that LSE's or other wholesale transmission customers in the Duquesne Zone elect settlement based on nodal locational marginal energy prices. In such event the Duquesne Zone locational marginal price will be replaced by the Duquesne Residual Zone locational marginal price and:

(C) Indicates Change

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)****(C)****(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)****LOCATIONAL MARGINAL PRICE – (Continued)**

- (i) *the pricing for such zone will be calculated by PJM using a load-weighted average of the nodal locational marginal prices of all load buses within the Duquesne Zone, but excluding from such calculation the weighting at the respective nodal prices of the load served by LSE's or other wholesale transmission customers who have elected nodal settlement; and*
- (ii) *settlement for all LSE's and wholesale transmission customers in the Duquesne Zone that have not elected nodal settlement, will have their load obligations settled on an hourly day-ahead, hourly real-time or other periodic basis at the respective PJM-determined price for the Duquesne Residual Zone for such period.*

DETERMINATION OF CAPACITY OBLIGATION

The capacity obligation subject to the Demand Charges in this rider will be the customer's share of the Company's capacity obligation determined by PJM. The Company's capacity obligation will be calculated by PJM based on the Company's peak system load and will be the basis for the capacity obligation for the following planning year.

(C)

In determining the customer's share of the capacity obligation, the Company will calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with the peak hour of the five peak days as determined by PJM. The customer load in each of these five hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy will be averaged to calculate the customer's peak load contribution. Customers may participate as a Demand Resource or as an Interruptible Load Resource ("ILR") under RPM in PJM. Any and all charges or credits associated with the customer's participation as an ILR will be applied to the customer's bill.

(C)**NOTIFICATION AND ELECTION OF SERVICE**

Customers may elect to purchase their supply requirements through this rider at any time according to the requirements of Rule No. 45. Customers that do not elect service with an EGS will default to hourly price service under this rider.

(C)**(C) Indicates Change**

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(C)

(Applicable to Rates.GL, GLH, L and HVPS and Generating Station Service)

DAY-AHEAD SCHEDULING GUIDELINES

(C)

The Company will provide an hourly load forecast (with losses) on the DLC customer choice web site for each customer taking service under this rider by 8:00 AM EPT each PJM business day. The customer may update the Company forecast prior to 10:00 AM EPT. The forecast at 10:00 AM EPT will be considered the final forecast values in the day-ahead demand bid and will be binding upon the customer. The Company will aggregate all of the final customer forecasts, de-rate per the mean PJM EDC loss de-ration factor, and submit this aggregated day ahead demand bid prior to 12 PM EPT PJM business day-ahead. The Company will review the forecasted loads provided by the customer to ensure they are reasonable so as to not affect charges that may be allocated to other participating customers.

All load submitted as part of the day-ahead demand bid for each customer will be billed to the customer at the day-ahead LMP. PJM will calculate the balancing charges based on the difference between the day-ahead demand bid and actual load. The customer will receive a charge or credit at the real-time LMP if the actual load is greater than or less than the demand bid, respectively. PJM balancing operating reserve charges will be assigned to each customer on this rider based on their pro rata share of the net system deviation from their portion of the day-ahead demand bid.

The Company will apply the procedures for load forecasting, day-after load estimates and supply schedules, and reconciliation as defined in the Company's Electric Generation Supplier Coordination, Rules 6, 7 and 8, respectively.

GENERAL

The Supply Charges are intended to recover the market costs of providing Default Service to customers in PJM as these costs may change or be redefined from time to time. The Supply Charges shall be calculated using the formula and prices referenced above, but may be revised from time to time, as necessary, to reflect changes in PJM rules and charges. The formula is illustrative to reflect the charges in the PJM tariff and is subject to change at any time, as PJM rules, charges or market parameters change.

(C)

(C) Indicates Change

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 11 - STREET RAILWAY SERVICE

(Applicable to Rates GS/GM and GL) ---

Where service is supplied at 11,500 volts or higher at two or more interconnected points of delivery to any street railway system for the purpose of conversion to direct current energy for the operation of such system, the Billing Demand in kilowatts of such service for distribution and supply charges, if purchased from the Company, shall be reduced by 7.20% for Rate GS/GM customers and 7.25% for Rate GL customers for the purpose of computation of the delivery charges of the bill under the applicable rate and any other applicable rider. (C)

(C) – Indicates Change

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 13 - GENERAL SERVICE SEPARATELY METERED ELECTRIC SPACE HEATING SERVICE

(Applicable to Rate GS/GM)

AVAILABILITY

Available for separately metered circuitry connected to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors, system fans, pumps and controls except where the customer uses the Company's service for water heating, then water heating may also be included on the circuit. The space heating service may be provided at the same voltage as other electric service.

MONTHLY RATE

ENERGY CHARGES

(C)

For the billing months of November through April, all kilowatt-hours will be billed the additional kilowatt-hour Winter Monthly Energy Charges of Rate GMH. The applicable Winter Monthly Additional Energy Charge will be determined based on the customer's monthly metered demand, including the demand associated with the separately metered electric space heating, as described in the Electric Charges section of Rate GMH. For the billing months of May through October, Rate GS/GM will apply.

METER CHARGE \$13.21 per month

The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow the isolation and metering of the electric space heating system.

(C) - Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 14 - RESIDENTIAL SERVICE SEPARATELY METERED ELECTRIC SPACE AND WATER HEATING

(Applicable to Rate RS)

AVAILABILITY

Available for separately metered circuitry connected solely to electric space heating devices limited to electric resistance heaters, add-on heat pumps, heat pump compressors and system fans, pumps and controls comprising the customer's entire space heating system except where the customer uses the Company's service for water heating, then water heating equipment may also be included on the circuit.

MONTHLY RATE

ENERGY CHARGES

(C)

For the billing months of November through April, all kilowatt-hours will be charged the Additional kilowatt-hours Winter Monthly Energy Charges of Rate RH. For the months of May through October, Rate RS will apply.

METER CHARGE\$1.63 per month

SPECIAL TERMS AND CONDITIONS

1. Space heating equipment must be permanently installed, thermostatically controlled and approved by the Company.
2. The customer must use the Company's standard low voltage service as the sole primary method of space heating except that the space heating system may be supplemented with renewable energy sources such as solar, wind, wood or hydro. Any alternate energy source may be used to supplement an add-on heat pump.
3. The customer will be responsible for any necessary wiring, structural or equipment changes or relocations to allow isolation and metering of the electric space heating system and water heating equipment.

STANDARD CONTRACT RIDERS - (Continued)

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

(Applicable to all General Service Rates)

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

A. DEFINITIONS

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

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

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

Contract Demand is the maximum electrical capacity in kilowatts that the Company shall be required by the contract to deliver to the customer for back-up service to the customer's generating facility.

Distribution Billing Determinants are the monthly billing period billing demand in kilowatts (kW) and the energy usage in kilowatt-hours (kWh) for Supplementary Power during the current billing month under which the on-site generation is operable.

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

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

(C)

STANDARD CONTRACT RIDERS - (Continued)

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

(Applicable to all General Service Rates)

B. BACK-UP POWER

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

DISTRIBUTION

Contract Demand of 5,000 kW or more	\$6.04 per kW, but no less than \$1,405.00
Contract Demand of less than 5,000 kW	\$6.45 per kW, but no less than \$185.00

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

SUPPLY

(C)

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

(C)

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

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

C. INTERCONNECTION

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

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

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 17 - EMERGENCY ENERGY CONSERVATION

(Applicable to Rates GL, GLH, L, and HVPS)

PURPOSE

This rider is applicable in conjunction with Tariff Rule No. 39.2, relating to Emergency Energy Conservation. It provides for deviation from and modifications to the charges and practices otherwise applicable to certain customers as a result of compliance with or noncompliance with energy conservation curtailment levels requested or ordered under emergency energy conservation conditions resulting from actual or potential shortage of fuel for electric supply. (C)

APPLICABILITY

Applicable progressively in the following order of priority as required by the need for curtailment to meet conditions resulting from actual or potential shortage of fuel for electric supply: (C)

1. To individual electric customer accounts served under Rates L and HVPS with recorded demand of 5,000 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.
2. To individual electric customer accounts served under Rates GL and GLH with recorded demand of 300 kW or higher in a recent 12-month period prior to the request of or order for emergency energy conservation.

Customers designated as exempt in the procedures for emergency energy conservation filed in accord with Tariff Rule No. 39.2 or by the Pennsylvania Public Utility Commission will be exempt from the provisions of this rider.

DEFINITIONS

1. **Base Period Energy Use** - The base energy use for a weekly period shall be determined by the Company for each applicable electric customer account based upon a consideration of the customer's actual past or current electric consumption and the customer's existing operation.
2. **Mandatory Curtailment Energy Use Level Target** - The Mandatory Curtailment Energy Use Level Target for each applicable customer shall be that percentage of base period energy use ordered pursuant to the emergency energy conservation procedures provided by Tariff Rule No. 39.2 or other percentage as a result of the order of appropriate governmental authority.
3. **Current Energy Use** - Current period use will be monitored on a weekly basis commencing on the date the emergency is declared.

(C) – Indicates Change

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

STANDARD CONTRACT RIDERS (Continued)**RIDER NO. 19 - OFF-PEAK WATER HEATING SERVICE- (Continued)**

(Applicable to Rates RS, RH, RA and GS/GM)

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours:

Monday through Friday
10:00 A.M. TO 9:00 P.M.

The remaining hours including the generally observed holidays of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be designated as off-peak hours. The Company may, upon written notice to customers taking service under this rider and upon filing same with the Pennsylvania Public Utility Commission, make such changes in the on-peak hours as it may from time to time deem necessary.

SPECIAL TERMS AND CONDITIONS

To be eligible for this rider, the customer must agree to the following terms and conditions:

1. The electric storage water heaters must be approved by the Company as capable of meeting the usage control requirements of this rider.
2. The Company reserves the right to inspect at all reasonable times the energy storage and usage control devices that qualify the customer for this rider and to ascertain by any reasonable means that the time differentiated load characteristics of such devices meet Company specifications.
3. If the Company finds that in its sole judgment the conditions of this rider are being violated, it may discontinue billing the customer under the provisions of this rider and all usage will be billed at the applicable rate.

PROVISIONS UNDER DIRECT ACCESS

For customers purchasing their electric supply from an EGS, the customer will be billed the Distribution Charges of the applicable rate based on energy consumption net of the water heating allowance.

(C)

STANDARD CONTRACT RIDERS (Continued)

(C)

RIDER NO. 20 - MARKET PRICE ADJUSTMENT RATE MULTIPLIER

(Applicable to Rates GS/GM and GMH)

PURPOSE

The Market Price Adjustment Rate Multiplier will adjust the supply charges of rates GS/GM and GMH to market prices in 2009 and 2010. The supply rates of rate GS/GM and GMH will be multiplied by the Rate Multiplier calculated in accordance with this rider to determine the supply rates effective January 1, 2009, July 1, 2009, January 1, 2010 and July 1, 2010. The Rate Multiplier will be different for each six (6) month period, and each Rate Multiplier will be calculated based on changes in wholesale electricity futures prices after January 2007.

MARKET INDEX PRICE

Market Index Price changes from the Base Index Prices will be measured Based on six months of forward prices in 2009 and 2010 for the applicable six (6) month period. The index shall be calculated according to the following schedule:

- On December 1, 2008, (for the six (6) month rate period of January 1, 2009, ending June 30, 2009, based on the twenty trading days immediately preceding December 1, 2008),
- On June 1, 2009, (for the six (6) month rate period of July 1, 2009, ending December 31, 2009, based on the twenty trading days immediately preceding June 1, 2009),
- On December 1, 2009, (for the six (6) month rate period of January 1, 2010, ending June 30, 2010, based on the twenty trading days immediately preceding December 1, 2009), and
- On June 1, 2010, (for the six (6) month rate period of July 1, 2010, ending December 31, 2010, based on the twenty trading days immediately preceding June 1, 2010).

The Market Index Price for each six (6) month period will be calculated as follows:

1. The simple average of the six (6) monthly financially-settled on-peak PJM Northern Illinois Hub ("NIHUB") electricity futures contract prices reported by the New York Mercantile Exchange ("NYMEX") for January through June 2009 will be calculated as of each of the 20 trading days immediately preceding December 1, 2008.
2. The simple average of January through June 2009 average futures prices calculated in the first step will be calculated.
3. The same process described in Steps 1 and 2 will be repeated, but using the six (6) monthly financially-settled off-peak NIHUB electricity futures contract prices reported by NYMEX for January through June 2009 as of each of the 20 trading days immediately preceding December 1, 2008.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 20 - MARKET PRICE ADJUSTMENT RATE MULTIPLIER – (Continued)

(Applicable to Rates GS/GM and GMH)

4. The resulting on and off-peak futures prices at NIHUB for January through June 2009 will then be adjusted by multiplying each price by the corresponding on-peak or off-peak basis differential factor as measured over the most recent twelve (12) calendar months. For either the on-peak or off-peak period, the basis differential factor shall be calculated as the simple average of the day-ahead Duquesne Zone locational marginal energy prices divided by the simple average of the day-ahead NIHUB locational marginal energy prices. For the calculation of the on-peak basis differential factor, all day-ahead locational marginal energy prices during the on-peak period will be used. For the calculation of the off-peak basis differential factor, all day-ahead locational marginal energy prices during the off-peak period will be used.
5. The resulting on and off-peak futures prices will then be weighted by the number of on-peak and off-peak hours during the six (6) month period to obtain a single Market Index Price for calendar year 2009.

The same methodology will be used to determine subsequent Market Index Prices, with applicable dates and months, using the applicable data for each time period.

BASE INDEX PRICE

The wholesale electricity forward prices for calendar years 2009 and 2010 as of January 2007 ("Base Index Price") have been calculated. The Base Index Price for calendar years 2009 and 2010 was calculated using the same methodology as for the Market Index Price, except that futures prices as of the 20 trading days immediately preceding January 11, 2007 were used, and locational marginal energy spot price data from the January 2006 – December 2006 period was used to calculate the basis differential factors.

The Base Index Price for 2009 is \$43.81/MWh and the Base Index Price for 2010 is \$44.49/MWh.

RATE MULTIPLIER

The Rate Multiplier for each six (6) month period will be calculated as follows:

$$\text{Rate Multiplier} = (\text{Market Index Price} / \text{Base Index Price})$$

APPENDIX A

TRANSMISSION SERVICE CHARGES

(Applicable to All Rates)

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

(C)

MONTHLY RATES

(I)

Rate Class	Energy Charge \$/kWh	Demand Charge \$/kW	Monthly Charge Per Fixture
RS	\$.006010		
RH	\$.004162		
RA	\$.005880		
GS	\$.004912		
GM	\$.003954	\$0.42	
GMH	\$.003550	\$0.95	
GL	\$.002583	\$0.89	
GLH	\$.002583	\$0.89	
L	\$.002583	\$0.89	
HVPS	\$.002583	\$0.89	
AL	\$.002583		
SE	\$.002583		
UMS	\$.002583	\$0.89	
SM, SH, PAL:			
(by lamp wattage)			
Mercury Vapor			
100			\$0.11
175			\$0.19
250			\$0.26
400			\$0.42
1000			\$1.00
High Pressure Sodium			
70			\$0.07
100			\$0.13
150			\$0.18
200			\$0.25
250			\$0.28
400			\$0.44
1000			\$1.00
Flood Lighting and Unmetered			
70			\$0.07
100			\$0.12
150			\$0.17
250			\$0.26
400			\$0.40

(C) – Indicates Change

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

APPENDIX A – (Continued)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

BILLING DEMAND

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

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

ANNUAL UPDATE

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

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

$$\text{TSC-kWh} = \left\{ (\text{RCRR} - "e") / \text{RCSales} + \text{AS} + \text{PJM}_{\text{AC}} \right\} * \left\{ 1/(1-T) \right\} \quad (\text{C})$$

For Rate Schedules GS/GM and GMH:

Non-Demand Metered:

$$\text{TSC-kWh} = \left\{ (\text{RCRR} - "e") / \text{RCSales} + \text{AS} + \text{PJM}_{\text{AC}} \right\} * \left\{ 1/(1-T) \right\} \quad (\text{C})$$

Demand Metered:

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

(C) – Indicates Change

ISSUED: JULY 12, 2007

EFFECTIVE: JANUARY 1, 2008

APPENDIX A – (Continued)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

ANNUAL UPDATE - (Continued)

For Rate Schedules GS/GM and GMH: - (Continued)

(C)

Demand Metered: - (Continued)

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

(C)

For Rate Schedules GL, GLH, L, HVPS:

(C)

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

For Rate Schedule UMS:

(C)

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

(C)

For Rate Schedules SE, SM, SH and PAL:

(C)

Ancillary service and PJM administrative charges shall apply to these rate schedules. As defined below, ancillary service and PJM administrative charges are billed on a cents per kWh basis. For rate schedules SM, SH and PAL, the ancillary service and administrative rate defined in the following section shall be billed for each fixture based on the kWh usage defined for that fixture in each rate schedule. The rates in the preceding section are based on monthly usage per fixture.

Where:

TSC = Transmission service charge to be applied to all Transmission billing units (either kWh or kW, as indicated.)

RCRR = Projected total revenue requirement is established for the computation year of June 1st through May 31st, corresponding to the PJM planning year. The revenue requirement shall then be allocated to the specific rate classes by applying the ratio of the RC1CP to the Duquesne Zone 1CP for the prior year.

"e" = Total over or under collection calculated by comparing total TSC revenues billed to the specific rate class during the reconciliation year of the twelve month period ending February 28th or 29th to the total charges billed by PJM under its OATT as approved or accepted by FERC and allocated to the specific rate class based upon its Default Service share of the Duquesne Zone 1CP for the prior year, including applicable interest. Interest shall be computed monthly at the statutory rate, from the month the over or under collection occurs to the effective month that the over collection is refunded or the under collection is recouped. (C)



APPENDIX A – (Continued)

(C)

TRANSMISSION SERVICE CHARGES – (Continued)

(Applicable to All Rates)

ANNUAL UPDATE - (Continued)

- RCSales = Projected kWh sales for the specific rate class for the computation year.
- RCDemand = Projected kW billing demand for the specific rate class for the computation year.
- RC1CP = Rate Class load coincident with the peak hour of the peak day of the Duquesne Zone during the calendar year prior to the computation year.
- AS = Ancillary service charge of 0.2046 cents per kWh. Ancillary services include, but are not limited to, spinning reserves, operating reserves, regulation, synchronous condensing charges, schedule 1 A and black start service, as well as other related charges defined in the PJM Open Access Transmission Tariff. (C)
- PJM_{AC} = PJM administrative charge of 0.0384 cents per kWh. PJM administrative expenses include and are based on the stated rates in Schedules 9-1 to 9-5 and Schedule 9-FERC of the PJM Open Access Transmission Tariff ("OATT"). (C)
- T = The total Pennsylvania Gross Receipts Tax rate in effect during the billing month, expressed in decimal form.

MISCELLANEOUS

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

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

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

SUPPLEMENT NO. 7
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

Morgan K. O'Brien
President and Chief Executive Officer

Issued: July 12, 2007

Effective: January 1, 2008

NOTICE

THIS TARIFF ADDS A NEW RULE AND MODIFIES AN EXISTING RIDER

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Definitions of Terms and Explanations of Abbreviations

**Second Revised Page No. 6A
Cancelling First Revised Page No. 6A**

Transmission Losses have been updated to reflect the Company's line loss study performed in September 2005 supporting the distribution rates approved by the Commission's final order at R-00061346 dated December 1, 2006.

Rule No. 12 – Payment and Billing

**First Revised Page No. 30
Cancelling Original Page No. 30**

Original Pages No. 30A – 30C

**Rule No. 12.1.5 – Company Reimbursement to EGS for Customer Payments
Rule No. 12.1.7 – Purchase of EGS Receivables**

Rule No. 12.1.5 has been modified and Rule No. 12.1.7 has been added to Rule No. 12 to incorporate the Purchase of Receivables Program relative to the receivables associated with small customers served by EGSs utilizing the Company's billing services.

Real Power Distribution Losses Table

**First Revised Page No. 49
Cancelling Original Page No. 49**

Distribution Line Losses have been updated to reflect the Company's line loss study performed in September 2005 supporting the distribution rates approved by the Commission's final order at R-00061346 dated December 1, 2006.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS - (Continued)

Peak Load Contributions (PLCs) - A customer's contribution to the DLC Zone's normalized summer peak load, as calculated by the zone's Electric Distribution Company and used in determining a Load Serving Entity's Peak Load obligation.

Pennsylvania Public Utility Commission or Commission - The Pennsylvania Public Utility Commission.

Pilot Customer(s) - A customer participating in the Company's Customer Choice pilot program.

PJM - PJM Interconnection, L.L.C.

PJM Control Area - the area encompassing electric systems recognized by the North American Electric Reliability Council as the "PJM Control Area".

PJM Miscellaneous Charges - PJM miscellaneous energy related allocations or charges or credits to the LDC, and not to the LSE, including but not limited to those related to PJM allocated "ECAR Automatic Reserve Sharing". PJM Grid Management, Transitional Market and Transitional costs collected through Rider 1 of the Retail Tariff are excluded from Miscellaneous Charges.

PJM OI - the PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM Tariff - the PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.

Preliminary Forecast - The week ahead hourly forecast for energy to be supplied the following week.

Residual Losses - Residual Losses/Unaccounted for Energy = PJM Zonal Energy Requirement - ((summation of EGS consumption adjusted for Transmission and Distribution Losses)+ (POLR consumption adjusted for Transmission and Distribution Losses)).

Retail Load Responsibility (RLR) - For non-metered and monthly metered load, the sum total of the estimated hourly load plus transmission losses, distribution losses, and the EGS's pro rata share of UFE within the service territory of the EDC, for which the EGS must provide energy to its customers. For hourly metered customers, the sum total of the hourly consumed load of all of an EGS's customers, adjusted for transmission losses, distribution losses and the EGS's pro rata share of UFE within the service territory of the EDC, for which the EGS must provide energy to its customers.

Scheduling Coordinator - Entity that performs one or more of an EGS's Coordination Obligations, including the submission of energy schedules to the PJM OI, and that either is (1) a member of the PJM Interconnection, L.L.C. or (2) is the agent, for scheduling purposes, of one or more Electric Generation Suppliers that are members of the PJM Interconnection, L.L.C.

Tariff - This Electric Generation Supplier Coordination Tariff.

Transmission Losses - Real Power Transmission Losses are associated with all transmission service. The Transmission Provider is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as calculated by the Transmission Provider. The applicable Real Power Transmission Loss factor is 0.8%.

(C) - Indicates Change

(C)

RULES AND REGULATIONS - (Continued)

12. PAYMENT AND BILLING

12.1 CUSTOMER BILLING BY THE COMPANY All EGS charges to customers, if billed by the Company, shall be billed in accordance with the EDC Tariff and the following provisions:

12.1.1 COMPANY BILLING FOR EGS The Company will bill price plans offered by the EGS which are based on fixed and variable charges similar to those the Company employs for billing distribution service and default Provider-of-Last-Resort service. Nothing in this rule shall require the Company to manually bill customers. Within this context, if the Company's billing system has the capability to bill the price plans offered by the EGS, the EGS may request the Company to do all or some of the billing for the EGS's customers based on the customers' preferences. In addition, the Company will include on its bill EGS late fees and payment arrangements as required by the Pennsylvania Public Utility Commission. However in no case shall the Company require the EGS to provide separate customer lists or perform unique scheduling and reconciliation services for customers billed directly by the Company.

12.1.2 BILLING FILES Where the EGS has requested the Company to act as the EGS's billing agent the Company shall electronically transmit files of billing detail daily to the EGS. Such files shall include the Company account number, rate codes, usage information, demand and energy charges, sales tax, and other EGS charges. Billing files transmitted shall have control totals to assure all data was received by the EGS. Control totals include the number of records on the file and significant totals (e.g. total kWh billed, total amount billed, total tax). All billing files will be in a format consistent with standards developed by the EDEWG.

12.1.3 BUDGET BILLING The Company will develop dual tracking systems to administer budget billing and apply payments for EGS charges and Company charges.

12.1.4 EGS TAX RESPONSIBILITY The Company is not responsible for paying or remitting on behalf of an EGS taxes including, but not limited to, Pennsylvania Gross Receipts Tax, Pennsylvania Public Utility Realty Tax, Pennsylvania Capital Stock Tax and Pennsylvania Corporate Net Income Tax.

12.1.4.1 SALES TAX EXEMPTION With respect to customers receiving one bill from the Company, the EGS for whom the Company is billing must provide to the Company the applicable sales tax exemption percentage for each customer. The Company will use the sales tax exemption percentage provided by the EGS for billing the EGS's charges. The EGS is responsible for holding appropriate exemption certificates and is liable for the collection and remittance of sales tax on the EGS's charges. The Company will use a zero exemption percentage if no percentage is provided by an EGS.

12.1.5 COMPANY REIMBURSEMENT TO EGS FOR CUSTOMER PAYMENTS For EGSs electing consolidated billing and serving small customers, defined as those on Rate Schedules RS, RH, RA, GS/GM and GMH, the Company shall forward payment in accordance with the provisions of Rule No. 12.1.7 below. For receivables associated with EGS sales to all other customers, the Company shall reimburse the EGS within 14 days of receipt of payment for all energy charges, late fees, sales taxes, and any other taxes and charges collected on behalf of the EGS from the customer consistent with Section 2807 (c) (3) of the Competition Act.

12.1.6 EGS BILLING DATA The EGS shall provide all necessary data in its possession for the timely computation of bills. A failure of the EGS to provide necessary data to the Company in a timely fashion may delay generation of a bill for the month to which the data pertain. In such instances, the EGS is responsible for all fines and violations, if any, arising as a consequence of the Company's inability to render a timely bill.

(C) – Indicates Change

(C)

RULES AND REGULATIONS - (Continued)

(C)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PILOT PROGRAM Duquesne will purchase the accounts receivable, without recourse, associated with EGS sales of retail electric commodity, comprised of generation and transmission services, to small, consolidated billing customers within Duquesne's service territory. Small customers are those taking delivery service under the Company's retail tariff Rates RS, RH, RA, GS/GM and 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 POLR customers, and incur any uncollectible costs related to billings for EGSs. The POR program is a pilot program and will become effective January 1, 2008, and will remain in effect as described through December 31, 2010, and will terminate on December 31, 2010. In the Performance Report to be filed with the Commission in 2010 (described below) Duquesne will either propose to continue the POR program under such terms and conditions as it deems appropriate or provide an explanation as to why the POR program should be discontinued as of December 31, 2010.

(C)

12.1.7.1 ELIGIBILITY REQUIREMENTS EGSs that choose Duquesne's consolidated billing option for all or a portion of their small 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 and the POR program for 12 consecutive billing cycles. 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 pilot 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 EGSs' 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 pilot program, and 2.) recovery of incremental initial and incremental ongoing operating and administrative costs associated with the POR program which will be adjusted twice during the pilot program. The discount rate for electric commodity shall equal 0.70%, the sum of 0.42% for the first component and 0.28% for the second component.

12.1.7.2.1 PURCHASE PRICE DISCOUNT ADJUSTMENT During the term of the three-year Pilot Program, beginning in January 2008, the discount rate may be adjusted twice – once on February 1, 2009, and again on February 1, 2010, – 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.

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.

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

(C)

12. PAYMENT AND BILLING – (Continued)

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

12.1.7.2.2 PURCHASE PRICE DISCOUNT ADJUSTMENT FOR INDIVIDUAL EGS Duquesne will monitor individual EGS uncollectible percentage rates (measured as any unpaid amounts 60 days or older divided by that EGS's total annual consolidated billings), to determine whether any individual EGS is engaging in Unusual Business Behavior that results in an increase to the total uncollectible percentage rate for the Duquesne System. If, based on this monitoring, Duquesne finds that an individual EGS's uncollectible percentage rate exceeds 5%, then Duquesne, at its discretion, may increase the discount rate for that individual EGS's accounts to reflect the increased costs associated with the EGS's uncollectible accounts by the difference between the EGS's uncollectible percentage rate and 2%. For purposes of this calculation, Duquesne shall rely on the most recent 12-month period (or shorter if the EGS is new to the POR program) to calculate the EGS's uncollectible percentage rate. Duquesne, in its discretion, may opt to waive the imposition of the additional discount if the increase in the uncollectible rate results primarily from providing service to previously poor paying customers currently on POLR service and the individual EGS is able to provide a reasonable explanation for the significant increase in its uncollectible rate is not the result of a particular price offering, marketing strategy or other actions of the individual EGS. If, however, Duquesne determines that an additional discount is appropriate, the EGS may challenge that determination pursuant to the dispute resolution procedures discussed below. Should the result of those procedures uphold the EGS's position, Duquesne will refund to the EGS the additional discount withheld from their receivables. In the course of the dispute resolution, the EGS may be called upon to provide customer payment history for the small customers it serves, commodity pricing, and other such information deemed appropriate, subject to confidentiality agreement. The discount will be lowered to the level applicable to other EGSs when and if the particular EGS's uncollectible percentage rate decreases to a level of 2% or below over a 12 month period. If the particular EGS stops providing service to a customer under the POR program, the EGS must pay to Duquesne an amount equal to the increase to the discount multiplied by that customer's prior year's billings, to the extent that such amount has not already been paid on the date the EGS stops providing service to that customer.

12.1.7.3 TIMING OF PAYMENTS Payments to EGSs will occur electronically; 35 days after consolidated bills are issued, and will continue throughout the billing cycle. If the 35th day falls on a weekend, Duquesne Light holiday or bank holiday, payments will occur on the next business day.

12.1.7.4 OTHER PAYMENT PROVISIONS If the EGS customer is on a budget or levelized payment plan, Duquesne shall only be obligated to purchase each month the amount of the monthly installment under the budget or levelized payment plan. Duquesne shall also purchase accounts receivable of EGS's customers based upon an estimated bill. Duquesne shall add to or deduct from any payments due to EGSs amounts that may result from reconciliations, adjustments or recalculations of budget or levelized plans, estimated readings, cancel and rebills, or any applicable billing adjustment.

12.1.7.5 TRANSFER OF COLLECTION RESPONSIBILITIES AND RIGHTS Under the POR program, Duquesne is entitled to receive and retain all payments from customers. Duquesne is authorized to conduct collection activities and, if necessary, terminate its delivery service and EGS commodity service to customers whose accounts receivables were purchased and who fail to make payment of amounts due on the consolidated bill, including the amount of the purchased EGS receivables (up to the amount the customer would have been billed for commodity service if the customer had received POLR supply from Duquesne during the non-payment period). Any such termination of service shall be in accordance with the

(C) – Indicates Change

RULES AND REGULATIONS - (Continued)

(C)

12. PAYMENT AND BILLING – (Continued)

12.1.7 PURCHASE OF EGS RECEIVABLES (POR) PILOT 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 the customer would have been billed if the customer were on POLR service, as referenced above. A residential customer terminated from utility service under the POR program shall 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.

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) and the amount the customer would have been billed for commodity service if the customer had received POLR supply from Duquesne during the non-payment period (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.

12.1.7.6 PROGRAM PERFORMANCE AND MONITORING Duquesne is required to file (and provide a copy to the parties) a performance report within 90 days following the end of each calendar year covered by the Term of the POR program. In addition, parties will have the opportunity to conduct a review of the program's performance within 90 days after Duquesne submits its performance report so that parties may discuss the operation of the POR program and audit the calculation of the POR discount rate.

12.1.7.7 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. Parties shall also have the right to resolve such disagreements in the Commission's dispute resolution process.

(C) – Indicates Change

TABLE 1

Real Power Distribution Losses

(C)

Rate Schedule	Percentage of Loss
AL - Architectural Lighting Service	6.1%
GL - General Service Large	2.9%
GLH - General Service Large Heating	2.9%
GMH - General Service Medium Heating	5.3%
GS/GM - General Service Small and Medium	5.3%
HVPS - High Voltage Power Service	0
L - Large Power Service	2.9%
RA - Residential Service Add On Heat Pump	6.1%
RH - Residential Service Heating	6.1%
RS - Residential Service	6.1%
SE - Street Lighting Energy	6.1%
SH - Street Lighting Highway	6.1%
SM - Street Light Municipal	6.1%
MTS - Municipal Traffic Signals	6.1%
PAL - Private Area Lighting	6.1%

(C) – Indicates Change

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Compliance Tariffs of Duquesne have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

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JUL 1 2 2007

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Dated: July 12, 2007

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November 6, 2007

VIA FIRST CLASS MAIL

**DOCUMENT
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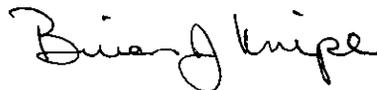
Gary A. Jack, Esquire
Duquesne Light Company
411 Seventh Avenue, Mail Drop 8-2
Pittsburgh, PA 15219

**Re: Petition of Reliant Energy, Inc. for a Declaratory Order Regarding the
Pennsylvania Public Utility Commission's Jurisdiction Over Duquesne Light
Company's Withdrawal from PJM Interconnection, L.L.C.;
Docket No. P-00072247**

Dear Mr. Jack:

Enclosed please find an original and two (2) copies of Reliant Energy, Inc.'s Interrogatories and Requests for Production of Documents to Duquesne Light Company - Set I in the above-referenced proceeding.

Very truly yours,



Brian J. Knipe
For BUCHANAN INGERSOLL & ROONEY, P.C.

BJK/cz

Enclosures

cc: James J. McNulty, Secretary (letter and certificate of service only)
Certificate of Service

RECEIVED
2007 NOV -6 PM 3:53
**PA PUC
SECRETARY'S BUREAU**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the parties listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA EMAIL AND FIRST CLASS MAIL

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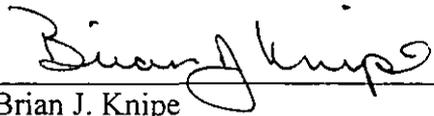
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Dated this 6th day of November, 2007



Brian J. Knipe

COMMONWEALTH OF PENNSYLVANIA

DOCUMENT
FOLDER



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Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

William R. Lloyd, Jr.
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

December 4, 2008

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DEC - 8 2008

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Petition of Duquesne Light Company for Approval of Default Service Plan For The
Period January 1, 2008 Through December 31, 2010
Docket No. P-00072247**

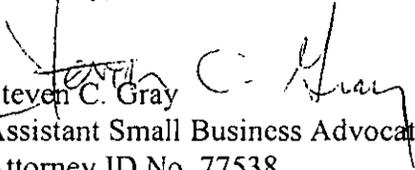
Dear Secretary McNulty:

I am delivering for filing today the original plus three copies of the Complaint, Verification, Public Statement, and Notice of Appearance, on behalf of the Office of Small Business Advocate, in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

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

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

RECEIVED
OFFICE OF C.A.L.J.
08 DEC -5 AM 9:26
PA PUC

Enclosures

cc: Hon. Veronica Smith
Chief Administrative Law Judge

Parties of Record

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DUQUESNE LIGHT COMPANY :
DEFAULT SERVICE PLAN FOR THE PERIOD :
JANUARY 1, 2008 THROUGH : DOCKET NO. P-00072247
DECEMBER 31, 2010 :

**COMPLAINT OF
SMALL BUSINESS ADVOCATE**

1. The Complainant is:

William R. Lloyd, Jr.
Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
(717) 783-2525

2. The name and address of the Complainant's attorney is:

Steven C. Gray
Assistant Small Business Advocate
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
(717) 783-2525

3. The respondent utility is:

Duquesne Light
411 Seventh Avenue
8th Floor
Pittsburgh, Pa. 15219

4. The Complainant is authorized and directed by the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50, to represent the interests of small business consumers of utility services in matters before the Pennsylvania Public Utility Commission ("Commission").

5. This complaint is filed against the rates, terms, and other provisions of Supplement No. 16 to Duquesne Light Company's ("Duquesne" or the "Company")

Tariff Electric, PA P.U.C. No. 24 ("Supplement No. 16"), which was filed on December 1, 2008, and is proposed to go into effect on January 1, 2009.

6. Upon preliminary review of the materials filed by Duquesne in support of Supplement No. 16, the Complainant believes, and therefore avers, that those materials may be insufficient to justify the rate adjustments requested, and that Duquesne's proposed rates, rules, and conditions of service may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law.

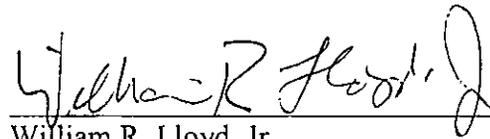
7. Upon preliminary review of the aforementioned materials filed by Duquesne in support of Supplement No. 16, the Complainant also believes, and therefore avers, that the proposed rate adjustments for the Company's business customers may be unjust, unreasonable, and in violation of 66 Pa. C.S. §§ 1301, 1303, and 1304.

8. Upon preliminary review of the aforementioned materials filed by Duquesne in support of Supplement No. 16, the Complainant also believes, and therefore avers, that the calculations for the multiplier included in Supplement No. 16 are not consistent with the Company's tariff as set forth in Supplement No. 10 to Electric – PA. P.U.C. No. 24, at pages 108-109. Specifically, the Company appears to include an adder for PJM Interconnection's Reliability Pricing Model ("RPM") in its calculation of the multiplier rather than relying solely on changes in the Northern Illinois Hub ("NiHUB") electricity futures contract prices.

9. In view of the foregoing, the Small Business Advocate respectfully requests that the Pennsylvania Public Utility Commission:

- a. Require Duquesne to recalculate the multiplier set forth in Supplement No. 16 so that it conforms to the Company's tariff;
- b. Grant such other relief as may be necessary or appropriate.

Respectfully submitted,



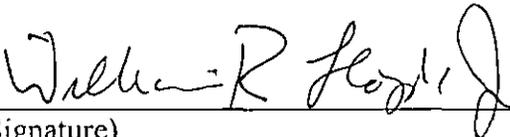
William R. Lloyd, Jr.
Small Business Advocate
Attorney I.D. No. 16452

Office of Small Business Advocate
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(717) 783-2525
(717) 783-2831 (fax)

Dated: December 4, 2008

VERIFICATION

I, William R. Lloyd, Jr., hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).



(Signature)

Date: December 4, 2008

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DUQUESNE LIGHT COMPANY :
DEFAULT SERVICE PLAN FOR THE PERIOD :
JANUARY 1, 2008 THROUGH : DOCKET NO. P-00072247
DECEMBER 31, 2010 :

**PUBLIC STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Small Business Advocate is authorized and directed to represent the interests of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). The Act further provides that the Small Business Advocate issue publicly a written statement stating concisely the specific interest of small business consumers to be protected by the initiation of or intervention in any proceeding involving those interests before the Public Utility Commission (“the Commission”) or any other agency or court. This public statement relates to the filing today by the Small Business Advocate of a Complaint against Supplement No. 16 to Duquesne Light Company’s (“Duquesne” or the “Company”) *Tariff Electric*, PA P.U.C. No. 24 (“Supplement No. 16”), which was filed on December 1, 2008,

The Small Business Advocate has filed a *formal Complaint* against Duquesne’s Supplement No. 16 in order to protect the interests of the Company’s small business customers. A preliminary review of the data filed by Duquesne in support of Supplement No. 16 indicates that the filing incorrectly increases default service rates for business customers. Specifically, Duquesne appears to have calculated rate changes in a manner which is not consistent with the relevant tariff.

In view of the foregoing, the Small Business Advocate is asking the Commission to require Duquesne to recalculate the electric rates included in Supplement No. 16 such that they conform to the Company's own tariff.

Dated: December 4, 2008

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

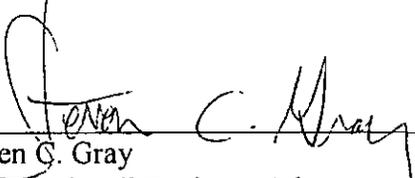
DUQUESNE LIGHT COMPANY :
DEFAULT SERVICE PLAN FOR THE PERIOD :
JANUARY 1, 2008 THROUGH : DOCKET NO. P-00072247
DECEMBER 31, 2010 :

NOTICE OF APPEARANCE

The Office of Small Business Advocate, pursuant to 52 Pa. Code § 1.24, hereby enters the appearance of Steven C. Gray in the above-captioned proceeding.

Documents in this proceeding should now be served on the following:

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sgray@state.pa.us
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Assistant Small Business Advocate
Attorney ID No. 77538

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Dated: December 4, 2008

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company for :
Approval of Default Service Plan for the : Docket No. P-00072247
Period January 1, 2008 Through :
December 31, 2010 :

Certificate of Service

I certify that I am serving two copies of the Complaint, Verification, Public Statement and Notice of Appearance, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

Hon. Veronica Smith
Chief Administrative Law Judge
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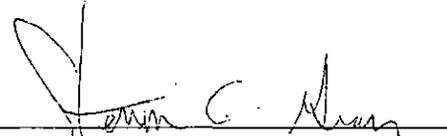
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Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Date: December 4, 2008

COMMONWEALTH OF PENNSYLVANIA



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Suite 1102, Commerce Building
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SECRETARY'S BUREAU
(717) 783-2525
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William R. Lloyd, Jr.
Small Business Advocate

December 19, 2008

HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

DOCUMENT
FOLDER

**Re: Petition of Duquesne Light Company for Approval of Default Service Plan For The
Period January 1, 2008 Through December 31, 2010
Docket No. P-00072247**

1208761

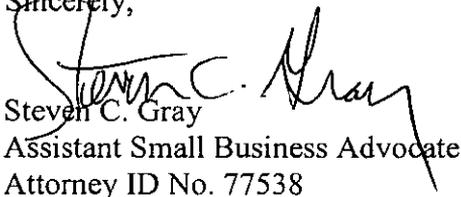
Dear Secretary McNulty:

I am delivering for filing today the original plus three copies of the Answer to the Petition of Duquesne Light Company for Special Permission to File a Tariff Supplement to Become Effective on Less Than Sixty Days' Notice and Verification, on behalf of the Office of Small Business Advocate in the above-captioned proceeding.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

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

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Parties of Record
Brian Kalcic

BN-24132

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company for :
Approval of Default Service Plan for the : Docket No. P-00072247
Period January 1, 2008 Through :
December 31, 2010 :

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SECRETARY'S BUREAU

ANSWER OF THE
OFFICE OF SMALL BUSINESS ADVOCATE
TO PETITION OF
DUQUESNE LIGHT COMPANY FOR SPECIAL PERMISSION
TO FILE A TARIFF SUPPLEMENT TO BECOME
EFFECTIVE ON LESS THAN SIXTY DAYS' NOTICE

Pursuant to 52 Pa. Code §5.61(a), the Office of Small Business Advocate (“OSBA”) answers the Petition of Duquesne Light Company (“Duquesne” or the “Company”) for Special Permission to File a Tariff Supplement to Become Effective on Less Than Sixty Days Notice (“*Petition*”) that was filed with the Pennsylvania Public Utility Commission (“Commission”) on December 16, 2008.

Responses to the *Petition's* Numbered Paragraphs

1. Admitted.
2. The OSBA admits that Duquesne submitted a filing to the Commission on December 1, 2008. By way of further response, Duquesne’s December 1, 2008, filing speaks for itself, and any characterization thereof is denied. Furthermore, Duquesne’s Rider No. 20, as set forth in the Company’s tariff, speaks for itself, and any characterization thereof is denied. In addition, it is unclear what Duquesne meant by the sentence: “These changes to occur January 1, 2009, were approved by the Commission.” If the Company is referring to *Petition of Duquesne Light Company for Approval of a*

Default Service Plan for the Period January 1, 2008 through December 31, 2010, Docket No. P-00072247 (Order entered June 22, 2007) (“*June 2007 Order*”), that order speaks for itself, and any characterization thereof is denied. By way of further response, if the Company is averring that its December 1, 2008, filing is consistent with Rider No. 20 and, therefore, has been previously approved by the Commission, that averment is denied.

3. Admitted. By way of further response, the OSBA complaint speaks for itself.

4. The OSBA admits that Duquesne submitted a tariff filing to the Commission on December 16, 2008. By way of further response, Duquesne’s December 16, 2008, filing, purporting to be “Supplement No. 17 to Tariff Electric Pa PUC No. 24,” which the Company “incorporated herein by reference,” speaks for itself, and any characterization of “Supplement No. 17” is denied.

In addition, Section 2807(e)(6) of the Public Utility Code, 66 Pa. C.S. § 2807(e)(6) (duties of electric distribution companies; obligation to serve) states as follows:

A default service plan approved by the commission prior to the effective date of this section shall remain in effect through its approved term. At its sole discretion, the default service provider may propose amendments to its approved plan that are consistent with this section, and the commission shall issue a decision whether to approve or disapprove the proposed amendments within nine months of the date that the amendments are filed. If the commission fails to issue a final order within nine months, the amendments shall be deemed to be approved and the default service provider may implement the amendments as filed.

66 Pa. C.S. § 2807(e)(6). The *June 2007 Order* approved the current Duquesne default service plan prior to the effective date of Section 2807(e)(6), *i.e.*, November 14, 2008. Therefore, the Company may only “propose amendments” to Rider No. 20 as set forth in Section 2807(e)(6). The OSBA submits that the *Petition* does not comport with the requirements of Section 2807(e)(6), particularly since that section contemplates a nine-month review process wherein the Commission and interested parties could fully investigate the amendments proposed by the Company.

5. The averments of Paragraph 5 are denied, and strict proof thereof is demanded. By way of further response, Rider No. 20 of Duquesne’s tariff speaks for itself, and any characterization thereof is denied.

6. The averments of Paragraph 6 are denied, and strict proof thereof is demanded, except for those averments of Paragraph 6 that are requests for relief to which no response is required.

7. The averments of Paragraph 7 are denied, and strict proof thereof is demanded. By way of further response, the issue of whether “Duquesne’s tariff no longer reflects market pricing” is irrelevant. Section 2807(e)(6) allows Duquesne to propose amendments to its approved default service plan only to the extent those amendments are consistent with the amendments to Section 2807 made by Act 129 of October 15, 2008. When the Commission approved Duquesne’s current default service plan, Section 2807(e)(3) required the Company to “acquire electric energy at prevailing market prices to serve [default service customers].” However, Act 129 repealed the “prevailing market prices” requirement. Therefore, if Duquesne wishes to amend its default service plan with regard to small commercial and industrial (“Small C&I”) customers, the Company

will be required to demonstrate that it has obtained a “prudent mix of contracts . . . designed to ensure . . . the least cost to customers over time.” 66 Pa. C.S. § 2807(b)(3.4)(ii). Because Supplement No. 17 would result in higher default service rates than rates set in strict compliance with Rider No. 20 as currently written, the OSBA denies that Supplement No. 17 would be consistent with Section 2807(b)(3.4)(ii). The OSBA also denies that Supplement No. 17 would be consistent with Section 2807(e)(3.7), which requires Duquesne to prove that it “has obtained a prudent mix of contracts to obtain least cost. . .”

8. The averments of Paragraph 8 are requests for relief to which no response is required. By way of further response, “promoting the competitive market” is not the applicable standard set forth in Section 2807(b)(3.4)(ii) and Section 2807(e)(3.7).

9. The averments of Paragraph 9 are requests for relief to which no response is required. By way of further response, an analysis of “competitive shopping levels” is not the applicable standard set forth in Section 2807(b)(3.4)(ii) and Section 2807(e)(3.7).

10. The averments of Paragraph 10 are requests for relief to which no response is required. Even if the Commission determines that Section 2807(e)(6) is not applicable to Supplement No. 17, approving Supplement No. 17 would require an amendment to the *June 2007 Order*. Therefore, the Commission is not authorized to permit Duquesne to implement Supplement No. 17 prior to a proceeding under Section 703(g) of the Public Utility Code, 66 Pa. C.S. § 703(g) (fixing of hearings; rescission and amendment of orders).

11. The averments of Paragraph 11 are requests for relief to which no response is required.

12. The averments of Paragraph 12 are requests for relief to which no response is required. It is unclear what Duquesne meant by its statement that the Company “does not intend to implement any change in rates under Rider 20 until it has received an Order or Secretarial Letter authorizing it to do so.” The OSBA denies that Duquesne has the right to defer the reduction in rates for default service on and after January 1, 2009, which is required by Rider No. 20 as it is currently written.

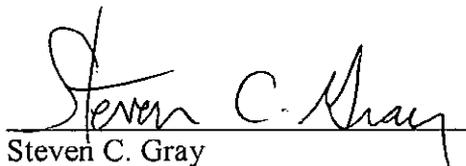
Conclusion

Therefore, the Office of Small Business Advocate respectfully requests that the Commission:

1) Deny the *Petition* in its entirety, or, in the alternative, conduct a full investigation of the proposed amendments to the Company's default service plan as contemplated by Section 2807(e)(6); and

2) Direct Duquesne to implement the rates for default service on and after January 1, 2009, in accordance with Rider No. 20 as it is currently written.

Respectfully submitted,



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Assistant Small Business Advocate

For:

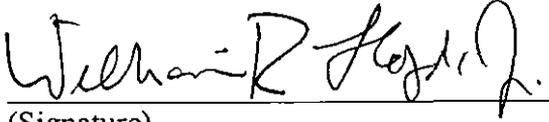
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Dated: December 19, 2008

VERIFICATION

I, William R. Lloyd, Jr., hereby state that the facts set forth herein above are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).



(Signature)

Date: December 19, 2008

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company for :
Approval of Default Service Plan for the : Docket No. P-00072247
Period January 1, 2008 Through :
December 31, 2010 :

Certificate of Service

I certify that I am serving two copies of the Answer to the Petition of Duquesne Light Company for Special Permission to File a Tariff Supplement to Become Effective on Less Than Sixty Days' Notice, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

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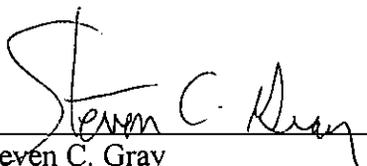
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