

**Duquesne Light Company**

**Proposed Changes**

**to Duquesne Light Company's**

**Tariff Electric – PA. P.U.C. No. 24**

**January 23, 2007**



# 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

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: January 1, 2008

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## NOTICE

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

**See Page Two**

## LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

## Table of Contents

Second Revised Page No. 3  
Cancelling First Revised Page No. 3

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

Rider No. 8 – Fixed Price Service – Pages No. 88A-88B. This rider has been removed from the tariff.

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

Rider No. 23 – Generation Rate Adjustment – Pages No. 112A-112D. This rider has been removed from the tariff.

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

Rules and Regulations – General Provisions - Page No. 31A. This page has been removed from the tariff.

## Rule No. 45.2 – Supplier Switching Options

Second Revised Page No. 31  
Cancelling First Revised Page No. 31Original Page No. 31A  
has been removed from the tariff.

## Rate GL – General Service Large

Second Revised Pages No. 47-48  
Cancelling First Revised Pages No. 47-48

## Rate GLH – General Service Large Heating

Second Revised Pages No. 50-51  
Cancelling First Revised Pages No. 50-51

## Rate L – Large Power Service

Second Revised Pages No. 53-54  
Cancelling First Revised Pages No. 53-54

## Rate HVPS – High Voltage Power Service

Second Revised Pages No. 57-58  
Cancelling First Revised Pages No. 57-58

## Rider No. 5 – Time of Day Discounts

Second Revised Page No. 84  
Cancelling First Revised Page No. 84

## Rider No. 8 – Fixed Price Service

Second Revised Page No. 88  
Cancelling First Revised Page No. 88Original Pages No. 88A-88B  
have been removed from the tariff.

## Rider No. 9 – Hourly Price Service

Second Revised Page No. 93  
Cancelling First Revised Page No. 93

## Rider No. 16 – Service to Non-Utility Generating Facilities

Second Revised Pages No. 101-102  
Cancelling First Revised Pages No. 101-102

## LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

CHANGES – (Continued)**Rider No. 23 – Generation Rate Adjustment**Original Pages No. 112A-112D  
have been removed from the tariff.

Rider No. 8 – Fixed Price Service and Rider No. 23 – Generation Rate Adjustment, which applied only to customers served under Rider No. 8, have been eliminated from the tariff. All references to these riders have been deleted from the remaining rules, rates and regulations of the tariff as reflected on the pages listed above.

**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. – Applications**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 – (6) 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 Pages No. 8-9  
Cancelling First Revised Pages No. 8-9**21.2 – Partial Payment of Bills**Second Revised Page No. 24  
Cancelling First Revised Page No. 24**Rule No. 45.2 – Supplier Switching Options**Second Revised Page No. 31  
Cancelling First 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**Rate RA – Residential Service Add-On Heat Pump**Second Revised Pages No. 37-38  
Cancelling First Revised Pages No. 37-38

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

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. 43-45 Cancelling First Revised Pages No. 43-45
Rate GL – General Service Large	Second Revised Pages No. 47-48 Cancelling First Revised Pages No. 47-48
Rate GLH – General Service Large Heating	Second Revised Pages No. 50-51 Cancelling First Revised Pages No. 50-51
Rate L – Large Power Service	Second Revised Pages No. 53-54 Cancelling First Revised Pages No. 53-54
Rate HVPS – High Voltage Power Service	Second Revised Pages No. 57-59 Cancelling First Revised Pages No. 57-59
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	Second Revised Page No. 84 Cancelling First Revised Page No. 84
Rider No. 9 – Hourly Price Service	Second Revised Page No. 89 Cancelling First Revised Page No. 89
	Second Revised Page No. 93 Cancelling First Revised Page No. 93
Rider No. 11 – Street Railway Service	Second Revised Page No. 95 Cancelling First Revised Page No. 95

## LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

CHANGES – (Continued)

Rider No. 13 – General Service Separately Metered Electric Space Heating Service	Second Revised Page No. 97 Cancelling First Revised Page No. 97
Rider No. 14 – Residential Service Separately Metered Electric Space and Water Heating	Second Revised Page No. 98 Cancelling First Revised Page No. 98
Rider No. 16 – Service to Non-Utility Generating Facilities	Second Revised Page No. 102 Cancelling First Revised Page No. 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	Second Revised Pages No. 113-115 Cancelling First Revised Pages No. 113-115

The term "generation" has been replaced with "supply" and "Provide 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. 44 Cancelling First Revised Page No. 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

## LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

CHANGES – (Continued)

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

Appendix A – Transmission Service Charges  
Second Revised Pages No. 113-116  
Cancelling First Revised Pages No. 113-116

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.

Deleted special contract information no longer needed due to modifications to Rider No. 9 – Hourly Price Service.

Rider No. 5 – Time of Day Discounts  
Second Revised Page No. 84  
Cancelling First Revised Page No. 84

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

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 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

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

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**LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)****CHANGES – (Continued)****Rider No. 14 – Residential Service Separately Metered  
Electric Space and Water Heating****Second Revised Page No. 98  
Cancelling First Revised Page No. 98**

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 Page No. 41  
Cancelling First Revised Page No. 41****Rate GMH – General Service Medium Heating****Second Revised Page No. 44  
Cancelling First Revised Page No. 44****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 proposed 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. 45  
Cancelling First Revised Page No. 45**

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

**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**

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**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. 13 – General Service Separately Metered Electric Space Heating Service	Second First Revised Page No. 97 Cancelling First Revised Page No. 97
Rider No. 14 – Residential Service Separately Metered Electric Space And Water Heating Service	Second First Revised Page No. 98 Cancelling First Revised Page No. 98

Unit supply prices have been changed resulting in increases.

Appendix A – Transmission Service Charges	Second Revised Page No. 113 Cancelling First 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 and 41 Cancelling First Revised Pages No. 40 and 41

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LIST OF MODIFICATIONS MADE BY THIS TARIFF – (Continued)

DECREASES – (Continued)

Rate GMH – General Service Medium Heating

Second Revised Pages No. 43-45  
Cancelling First Revised Pages No. 43-45

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.

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(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.

<u>SINGLE-PHASE</u>	<u>THREE-PHASE</u>	
120 volts, 2 wire	120/208 volts, 4 wire	11,500 volts, 3 wire
120/240 volts, 3 wire	230 volts, 3 wire	13,200/23,000 volts, 4 wire
120/208 volts, 3 wire	277/480 volts, 4 wire	23,000 volts, 3 wire
230 volts, 2 wire	460 volts, 3 wire	69,000 volts, 3 wire
460 volts, 2 wire	2,400 volts, 3 wire	138,000 volts, 3 wire
230/460 volts, 3 wire	2,400/4,160 volts, 4 wire	345,000 volts, 3 wire
2,400 volts, 2 wire		
23,000 volts, 2 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.

**(C) - Indicates Change**

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## RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

## 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 conditions of service comparable to the Companies' own use of the system to transport electricity from any generator of electricity to any retail customer. (C)
- (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).

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

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## RULES AND REGULATIONS - (Continued)

THE ELECTRIC SERVICE TARIFF - (Continued)

## 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. (C)
- (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)

(C) – Indicates Change

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**RULES AND REGULATIONS - (Continued)****THE ELECTRIC SERVICE TARIFF - (Continued)****CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS****4. 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.

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**(C) – Indicates Change**

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**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)

(C) – Indicates Change

ISSUED: XXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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**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.

(C)

**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.

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(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

**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**

	<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	7.1560	(C) (D)
Additional kilowatt-hours	2.1912	4.1275	5.6418	7.1560	(I)

**SUMMER MONTHLY RATE**

For the Billing Months of May through October:

**ENERGY CHARGES**

	<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	7.1560	(C) (D)

**(C) – Indicates Change**

**(D) – Indicates Decrease**

**(I) – Indicates Increase**

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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**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. (C)

**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.

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

**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**

	<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	(C) (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**

	<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	(C) (D)

**(C) – Indicates Change**

**(D) – Indicates Decrease**

**(I) – Indicates Increase**

ISSUED: XXXXXXXX XX, XXXX

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.

**(C) – Indicates Change**

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: XXXXXXXX XXX

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**

	<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	7.0830	7.0830	7.0830	(C) (C) (D)(I)

MONTHLY RATE FOR DEMAND METERED CUSTOMERS

**CUSTOMER CHARGE**

Customer Distribution Charge .....\$30.00

**DEMAND CHARGES**

	<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	(C) (C)
Additional kilowatts of Demand	4.84	6.19	3.09	No Charge	(D)

**ENERGY CHARGES**

	<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	7.0830	7.0830	7.0830	(C) (D)
Additional kilowatt-hours	0.8323	5.2849	6.1840	7.0830	(I)

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

MONTHLY RATE

**ELECTRIC CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. No later than October 1 of 2008, the Company will submit a filing to the Commission adjusting the 2009 Supply Charges to reflect changes in the market price of electricity. The 2009 Supply Charges will be multiplied by the Annual Market Price Adjustment Rate Multiplier described in Rider No. 20 to establish rates that will become effective for usage on or after January 1, 2009. No later than October 1 of 2009, the Company will submit a filing to the Commission adjusting the 2010 Supply Charges to reflect changes in the market price of electricity. The revised rates will become effective for usage on or after January 1, 2010. The 2010 Supply Charges will be multiplied by the Annual Market Price Adjustment Rate Multiplier described in Rider No. 20 to establish rates that will become effective for usage on or after January 1, 2010. (C) (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) (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)

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 15.723 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 15.723 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: (C)

<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>	(C)
7.88	0.76	7.0830	(D)

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

(C) – Indicates Change

(D) – Indicates Decrease

RATE GS/GM - GENERAL SERVICE SMALL AND MEDIUM - (Continued)MONTHLY RATE – (Continued)**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.

**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."

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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

**CUSTOMER CHARGE**

Customer Distribution Charge .....\$30.00

For the Billing Months of October through May:

**ENERGY CHARGES**

	<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	7.0830	7.0830	7.0830	(C) (C) (D)
Additional kilowatt-hours	0.8323	4.3905	5.7367	7.0830	(I)

For the Billing Months of June through September:

**DEMAND CHARGES**

	<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	(C)
Additional kilowatts of Demand	4.84	6.19	3.09	No Charge	(D)

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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

**MONTHLY RATE - (Continued)**

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

**ENERGY CHARGES**

	<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	7.0830	7.0830	7.0830	(C) (D)
Additional kilowatt-hours	0.8323	5.2849	6.1840	7.0830	(I)

**ELECTRIC CHARGES**

Customers who elect to purchase their electric supply requirements from the Company will be charged according to the above charges. No later than October 1 of 2008, the Company will submit a filing to the Commission adjusting the 2009 Supply Charges to reflect changes in the market price of electricity. The 2009 Supply Charges will be multiplied by the Annual Market Price Adjustment Rate Multiplier described in Rider No. 20 to establish rates that will become effective for usage on or after January 1, 2009. No later than October 1 of 2009, the Company will submit a filing to the Commission adjusting the 2010 Supply Charges to reflect changes in the market price of electricity. The revised rates will become effective for usage on or after January 1, 2010. The 2010 Supply Charges will be multiplied by the Annual Market Price Adjustment Rate Multiplier described in Rider No. 20 to establish rates that will become effective for usage on or after January 1, 2010. (C)  
(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)  
(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)

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 above rates shall not exceed 15.723 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 15.723 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)

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

**MONTHLY RATE - (Continued)**

**MAXIMUM AVERAGE CHARGE – (Continued)**

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

<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>	(C)
7.88	0.76	7.0830	(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.

**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.

**(C) – Indicates Change**

**(D) – Indicates Decrease**

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**

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)  
(C)  
(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)  
(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)  
(C)

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

(C) – Indicates Change

RATE GL - GENERAL SERVICE LARGE - (Continued)

MONTHLY RATE -- (Continued)

**MINIMUM CHARGE**

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's 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.

(C)

(C)  
(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.

**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.

(C) – Indicates Change

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)  
(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.

(C) – Indicates Change

**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.

**(C) – Indicates Change**

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

RATE L - LARGE POWER SERVICE

AVAILABILITY

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)

(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)

(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)

(C)

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

(C) – Indicates Change

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**

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.

(C)  
(C)  
(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.

**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.

**(C) – Indicates Change**

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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)

(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)

(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)

(C)

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

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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

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 or less of demand.

(C)  
(C)  
(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.

**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.

(C) - Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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.

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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**

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

**ENERGY CHARGES**

	<u>Distribution Charge</u> <u>cents per kilowatt-hour</u>	<u>Supply Charge</u> <u>cents per kilowatt-hour</u>	(C)
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)

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

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. (C)

**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.

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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 (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.

(C) – Indicates Change

(I) – Indicates Increase

RATE SM - STREET LIGHTING MUNICIPAL

AVAILABILITY

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)
<b>Mercury Vapor</b>				
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)
<b>Sodium Vapor</b>				
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: XXXXXXXX XX, XXXX

EFFECTIVE: XJANUARY 1, 2008

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**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. (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 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>	
<b>Sodium Vapor</b>				
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**

	<u>Distribution Charge</u> cents per kilowatt-hour	<u>Supply Charge</u> cents per kilowatt-hour	(C)
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)  
(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)  
(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)

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>
<b>High Pressure Sodium</b>				
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)
<b>Flood Lighting</b>				
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: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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**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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ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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. (C)  
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. (C)

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STANDARD CONTRACT RIDERS - (Continued)

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ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

## STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – HOURLY PRICE SERVICE

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

Hourly price service provides large commercial and industrial customers with the ability to purchase their electric supply requirements on an hourly basis. Beginning January 1, 2005, the Company will supply electricity under this rider by obtaining the requirements through the PJM market. 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)

(C)

MONTHLY CHARGES

Energy charges are hourly and provided at the real-time PJM locational marginal price based on the customer's hourly load, plus energy-related ancillary services including PJM administrative charges, adjusted for losses, plus a retail margin. Capacity charges are daily and based on the PJM daily capacity market and shall recover the charges associated with the customer's share of the Company's capacity obligation assigned by PJM, plus cost 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.

$$\sum_{t=StartHour}^{EndHour} [(L_t * (1 + ADJ_t)) * (LMP_t + SR_t + OR_t + REG + SCN_t + Loss_t + SLA) + L_t * (PJM_s + FRA)] +$$

$$\sum_{D=StartDay}^{EndDay} [(CO_D * CChg_D) + NPLG_D * (R_D + B_D)] +$$

$$CO_D * DefChg$$

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 LoadL<sub>t</sub> = Hourly load of the customer measured in MW.ADJ<sub>t</sub> = 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.

(C) Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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**STANDARD CONTRACT RIDERS - (Continued)****RIDER NO. 9 – HOURLY PRICE SERVICE – (Continued)****(Applicable to Rate Schedules GL, GLH, L and HVPS and Generating Station Service)****MONTHLY CHARGES – (Continued)****Energy Charges**

**LMP<sub>t</sub>** = Real-time hourly locational marginal price (LMP) in \$/MWH for the Duquesne Zone or Duquesne Residual Zone as applicable.

**PJM Ancillary Service Charges and Other PJM Charges**

**SR<sub>t</sub>** = Hourly spinning reserve charge in \$/MWH as calculated by PJM for supporting the customer's load.

**OR<sub>t</sub>** = Hourly real-time operating reserve (supplemental) charge in \$/MWH as calculated by PJM for supporting the customer's load.

**REG<sub>t</sub>** = Hourly regulation charge in \$/MWH as calculated by PJM for supporting the customer's load.

**SCN<sub>t</sub>** = Synchronous Condensing Charge in \$/MWH for supporting the customer's load if this charge is billed separately by PJM to the Company.

**Loss<sub>t</sub>** = Hourly marginal transmission losses in \$/MWH (if applicable) to the customer's load in PJM. This \$/MWH charge will be calculated by PJM for energy delivered to the Duquesne Zone. This charge shall be set to \$0/MWh until such time PJM implements marginal transmission losses.

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

**PJM<sub>S</sub>** = PJM Surcharge of \$0.0384 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<sub>D</sub>** = Reactive supply service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 2.

**B<sub>D</sub>** = Blackstart service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 6A.

**(C) Indicates Change**

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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**STANDARD CONTRACT RIDERS - (Continued)****RIDER NO. 9 – HOURLY PRICE SERVICE – (Continued)****(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)****MONTHLY CHARGES – (Continued)****Retail Margin****FRA =** The Company's fixed retail adder of \$3.97 per MWH.**(C)****Customer's Capacity Obligation and Network Service Peak Load****CO<sub>D</sub> =** Capacity Obligation in MW for each day associated with supporting the customer's load as described in the section "Determination of Capacity Obligation".**NPLC<sub>D</sub> =** 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<sub>D</sub> =** The demand charge in \$/MW-day as determined from the PJM daily capacity market.**DefChg =** Any capacity deficiency charges in \$/MW. Should the PJM daily capacity market be in deficiency at any time during the period in which the customer is taking service under Rider No. 9, then DefChg shall be set at the rate necessary to recover all deficiency charges assessed by PJM for those customers taking service under Rider No. 9 at the time of the capacity deficiency.

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.

**(C) Indicates Change****ISSUED: XXXXXXXX XX, XXXX****EFFECTIVE: JANUARY 1, 2008**

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – HOURLY PRICE SERVICE – (Continued)

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

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)

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. The formula is subject to change at any time, as PJM rules, charges or market parameters change. The Company will seek Commission approval for modifications to the formula in this rider. (C)  
(C)

(C) Indicates Change

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: XXXXXXXX XX, XXXX

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

For the billing months of November through April:

	<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	5.2849	6.1840	7.0830	(C) (C) (I)

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

(I) – Indicates Increase

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**

For the billing months of November through April:

	<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	2.1912	4.1275	5.6418	7.1560	(C) (C) (I)

For the billing 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.

(C) – Indicates Change

(I) – Indicates Increase

ISSUED: JANUARY XX, XXXX

EFFECTIVE: XXXXXXXX XX, XXXX

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**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 1, 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)

(C)

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**(C) – Indicates Change****ISSUED: JANUARY XX, XXXX****EFFECTIVE: JANUARY 1, 2008**

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**

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. (C)

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)

**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.

(C) – Indicates Change

## 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: XXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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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)

(C) – Indicates Change

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ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

## STANDARD CONTRACT RIDERS (Continued)

(C)

RIDER NO. 20 - ANNUAL MARKET PRICE ADJUSTMENT RATE MULTIPLIER

(Applicable to Rates GS/GM and GMH)

PURPOSE

The Annual Market Price Adjustment Rate Multiplier will adjust the supply rates 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 Rate Multiplier calculated in accordance with this rider to determine the supply rates effective January 1, 2009 and January 1, 2010. The Rate Multiplier will be different for calendar year 2009 and 2010, 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 as of the first day in October prior to the start of the applicable calendar year. On October 1, 2008, Duquesne will calculate a Rate Multiplier for calendar year 2009, based on 2009 futures prices visible in the marketplace.

The Index Price for calendar year 2009 will be calculated as follows:

1. The simple average of the 12 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 December 2009 will be calculated as of each of the 20 trading days immediately preceding October 1, 2008.
2. The simple average of the 20 calendar year 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 12 monthly financially-settled off-peak NIHUB electricity futures contract prices reported by NYMEX for January through December 2009 as of each of the 20 trading days immediately preceding October 1, 2008.
4. The resulting on and off-peak futures prices at NIHUB for calendar year 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 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 calendar year 2009 to obtain a single Index Price for calendar year 2009.

The same methodology will be used to determine the 2010 Rate Multiplier, with applicable dates in 2009, using the applicable data for the year.

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

## STANDARD CONTRACT RIDERS - (Continued)

(C)

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

(Applicable to Rates GS/GM and GMH)

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 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 a given calendar year will be calculated as follows:

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

(C) – Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

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

(C)

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: XXXXXX XX, XXXX

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. (C)

**ANNUAL UPDATE**

The Transmission Service Charges (TSC) defined herein will be updated effective June 1<sup>st</sup> 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 1<sup>st</sup>, 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:**

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

**For Rate Schedules GS/GM and GMH:**

Non-Demand Metered:

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

Demand Metered:

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

**(C) - Indicates Change**

ISSUED: XXXXXXXX XX, XXXX

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 1<sup>st</sup> through May 31<sup>st</sup>, 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 undercollection calculated by comparing total TSC revenues billed to the specific rate class during the reconciliation year of the twelve month period ending February 28<sup>th</sup> or 29<sup>th</sup> 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 overcollection is refunded or the undercollection is recouped.

(C)

(C) Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

## 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<sub>AC</sub> = 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.

(C) Indicates Change

ISSUED: XXXXXXXX XX, XXXX

EFFECTIVE: JANUARY 1, 2008

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

DOCUMENT  
FOLDER

DIRECT TESTIMONY OF  
SUSAN S. BETTA

**DOCKETED**  
MAY 08 2007

Dated: January 25, 2007



1 **I. Introduction**

2  
3 **Q. Please state your name, business affiliation and address.**

4 A. My name is Susan S. Betta. I am Controller of Duquesne Light Company ("Duquesne  
5 Light" or the "Company"). My business address is 411 Seventh Avenue, Pittsburgh, PA  
6 15219.

7  
8 **Q. Please describe your educational and professional experience.**

9 A. I graduated from Franklin & Marshall College with a Bachelor of Arts degree in  
10 Accounting in 1991. I was employed with KPMG Peat Marwick as an auditor for seven  
11 years, and I was a Senior Manager when I left the firm. I have been employed with  
12 Duquesne Light or an affiliate of Duquesne Light since 1999. I spent the first year at an  
13 affiliate, DQE Financial, and have spent the past seven years at Duquesne Light. I have  
14 been Controller at both Duquesne Light Holdings ("DLH") and Duquesne Light since  
15 August 2003. My current responsibilities include overseeing the accounting, reporting  
16 and budgeting functions for Duquesne Light and DLH. Prior to August 2003, I served in  
17 various positions at the company, including Assistant Controller of both DLH and  
18 Duquesne Light. I am a Certified Public Accountant, and a member of both the  
19 Pennsylvania and American Institutes of Certified Public Accountants. In the course of  
20 my employment with Duquesne Light, I have provided written testimony before the  
21 Pennsylvania Public Utility Commission ("PUC" or "Commission") at Docket No. R-  
22 00061346 – Duquesne Light's most recent distribution base rate proceeding, and at  
23 Dockets No. A-110150F0035 and A-311233F0002 – Duquesne Light's pending merger  
24 application.

1

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

3 A. Pursuant to the terms of Duquesne Light Company's Distribution Rate Case Settlement,  
4 my testimony primarily will address whether any portion of Duquesne Light's operations  
5 is subsidizing its affiliates, including its affiliate Electric Generation Supplier ("EGS"),  
6 Duquesne Light Energy ("DLE"). I also would note these same cost allocation issues  
7 have been raised by certain parties in the proceeding related to the acquisition of DLH by  
8 the Macquarie Consortium. In response, I have recently submitted rebuttal testimony in  
9 that proceeding which is essentially the same as this testimony, as it relates to cost  
10 allocation issues.

11

12 **Q. Please summarize your conclusions.**

13 A. My main conclusions are summarized below:

- 14 1. Duquesne Light's cost assignment and allocation practices properly allocates  
15 costs between its regulated business, Duquesne Light, and its unregulated  
16 businesses and has protections in place to separate regulated and unregulated  
17 business activities.
- 18 2. While Duquesne Light has a full requirements supply agreement with Duquesne  
19 Power ("DP") to supply default service for residential and small commercial and  
20 industrial customers, that supply agreement does not subsidize or pay for the  
21 activities of Duquesne Light's retail affiliate, DLE.
- 22 3. Duquesne Light provides services to all EGSs in a fair and non-discriminatory  
23 manner, whether or not the EGS is an affiliate of Duquesne Light.

1 Each of these conclusions is described in more detail below.

2  
3 **II. Cost Allocation Procedures**

4  
5 **Q. Describe how the Company identifies work performed by Duquesne Light**  
6 **employees for its affiliates, including both DLE and DP?**

7 A. Duquesne Light uses a two-step process to ensure costs are assigned and allocated to the  
8 proper corporate entity. First, where appropriate, costs are directly assigned to affiliates  
9 to ensure that the relevant cost is accurately reflected at the proper company. For  
10 example, affiliate employees, rent and office supplies are directly accounted for and  
11 incurred by the affiliates to ensure that these costs are separated from the regulated utility  
12 or DLH. Second, Duquesne Light's and DLH's general administrative costs are carefully  
13 reviewed to determine those functions that provide services to affiliates, so that an  
14 appropriate allocation of these costs can be made.

15  
16 **Q. Do Duquesne Light's affiliates have employees of their own, and do they have their**  
17 **own directly incurred costs?**

18 A. Yes, there are employees at essentially all of Duquesne Light's affiliates, and there is a  
19 separate payroll processed for each of these companies, such that the salaries and related  
20 incentive compensation for these employees are captured directly at the affiliates. In  
21 addition, the affiliates incur their own direct charges for items such as consultants,  
22 computers, copiers, office supplies, and other items.

1 Q. Are there certain Duquesne Light costs that are directly assigned to affiliates, and if  
2 so, please provide an example of the types of costs, and describe how the assignment  
3 is determined?

4 A. Duquesne Light directly assigns certain costs to the affiliates, such as rent, insurance,  
5 healthcare benefits for employees of the affiliates, as well as other general expense items,  
6 such as cell phones, for example. In order to determine the amount of rent charged to  
7 each affiliate for the amount of space affiliate employees occupy in our headquarters  
8 building, the budgeting department receives an annually updated drawing of the building  
9 identifying the space occupied by each cost center or affiliate. Based on the amount of  
10 square footage each affiliate occupies, along with an allocation of the common space in  
11 the building, the amount of rent to be assigned to the affiliate is determined. In fact, both  
12 DP and DLE, along with other affiliates, are parties to sublease agreements with  
13 Duquesne Light that have been filed with and approved by the Commission. These  
14 subleases pass on Duquesne Light's costs under the master lease agreement.

15 The process followed for insurance is similar. If there is a specific insurance  
16 policy that relates solely to the affiliate, it is directly assigned, with this determination  
17 made annually by our insurance department. In addition, Duquesne Light has contracts  
18 with healthcare providers to provide benefits to all of its and its affiliates' employees.  
19 The affiliate employees are separately identified so that we can accumulate the healthcare  
20 and dental benefits used by the affiliates' employees and charge them for the costs  
21 incurred. For affiliate employees who have cell phones or other electronic devices for  
22 which there is a separate monthly charge, our information technology department has  
23 each device separately identified such that the affiliate is charged directly for the actual  
24 amount incurred by its employees.

1

2 **Q. Are the affiliates directly charged costs associated with any letters of credit or**  
3 **surety bonds issued on their behalf?**

4 A. Yes, letter of credit and surety bond fees are charged directly to the affiliate that requires  
5 these items.

6

7 **Q. Please explain your administrative allocation process.**

8 A. The administrative allocation process begins when cost center managers submit their  
9 budgets for the following fiscal year. The budgets are prepared on an annual basis,  
10 including detail by month. The budget templates compiled by cost center managers  
11 include a page for affiliate charges. On this page, cost center managers list each  
12 employee who provides services to an affiliate. If a cost center manager's budget  
13 includes specific expenses pertaining to an affiliate, that cost is also identified, so it can  
14 be properly allocated to the affiliate.

15

16 **Q. How is the information from each of the cost center managers compiled?**

17 A. Once all of the cost center templates have been completed and returned to the Budgeting  
18 Manager of Duquesne Light, the affiliate charges from each cost center are assembled on  
19 one report called the "Monthly Administrative Costs Allocation." This report identifies  
20 the costs allocated to affiliates on a monthly basis. In calculating the monthly charge for  
21 employees who provide services to affiliates, the employee's salary, incentive  
22 compensation and fringe benefits are included. This process ensures that fully loaded  
23 employee costs are allocated to affiliates.

24

1 Q. Is the information updated during the year, or are the initial allocations used for the  
2 entire year, regardless of changes that may occur?

3 A. Each cost center manager receives notification at the beginning of each quarter of the  
4 current cost allocations, including the percentage of the time being allocated as well as a  
5 detailed listing of other costs that are being allocated. The cost center managers are  
6 asked to verify that both the percentage of time and total cost allocations for the most  
7 recent quarter are appropriate, or to indicate how the amounts should be updated. In  
8 addition, the cost center managers are asked to provide revised estimates of the  
9 percentage of time and other cost allocations that should be utilized for the quarter that  
10 has just begun. Once this information has been collected by the Budgeting Manager, a  
11 true-up entry is made for any revisions required for the quarter that has just ended, and  
12 the new allocation amounts are entered into the Monthly Administrative Costs Allocation  
13 report. These amounts then become the allocation for the quarter until the beginning of  
14 the following quarter, at which time the verification and revision process is repeated. In  
15 mid-December, the fourth quarter's allocations are verified with the cost center managers  
16 such that any final adjustments required for the year can be made in the month of  
17 December in order to properly reflect the costs for the year.

18  
19 Q. Do you believe that cost center managers are aware of the importance of these cost  
20 allocations to affiliates?

21 A. Yes, I do for two reasons. First, effectively managing budgets is a priority at Duquesne  
22 Light. Cost center managers are held accountable to ensure that they are properly  
23 managing costs and resources. Second, either the Budgeting Manager or I, as part of our  
24 annual budgeting process, spoke directly with almost every single cost center manager

1 who allocates costs to affiliates. During these conversations, we discussed the process  
2 that they and their employees use to determine the allocations to affiliates.

3  
4 **Q. Do you allocate costs to affiliates for either the revolving credit arrangement  
5 maintained by DLH or any guarantees provided by DLH on behalf of affiliates?**

6 A. A portion of the fees associated with DLH's revolving credit arrangement is allocated to  
7 the affiliates who benefit from its availability. DLH also has provided some parent  
8 guarantees on behalf of affiliates, but since there is no specifically incurred cost related to  
9 the issuance of this guarantee, no allocation of costs is appropriate.

10  
11 **Q. Has the Company recently conducted a more detailed review of its cost allocation  
12 procedures?**

13 A. Yes, as I noted above, Duquesne Light agreed, as part of the settlement of its most recent  
14 distribution rate case, to submit an analysis addressing whether any portion of Duquesne  
15 Light's operations is subsidizing its affiliates, including its affiliate, DLE.

16  
17 **Q. Has the Company completed this analysis, and have you implemented any changes  
18 to your cost allocations as a result of this analysis?**

19 A. We have completed this analysis, and have implemented some changes to our cost  
20 allocations. For example, in preparing that analysis we discovered that we had not  
21 historically charged affiliates a general corporate overhead allocation to cover items such  
22 as a rent charge for the percentage of space occupied by employees who are not  
23 employees of the unregulated affiliate but nonetheless sometimes provide services to an  
24 affiliate, and a supplies charge for supplies the employee may use in providing services to

1 affiliates. As a result, we revised our allocations, and as of December 31, 2006, a general  
2 corporate overhead allocation was calculated in order to charge affiliates for these costs  
3 in 2006. The amount of this general corporate overhead allocation, however, was not  
4 material. This allocation will be used in the future as well to ensure that affiliates are  
5 charged appropriately for this overhead cost.

6  
7 **Q. Were there other changes resulting from the analysis?**

8 A. Yes, our analysis showed that the historical focus of the cost center managers has been on  
9 allocating costs out of the regulated utility, Duquesne Light, to ensure that ratepayers are  
10 not paying for costs properly allocated to unregulated affiliates. However, in certain  
11 instances these costs were simply allocated out to DLH and were not reallocated to an  
12 affiliate.

13  
14 **Q. Can you provide an example?**

15 A. There are employees, such as myself, as an example, who do not perform a day-to-day  
16 function that is directly related to one affiliate, but rather provide general oversight to all  
17 affiliate companies. In instances such as this, there was an allocation of the employee's  
18 time out of Duquesne Light, but this allocation may have been made to the parent  
19 company, DLH, instead of to one or more affiliates, such as DP or DLE.

20  
21 **Q. Have you taken any action to augment this allocation process?**

22 A. Yes we have. We believe that our affiliates should be allocated their appropriate share of  
23 costs based on the scope and nature of the work and services provided, and thus as of  
24 December 31, 2006, we have allocated a portion of the costs that would have otherwise

1           resided at DLH to Duquesne Light's affiliates, including DP and DLE. We will continue  
2           these allocations in the future as well to ensure that Duquesne Light's affiliates are  
3           charged appropriately.

4

5   **Q.    Are any costs incurred at DLH allocated to Duquesne Light and other affiliates?**

6   A.    Yes, as an example, the cost associated with the Chief Executive Officer's (CEO) office  
7           is incurred at DLH, and a portion of this cost is allocated to Duquesne Light. As of  
8           December 31, 2006, we have also allocated a portion of the CEO office costs to  
9           Duquesne Light's affiliates, including DP and DLE. We will continue these allocations  
10          in the future as well to ensure that Duquesne Light's affiliates are charged appropriately.

11

12   **Q.    Has the Federal Energy Regulatory Commission ("FERC") recently conducted an**  
13          **audit of DLH or its subsidiaries?**

14   A.    Yes, the Division of Audits within the Office of Enforcement of FERC has recently  
15          completed an audit of Duquesne Light to determine whether: (1) Duquesne Light is in  
16          compliance with Standards of Conduct and OASIS (open access same time information  
17          system) requirements; (2) Duquesne Light's transmission practices are in compliance  
18          with applicable FERC rules and regulations as well as applicable open access  
19          transmission tariffs; and (3) DLH's wholesale electricity marketing unit is in compliance  
20          with its market-based rate authority.

21

22   **Q.    What period did the FERC audit cover, and could you please provide a few details?**

23   A.    The audit covered the period from January 1, 2004 through February 28, 2006. The audit  
24          was conducted by approximately six FERC employees with assistance on a more limited

1 basis from others. It has lasted for over a year and is nearing the issuance of a final  
2 report.

3  
4 **Q. Did the FERC audit review cost allocations?**

5 A. Yes, there was a thorough analysis of cost allocations, and it was determined by FERC  
6 that our cost allocation procedure is proper and accurate. FERC, in its draft report,  
7 recommended that we perform a further check of actual cost allocations by confirming,  
8 after the fact, employees' actual allocation of time. We have already implemented this  
9 recommendation through the procedures we described above, whereby final adjustments  
10 are made in the month of December in order to properly reflect the costs for the year.

11  
12 **Q. Did the PUC recently conduct a management audit of Duquesne Light?**

13 A. Yes, in 2005 we had a thorough audit by the PUC staff. Cost allocation was reviewed in  
14 detail by the PUC and found to be appropriate and accurate.

15  
16 **Q. Is it correct that the issue of whether Duquesne Light's operations is subsidizing its  
17 affiliates, including its affiliate EGS; DLE, has been covered during two recent  
18 audits, and the results of the audits have found your procedures to be fair and  
19 proper?**

20 A. Yes. Both the PUC and FERC have found no cross-subsidization. Also, in the FERC  
21 order approving the proposed merger, issued on December 22, 2006, FERC specifically  
22 examined whether the merger could cause cross-subsidization between the utility and  
23 other energy affiliates. FERC found no concerns in the merger order and found that there  
24 was no cross-subsidization.

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**III. Duquesne Light's Full-Requirements Supply Agreement with Duquesne Power**

**Q. Duquesne Light has a full-requirements supply agreement with DP. Does DP have a full-requirements supply obligation with any other company?**

A. Yes, in addition to being the full-requirements supplier to Duquesne Light, DP also has a separate full-requirements supply obligation to another affiliate, DLE.

**Q. What is DP required to provide under the full-requirements contract it has with Duquesne Light?**

A. Duquesne Light's full-requirements POLR III supply agreement with DP covers the costs (including energy, capacity, related ancillary services and other costs and risks) associated with default service. The supply agreement was filed with the Commission in Duquesne Light's POLR III proceeding and clearly delineates DP's supply obligations related to default service supply and the total price for those services. DP is responsible for planning, procuring, and scheduling electricity supply to serve Duquesne Light's default service load. These costs are incurred at DP and are recovered in the rates charged to Duquesne Light.

Since this arrangement deals with wholesale power costs, FERC regulates this matter. FERC approved DP selling power to DLC at market-based rates in 2004. After review, FERC explicitly granted a waiver from the affiliate standard. Additionally, as noted above, FERC's recent audit found no subsidization as well, nor anything improper or inappropriate with this wholesale power agreement.

1 **Q. How is DP compensated under this arrangement?**

2 A. The compensation paid to DP is based on the rates charged to POLR customers supplied  
3 by Duquesne Light. Those rates were subject to hearings and Commission review and  
4 ultimately approved by the Commission. The Commission determined that Duquesne  
5 Light demonstrated that these rates represented prevailing market prices over the POLR  
6 III period. Furthermore, PJM costs related to administration, market expansion, and other  
7 management services were explicitly recovered in Duquesne Light's generation rates  
8 charged to retail customers as specified in Duquesne Light's Retail Tariff, Rider 1. These  
9 PJM costs are not included in the distribution rates charged by Duquesne Light.

10 Duquesne Light charges its POLR customers a generation rate based on the number of  
11 kW and/or kWh consumed. From this amount, Duquesne Light remits a payment to DP  
12 net of Pennsylvania gross receipts tax. This is the total compensation that DP receives  
13 from Duquesne Light under its full-requirements supply arrangement.

14  
15 **Q. Is Duquesne Light paying DP for services such as scheduling, load balancing, or  
16 ancillary services for both Duquesne Light and DLE?**

17 A. No, DP only receives compensation under the full-requirements contract with Duquesne  
18 Light for the costs associated with providing default service. Duquesne Light does not  
19 pay DP for such costs related to unregulated supply to DLE. The supply agreement was  
20 developed and the POLR III rates were proposed in 2003. DLE did not begin actively  
21 marketing to retail customers until late 2004.

22

1 Q. Is Duquesne Light proposing to continue to have DP provide it with a full-  
2 requirements contract, and do the proposed rates represent prevailing market  
3 prices?

4 A. As Duquesne Light witness Mr. O'Brien testifies, Duquesne Light is proposing to  
5 continue to obtain default service supply for residential and small commercial and  
6 industrial customers from DP. As Duquesne Light witness Mr. Fisher demonstrates, the  
7 proposed rates represent prevailing market prices.

8  
9 **IV. Services Provided By Duquesne Light To EGSs**

10  
11 Q. Does Duquesne Light provide services to all EGSs that allow them to operate  
12 effectively within the PJM Interconnection?

13 A. Yes, Duquesne Light provides to all EGSs, free of charge, the following services that  
14 allow them to operate effectively within the PJM Interconnection: day ahead, hourly  
15 forecasting for the EGSs' expected load (including expected hourly load based on  
16 weather in the event that is either three degrees warmer or three degrees cooler), the  
17 EGSs' load contribution to both the peak load (1CP), and the five peak loads (5CP),  
18 which allows the EGSs to determine their transmission requirements and capacity needs,  
19 the day after estimate of the EGSs' actual hourly load, as well as assisting PJM in  
20 determining the reconciliation quantities for each EGS, which determines the final  
21 amounts that the EGSs pay to or receive from PJM.

22  
23 Q. Does Duquesne Light provide these services to both its affiliate EGS, DLE, as well as  
24 all other EGSs?

1 A. Yes, Duquesne Light provides all of the above services in a fair and non-discriminatory  
2 manner to all EGSs, irrespective of whether the EGS is an affiliate of Duquesne Light, or  
3 not.

4

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

6 A. Yes, it does.

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