

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00	:	
2. BUREAU: FUS	:	
3. SECTION(S):	:	
5. APPROVED BY:	:	4. PUBLIC MEETING DATE:
DIRECTOR:	:	00/00/00
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 05/15/06
8. DOCKET NO: R-00061534	:	9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: PUC-QUARTERLY FIXED PRICE SERVICE

RESPONDENT/APPLICANT: DUQUESNE LIGHT COMPANY

COMP/APP COUNTY: UTILITY CODE: 110150

ALLEGATION OR SUBJECT

DUQUESNE LIGHT COMPANY FILED ITS QUARTERLY UPDATED RETAIL RATES FOR FIXED PRICE PROVIDER OF LAST RESORT SERVICE TO ITS LARGE COMMERCIAL AND INDUSTRIAL CUSTOMERS TO BE EFFECTIVE JUNE 1, 2006.

DOCUMENT
FOLDER

DOCKETED
MAY 17 2006



Duquesne Light

Our Energy... Your Power

411 Seventh Avenue
8th Floor
Pittsburgh, PA 15219

Tel 412-393-1541
Fax 412-393-1418
gjack@duqlight.com

Gary A. Jack
Assistant General Counsel

May 15, 2006

VIA OVERNIGHT MAIL

ORIGINAL RECEIVED

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

MAY 15 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Petition of Duquesne Light Company
For Approval of Plan for Post-Transition
Period POLR Service, Docket No. ~~P-00032071~~
RFP Compliance Filing** *R-00061534*

Dear Secretary McNulty:

Enclosed please find an original and three copies of Duquesne Light Company's ("Duquesne's") Request for Proposals ("RFP") compliance filing for Fixed Price Service to its large commercial and industrial customers ("Large C&I Customers") for the period June 1, 2006 through May 31, 2007. Pursuant to the Public Utility Commission's ("Commission's") Orders entered in this proceeding on August 23, 2004, October 5, 2004, February 14, 2006, and May 4, 2006, Duquesne submits the results of its second RFP and the retail rates resulting from the RFP to implement its provider of last resort service for Large C&I Customers receiving Fixed Price Service effective June 1, 2006. If these retail rates are not approved by the Commission by close of business on Thursday, May 18, 2006, the RFP Supply Agreement(s) executed with the winning supplier(s) will terminate automatically.

Consistent with the Commissions' October 5, 2004 Order, Duquesne requests that the Secretary treat Schedules 3, 4 and 5 of this filing as proprietary and confidential and place it in a confidential file not subject to public inspection. Duquesne has provided three copies of this schedule in a sealed envelope to be placed in a non-public file.

Complete copies of this filing have been provided to the Commission Staff, and non-proprietary copies have been provided to the parties to this proceeding as indicated on the enclosed Certificate of Service.

Duquesne appreciates the Commission's cooperation in promptly reviewing this RFP Compliance Filing.

**DOCUMENT
FOLDER**

DOCKETED

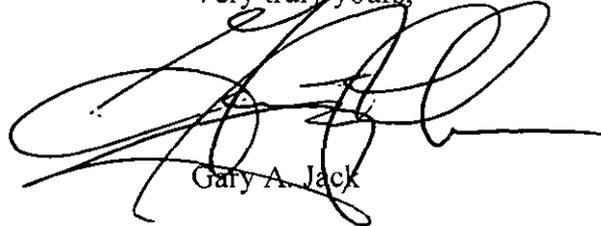
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Page 2
James J. McNulty, Secretary
May 15, 2006

Please contact me if you have any questions or need additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary A. Jack", written over a horizontal line. The signature is stylized and somewhat illegible due to the cursive style.

Enclosures

c: Wendell F. Holland, Chairman (w/Enclosures)
James H. Cawley, Vice Chairman (w/Enclosures)
Kim Pizzingrilli, Commissioner (w/Enclosures)
Terrence J. Fitzpatrick, Commissioner (w/Enclosures)
Bill Shane, Commissioner (w/Enclosures)
Karen Oill Moury, Esquire (w/Enclosures)
Service List (w/Enclosures)

ORIGINAL

ATTACHMENTS CONTAIN
PROPRIETARY AND CONFIDENTIAL INFORMATION
* * * DO NOT RELEASE * * *

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company)
for Approval of Its Plan for Post-Transition) Docket No. ~~P-00032071~~ R-00061534
Period Provider of Last Resort Service)

RFP COMPLIANCE FILING OF DUQUESNE LIGHT COMPANY

Pursuant to the Orders issued in this proceeding on August 23, 2004, October 5, 2004, February 14, 2006, April 21, 2006 and May 5, 2006, Duquesne Light Company ("Duquesne") submits the results of its second request for proposals ("RFP") and the retail rates resulting from the RFP to implement its provider of last resort ("POLR") service for large C&I customers ("Large C&I Customers") receiving Fixed Price Service ("FPS") effective June 1, 2006. If these retail rates are not approved by the Commission on or before **May 18, 2006**, the FPS Supply Agreement ("FPS Agreement") executed with the winning supplier will terminate automatically.

To facilitate Commission review of the RFP, the bidder name and bid prices are provided in attachments to this filing. Consistent with the October 5, 2004 Order (at 42-43), Duquesne requests that the Secretary consider these attachments (Schedules 3-5) as **proprietary and confidential**, and place them in a confidential file not subject to public inspection. Duquesne requests that the Commission maintain the confidentiality of this

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SECRETARY'S BUREAU

information¹, and make public only the final blended retail rates that are shown in Duquesne's retail tariff in Rider No. 8, Fixed Price Service, attached as Schedule 1.²

I. BACKGROUND

In its February 14, 2006 Order, the Commission approved Duquesne's plan to conduct an RFP to obtain supply for FPS service for the period beginning June 1, 2006 through May 31, 2007. The Commission likewise approved the RFP Guidelines ("Guidelines") developed by Duquesne to facilitate the RFP. Order at 26.

Also approved by the Commission in the February 14, 2006 Order was Duquesne's contingency plan to eliminate FPS to Large C&I Customers during the relevant supply period in the event Duquesne did not receive any bids from wholesale suppliers in its competitive procurement process. Order at 18-22. The operative language, as modified by the Order at 22, is in Section VI. I. of the RFP Guidelines as follows:

In the event that Duquesne does not receive any bids in this RFP, or receives bids for less than 20 tranches (Standard and Contingency Tranches combined) and does not receive a Total Load Bid for the entire load, or the Commission does not approve the retail rate levels resulting from this RFP before 11:59 p.m. EPT on March 24, 2006, then Duquesne will not offer FPS to Large C&I Customers during the Supply Period. In this case, Duquesne will offer only Rider 9, "Hourly Price Service," pursuant to Duquesne's Retail Tariff to Large C&I Customers that are either on POLR or return to POLR during the Supply Period.

Pursuant to the Guidelines, Duquesne conducted the RFP on March 20, 2006, but received no bids from suppliers. On March 21, 2006, Duquesne notified the Commission

¹ Duquesne requests that Schedules 3-5 of this filing remain confidential for a minimum period of at least 90 days from the effective date of the FPS Agreement (until August 31, 2006). Duquesne intends to keep this information confidential in order to provide suppliers with an opportunity to hedge their supply obligations in the market.

that no suppliers submitted bids in response to the RFP. On April 21, 2006, the Commission issued a Tentative Order directing Duquesne to conduct a second, modified RFP. Following the receipt of comments to the Tentative Order, the Commission issued a *Final Order on May 4, 2006, directing Duquesne to conduct a second, modified RFP for its FPS POLR option for Large C&I Customers for the period from June 1, 2006 through May 31, 2007.* The Commission also specifically approved:

1. Duquesne Power's participation in the second RFP;
2. Duquesne's proposal to require the winning RFP supplier to be responsible for contingent, additional load at refreshed prices that may result from significant migration;
3. Duquesne's acceptance of customers to the FPS on a first come – first served basis, and the FPS to be closed to new customers once the bid load is fully subscribed;
4. Identification of the Large C&I customers on Duquesne's secure EGS website unless the customer chooses to restrict this information.

Below, Duquesne provides a summary of the second RFP process and the method in which it was conducted.

II. RFP PROCESS

A. Overview

Duquesne used an RFP process similar to the one successfully implemented in October 2004 with only a few modifications to reflect new information. It should be

² Supplement No. 37, included as Schedule 1, includes the modifications proposed by the Company to its Retail Tariff language that were approved by the Commission in its February 9, 2006 Order, as well as those made to reflect the changes in schedule described in the May 4, 2006 Order.

noted initially that Duquesne maintains a website where suppliers could review a document summarizing the RFP (<http://polrrfp.customer-choice.com>). This website, which has remained unchanged for the second RFP, was designed to include a public area where the following pertinent documents could be reviewed:

- RFP Overview
- RFP Guidelines
- Confidentiality Agreement
- Pre-Bid Application Form
- Expression of Interest Form
- FPS Agreement

On May 1, 2006, following issuance of the Tentative Order, but prior to issuance of the Final Order, Duquesne sent notice to 54 suppliers, including Duquesne Power (see Confidential Schedule 3, Col. A), to elicit proposals to provide electricity on a wholesale basis for Duquesne's full-requirements service for Large C&I Customers receiving FPS as per the second, modified RFP. An RFP Addendum outlining the Commission's changes to the original RFP was attached to each notice. Suppliers were informed that due to the compressed time frame for the second RFP, Confidentiality Agreements and Pre-Bid Applications had to be submitted by May 8, and bids were due on May 15. A new RFP Schedule was also attached to each notice. The Addendum directed potential suppliers to the POLR RFP website for additional information and set forth the following instructions as a result of the Commission's Tentative Order, the passage of time since the last RFP, and the compressed schedule necessary to have power supply contracts in place for the June 1, 2006 through May 31, 2007 period:

1. Proposals shall be based on the four modifications directed by the PUC as outlined in the Addendum.

2. Customers will have until August 31, 2006 to select the POLR FPS price resulting from the second, modified RFP. Customers selecting POLR FPS after August 31 will be enrolled at the “refreshed” price.
3. Due to the compressed schedule for submitting bids, suppliers are not required to submit the Expression of Interest form found on the RFP website.
4. If you previously submitted a Confidentiality Agreement and Pre-Bid Application during the prior RFP process that commenced on January 10, 2006, it is not necessary to resubmit those forms.
5. Based on the third PUC directive outlined above, the maximum amount of peak load contribution a supplier could be responsible for, if there is only one winning bidder, is 257 MW. (Note: A supplier’s load obligation in any hour in the year could potentially be higher (e.g., due to weather), but in no case will FPS load associated with this RFP exceed 257 MW of peak load contribution.) This is based on the current FPS peak load contribution of 12 MW, plus the hourly price service (“HPS”) peak load contribution of 30 MW, plus 25% of the load currently served by EGSs (859 MW x 25% = 215 MW). (Note: The FPS load in the January 10, 2006 RFP was noted as 16 MW but was expressed in terms of PJM capacity obligation, not peak load contribution.)
6. Customers currently on POLR FPS must make their election by May 28 if they desire to seamlessly continue FPS without defaulting to HPS. If a customer does default to HPS, that customer still has the option of electing FPS service based on the May 15 bid price, provided such election is made by August 31, 2006. Customers will be accepted on a first-come, first-served basis up until the peak load contribution cap of 257 MW.

Following issuance of the Commission's Final Order, Duquesne, on May 5, 2006, notified the 54 potential suppliers that the Commission modified its Tentative Order, which resulted in only one change to the Addendum sent previously to the suppliers.

That change was stated in the May 5 notice as follows:

The PUC in its Tentative Order of April 21, 2006, directed Duquesne to issue an additional RFP if a significant amount of load migrates to the FPS. Specifically, if it appeared that the total potential load of 257 MW (peak load contribution) under the RFP might be insufficient to meet customer demand, then Duquesne, under the Tentative Order, would have been required to issue another RFP for an additional 25% of the total large C&I load. Based on the PUC’s final order, however, Duquesne will not be required to conduct another RFP for an

additional 25% of the total large C&I load. Instead, only winning suppliers selected from the May 15 bids will be responsible for the additional load. Thus, in the event that the customer demand for FPS exceeds 257 MW of load, winning suppliers from the May 15 bid process will be required to provide a "refreshed price" to serve that additional load, up to a maximum of an additional 225 MW of peak load contribution.

The Pre-Bid Application Form required the supplier to provide various financial information, including financial statements, credit ratings, bank references, and guarantor information, if applicable. The suppliers also were required to provide various certifications (PJM membership, FERC authority and RFP Guidelines compliance). Only two suppliers submitted Pre-Bid Applications. They are identified in Confidential Schedule 3, Col. C. Those suppliers were approved to bid in Duquesne's second, modified RFP.

Questions that were asked by suppliers throughout the RFP process were addressed to Duquesne's RFP Manager. The RFP Manager responded directly to all questions after receiving input from the appropriate Duquesne personnel as necessary.

On May 15, 2006, Duquesne received bids from only one supplier (see Confidential Schedule 4), declared that supplier to be the winner of the second RFP, and executed an FPS Agreement with the supplier, all contingent on PUC approval of the retail rates resulting from the RFP on or before May 18, 2006.

B. Evaluation of Supplier Bids

Upon receipt of the supplier bids, Duquesne sent to the bidder a confirmation of the supplier's proposal via e-mail. Duquesne then checked to ensure that the bid submitted by the qualified supplier was completed in accordance with the rules specified in the RFP Guidelines approved by the Commission.

III. SELECTION OF WINNING SUPPLIERS

The second RFP consisted of a single-round binding firm offer. Duquesne received binding bids sufficient to provide supply for 100% of the full requirements of FPS load, as shown in Confidential Schedule 4.³

Duquesne notified the winning supplier of its selection on or before 3:00 p.m. on May 15, 2006. Duquesne provided the winning supplier with the resulting supplier payments and the retail rates resulting from the RFP to be included in the FPS Agreement. Duquesne executed the FPS Agreement with the winning supplier on the same day that the bids were received. The FPS Agreement is a standardized, wholesale supply agreement that was previously filed with the Commission for informational purposes, as modified to comport in all respects with previous Orders in this proceeding. Duquesne did not negotiate any changes to the final FPS Agreement with the supplier. The executed FPS Agreement is subject only to the receipt of the Commission's approval of the retail rate levels resulting from the second RFP (shown in schedule 1 of this filing) not later than 11:59 p.m. eastern prevailing time on May 18, 2006.

IV. BID TRANSLATION INTO RETAIL RATES

In the October 5, 2004 Order, the Commission approved the bid translation process proposed by Duquesne in Appendix F of the RFP Guidelines, and Duquesne followed that process in developing the retail rates proposed in this filing. The bid translation process consists of four basic steps, each of which is described in detail below:

³ The FPS load was divided into 20 tranches each representing 5% of Duquesne's FPS load in each hour. The MW-measure of each tranche will vary by hour depending on the number of customer electing FPS service, customer switching, load growth, weather, and other factors.

Step 1. Select winning bids and calculate the on-peak and off-peak energy payments for the winning supplier.

Duquesne calculated the average price for the 20 tranches from the single bidder. Duquesne then multiplied that price by pre-determined on- and off-peak energy adjustment factors to establish the fixed on- and off-peak energy payments for that supplier. In addition, the winning supplier will be paid a fixed capacity payment price of \$5.25 per MW-day.

Step 2 Load weight supplier energy payments across all winning suppliers.

Since there was only one bidder for the entire FPS load, it was not necessary to load weight supplier energy payments across multiple winning suppliers as shown in Appendix F of the RFP Guidelines.

Step 3. Adjust supplier energy payments for line losses, retail adders, PJM surcharge and Pennsylvania gross receipts taxes ("GRT").

These supplier on-peak and off-peak energy payments were then adjusted by rate schedule for Duquesne's distribution and transmission losses, retail adders, PJM surcharge, and GRT.

Step 4. Adjust supplier capacity payment for GRT and convert to dollars per kW day.

The supplier capacity payment in dollars per MW-day was adjusted for GRT and was converted to dollars per kW-day. The resulting retail rates appear in Confidential Schedule 5.

The methodology described above used to translate winning bid prices into retail generation rates was provided earlier in Duquesne's testimony (with illustrative bid prices) and was approved by the Commission as part of the RFP Guidelines. The same methodology has been used by Duquesne in Confidential Schedule 5 to translate the final results of the second RFP into retail rates for Rider No. 8, Fixed Price Service, which is set forth in Schedule 1.

V. NEW FPS CUSTOMERS AND FUTURE WINNING SUPPLIER BIDS

After May 31, 2006, customers served by electric generation suppliers ("EGSs") and those receiving HPS from Duquesne may elect FPS ("New FPS Customers") at updated retail rates then in effect under the switching protocols in the Retail Tariff and subject to any existing obligations in their EGS contract. Under the FPS Agreement executed between Duquesne and the winning supplier, the supplier will be required to bid a single, refreshed energy price (in cents per kWh) each quarter to supply the load for the remainder of the Supply Period⁴ for New FPS Customers electing FPS during the upcoming quarter⁵.

The bid prices will be translated to on-peak and off-peak energy payments for the winning supplier and updated retail rates for customers that elect FPS during the upcoming quarter in accordance with the same methodology used in the approved RFP Guidelines and used in Confidential Schedule 5 of this filing.⁶

⁴ The updated FPS price and service will extend through May 31, 2007.

⁵ Each quarter, the winning supplier will be required to bid a single updated energy price on the 15th business day of the month preceding the start of a price application period described in Exhibit F to the FPS Agreement. The supplier's bid price would be used to establish retail rates to become effective on the 1st day of the following calendar month for all New FPS Customers that elect FPS service during the upcoming quarter.

⁶ The same supplier capacity payment of \$5.25 per MW-day will remain in effect for New FPS Customers.

The following table summarizes when Duquesne expects to receive bids for New FPS service and file updated rates with the Commission.

Updated Winning Supplier Price Bids
(Applicable only to New FPS Customers after August 31, 2006)

August 2006 (15th business day)
November 2006 (15th business day)
February 2007 (15th business day)

Duquesne will request Commission approval of the updated FPS rates within 3 working days by Secretarial Letter as it has done throughout the first phase of Duquesne's FPS plan.⁷ Duquesne also respectfully requests the Commission to waive the 60-day notice requirement of Section 1308(a) of the Public Utility Code, 66 Pa. C.S. § 1308(a), for these updated rates since the filings cannot provide the required 60-day notice to the Commission before the rates are to go into effect.

VI. NOTIFICATION OF COMMISSION ACTION ON THIS COMPLIANCE FILING

Duquesne respectfully request that the Secretarial Letter reflecting the Commission's action on this compliance filing be served in both electronic and paper versions upon the following Duquesne representatives:

Frederick J. Eichenmiller
Director – Rates & Regulatory Affairs
Duquesne Light Company
411 Seventh Avenue, 8th Floor
Mail Drop 8-5
Pittsburgh, PA 15219
feichenmiller@duqlight.com

⁷ If the Commission fails to make such approval within such time, the binding firm offers by the winning supplier will terminate, and no new FPS service will be available for customers that elect POLR service during that quarter.

Richard S. Herskovitz, Esquire
Assistant General Counsel
Duquesne Light Company
411 Seventh Avenue, 8th Floor
Mail Drop 8-2
Pittsburgh, PA 15219
rherskovitz@duqlight.com

Gary A. Jack, Esquire
Assistant General Counsel
Duquesne Light Company
411 Seventh Avenue, 8th Floor
Mail Drop 8-2
Pittsburgh, PA 15219
gjack@duqlight.com

VII. CONCLUSION

Duquesne respectfully requests that the Commission issue an Order or Secretarial Letter that:

1. By 11:59 p.m. eastern prevailing time on May 18, 2006, concludes that the second RFP was conducted in accordance with the approved RFP Guidelines as modified, approves the resulting retail rates set forth in Schedule 1, and approves the proposed process for establishing the refreshed RFP rate;
2. Allows the rates identified in Schedule 1 to become effective June 1, 2006; and
3. Grants whatever additional relief is just and reasonable under the circumstances.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'G. Jack', is written over the printed name and contact information.

Gary A. Jack
Duquesne Light Company
411 Seventh Avenue, 8th Floor
Pittsburgh, PA 15219
(412) 393-1541
(412) 393-1418 (Fax)
gjack@duqlight.com

Counsel for Duquesne Light Company

Dated: May 15, 2006

ATTACHMENTS

- Schedule 1 Retail Tariff, Rider No. 8, Fixed Price Service
- Schedule 2 Affidavit of Maureen L. Hogel
Exhibit A RFP Guidelines
- Schedule 3 Summary of Supplier Participation (**CONFIDENTIAL**)
- Schedule 4 Evaluation of Supplier Bids (**CONFIDENTIAL**)
- Schedule 5 Bid Translation into Retail Rates (**CONFIDENTIAL**)

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

DUQUESNE LIGHT COMPANY	:	
Petition for Approval of Plan for Post-	:	Docket No. P-00032071
Transition Period POLR Service.	:	

SCHEDULE 1

Retail Tariff, Rider No. 8, Fixed Price Service

SUPPLEMENT NO. 37
TO ELECTRIC - PA. P.U.C. NO. 23

DUQUESNE LIGHT COMPANY

SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Page No. 4)

Issued By

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

Morgan K. O'Brien
President and Chief Executive Officer

ISSUED: May 15, 2006

EFFECTIVE: June 1, 2006

Issued in compliance with Commission Orders dated August 23, 2004, October 1, 2004, February 14, 2006, and May 5, 2006 at P-00032071.

NOTICE

THIS TARIFF SUPPLEMENT CHANGES AN EXISTING RIDER

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

Rider No. 8 – Fixed Price Service

**Fifth Revised Page No. 94
Cancelling Fourth Revised Page No. 94**

**Sixth Revised Page No. 95
Cancelling Fifth Revised Page No. 95**

**Second Revised Page No. 96
Cancelling First Revised Page No. 96**

**Second Revised Page No. 97
Cancelling First Revised Page No. 97**

Rider No. 8 – Fixed Price Service has been updated to reflect the request for proposal authorized by the Commission at Orders dated October 5, 2004, February 14, 2006, and May 5, 2006, at P-00032071 for the period of June 1, 2006, through May 31, 2007.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 - FIXED PRICE SERVICE

(Applicable to Rate Schedules GL, GLH, L and HVPS)

Fixed price service provides large commercial and industrial customers with annual price stability for generation, but reflects the competitive market through determination of the generation charges based on a request for proposal to acquire the energy to serve the load of customers taking service under the provisions of this rider.

MONTHLY RATE

DEMAND CHARGES (effective June 1, 2006, through May 31, 2007)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
\$ per kW per day	\$0.0056	\$0.0056	\$0.0056	\$0.0056

The Demand Charges will be applied to the customers Demand described below and will be based on the number of days in the billing cycle during which service is provided.

ENERGY CHARGES

7th Price Application Period (effective June 1, 2006, through May 31, 2007)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
On-peak cents per kilowatt-hour	11.4018	11.2356	11.0693	10.6196
Off-peak cents per kilowatt-hour	6.4270	6.2703	6.1749	5.8481

8th Price Application Period (effective September 1, 2006, through May 31, 2007)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
On-peak cents per kilowatt-hour	See Below	See Below	See Below	See Below
Off-peak cents per kilowatt-hour	See Below	See Below	See Below	See Below

9th Price Application Period (effective December 1, 2006, through May 31, 2007)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
On-peak cents per kilowatt-hour	See Below	See Below	See Below	See Below
Off-peak cents per kilowatt-hour	See Below	See Below	See Below	See Below

10th Price Application Period (effective March 1, 2007, through May 31, 2007)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
On-peak cents per kilowatt-hour	See Below	See Below	See Below	See Below
Off-peak cents per kilowatt-hour	See Below	See Below	See Below	See Below

(C) - Indicates Change
 (I) - Indicates Decrease

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 - FIXED PRICE SERVICE - (Continued)

(Applicable to Rate Schedules GL, GLH, L and HVPS)

MONTHLY RATE - (Continued)

APPLICATION PERIODS, AVAILABILITY AND QUARTERLY UPDATES

(C)

The Company will supply generation service under this rider by obtaining the requirements from suppliers through a competitive procurement process using a request for proposal. The charges for electric generation calculated pursuant to the request for proposal for service under this rider will be effective from June 1, 2006 through May 31, 2007. The above charges include the price of electricity, transmission related ancillary services, line losses and the applicable Rider No. 1 PJM Surcharge. Ancillary services include but are not limited to reactive power service, regulation and frequency control service, spinning reserve service and operating reserves. Losses include transmission line losses and distribution line losses.

Beginning September 1, 2006, the Company will update the rates for the Energy Charges on a quarterly basis. The updated rates will be based on the lowest new price(s) available from the winning suppliers in the request for proposal conducted in May 2006 for the 12-month supply period of June 1, 2006, through May 31, 2007. In the month prior to the beginning of each Price Application Period, the Company will file new Energy Charges with the Commission for the subsequent Price Application Period, and upon Commission approval, these charges shall become effective on the first day of the following month. These Energy Charges shall apply to customers who elect FPS service during that Price Application Period when the charges became effective. All subsequent Price Application Period Energy Charges shall remain in effect through May 31, 2007. The Energy Charges that apply to a customer will depend on when the customer elects FPS service. Service at the updated rates will be available to those customers who did not select service under Rider No. 8 on or before May 31, 2006, and who had previously purchased their electric generation requirements from an EGS, or who had previously taken service under the Company's Rider No. 9, or who took service pursuant to contracts under Rule No. 4 of this tariff. Customers who return to POLR service without prior notification to the Company or who fail to elect service under Rider No. 8 will automatically be assigned to Rider No. 9.

(C)

(C) - Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – FIXED PRICE SERVICE – (Continued)

(Applicable to Rate Schedules GL, GLH, L and HVPS)

MONTHLY RATE – (Continued)

PRICE APPLICATION PERIODS, AVAILABILITY AND QUARTERLY UPDATES – Continued

(C)

Customers electing service under Rider No. 8 on or before August 31, 2006, will be billed the charges stated for the seventh Price Application Period based on the rates resulting from the request for proposal for service provided from June 1, 2006, through May 31, 2007. Thereafter, the Company will determine the applicable Energy Charges under Rider No. 8 based on the Price Application Period in which the customer notifies the Company to elect taking service under Rider No. 8. Customers electing service under Rider No. 8 after August 31, 2006, but prior to December 1, 2006, will be billed the charges stated for the eighth price application period. Customers electing service under Rider No. 8 after November 30, 2006, but prior to March 1, 2007, will be billed the charges stated for the ninth price application period. Customers electing service under Rider No. 8 after February 28, 2007, but prior to May 31, 2007, will be billed the charges stated for the tenth price application period. The Demand Charges in this rider will not be updated.

Service under this Rider No. 8 shall commence in accordance with the switching protocols in Rule 45.1. Customers may switch from Rider No. 8 to an EGS or to Rider No. 9 but may be subject to a Generation Rate Adjustment (GRA) as defined in Rider No. 23.

DETERMINATION OF DEMAND

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

In determining the customer's share of the capacity obligation, the Company will calculate the customer's peak load contribution. The peak load contribution is based on the customer's load coincident with the peak hour of the five peak days of the year as determined by PJM. The customer load in each of these five hours, adjusted for the Company's transmission and distribution line losses and the customer's share of unaccounted for energy will be averaged to calculate the customer's peak load contribution. The customer will receive a credit for their participation, if any, in PJM Active Load Management (ALM) programs, as determined solely by PJM. The peak load contribution less ALM credits will be used to determine the customer's share of the Company's capacity obligation. The Company will adjust the customer's capacity obligation from time to time throughout the calendar year as PJM adjusts the Company's capacity obligation.

This capacity obligation will be calculated without consideration of the price application period during which the customer elects to take service under Rider No. 8.

(C) Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 8 – FIXED PRICE SERVICE – (Continued)

(Applicable to Rate Schedules GL, GLH, L and HVPS)

NOTIFICATION AND ELECTION OF SERVICE

(C)

The Company will post the Monthly Rates for the seventh Price Application Period on the Company's customer choice website at www.customer-choice.com. Updated rates for the Energy Charges for each subsequent Price Application Period will be posted on the Company's customer choice website.

Customers will be requested to notify the Company of their election to take service under this rider. Customers who make no election will default to POLR service under Rider No. 9. Unless otherwise instructed, customers taking service pursuant to Rider No. 8 on May 31, 2007, will default to POLR service under Rider No. 9 effective 11:59:59 PM Eastern Prevailing Time (EPT) May 31, 2007. Rider No. 8 rates will terminate effective May 31, 2007, at 11:59:59 PM EPT.

ON-PEAK AND OFF-PEAK HOURS

The following hours will be designated as on-peak hours applicable to the Energy Charges:

Monday through Friday

7:00 a.m. to 11:00 p.m.

The remaining hours, including generally observed holidays defined by the North American Electric Reliability Council (NERC), i.e., New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day, shall be designated as off-peak hours.

(C) Indicates Change

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

DUQUESNE LIGHT COMPANY :
Petition for Approval of Plan for Post- :
Transition Period POLR Service. :

R-00061534
Docket No. ~~R-00032071~~

SCHEDULE 2

Affidavit of Maureen L. Hogel attesting that the RFP results reported in this filing are true and correct and that the RFP was conducted pursuant to the approved RFP Guidelines. The RFP Guidelines are attached to the Affidavit as Exhibit A.

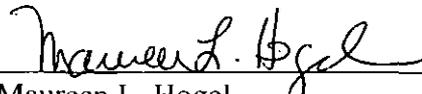
**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

DUQUESNE LIGHT COMPANY :
Petition for Approval of Plan for Post- : Docket No. P-00032071
Transition Period POLR Service. :

AFFIDAVIT

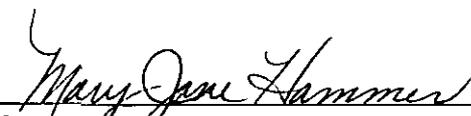
I, Maureen L. Hogel, being duly sworn according to law, depose and say that I am Senior Vice President and Chief Legal & Administrative Officer of Duquesne Light Company ("Duquesne"); that I am authorized to and do make this affidavit for it; and that the facts set forth below are true and correct to the best of my knowledge, information, and belief.

1. The results of the Second Request For Proposals ("RFP") conducted by Duquesne and reported in this filing are true and correct.
2. The RFP process used by Duquesne was conducted pursuant to the RFP Guidelines identified as Exhibit B to Duquesne's January 9, 2006 Fourth Compliance Filing, as amended by the Public Utility Commission's Order approving the RFP entered February 14, 2006, and its Final Order entered May 4, 2006 at this docket. A copy of these RFP Guidelines is attached to this Affidavit as Exhibit A.



Maureen L. Hogel
Senior Vice President and Chief
Legal & Administrative Officer
Duquesne Light Company

Sworn and subscribed before me
this 15th day of May, 2006.



Notary Public

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal
Mary Jane Hammer, Notary Public
City of Pittsburgh, Allegheny County
My Commission Expires Oct. 6, 2007

Member, Pennsylvania Association of Notaries



Duquesne Light Company RFP Guidelines

**To Obtain Supply for
Large Commercial and Industrial Customers
On Fixed Price Service**

May 5, 2006

Duquesne Light Company RFP Guidelines

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- Appendix A. Confidentiality Agreement
- Appendix B. Pre-Bid Application Form
- Appendix C. Bid Form Spreadsheet
- Appendix D. Binding Bid Agreement
- Appendix E. Illustrative Example of Bid Translation

These final RFP guidelines comport in all respects with the Pennsylvania Public Utility Commission Opinion and Orders of August 23, 2004, October 5, 2004, February 14, 2006, April 21, 2006 and May 4, 2006 at Docket No. P-00032071.

I. EXECUTIVE SUMMARY

Duquesne Light Company (Duquesne) is seeking in this Request-For-Proposal (RFP) to procure electricity supply on a wholesale basis for its full-requirements service for Large Commercial and Industrial Customers (Large C&I Customers) receiving Fixed Price Service (FPS). FPS will be provided by Duquesne as the Provider-of-Last-Resort (POLR) to Large C&I Customers in its service area according to the terms approved by the Pennsylvania Public Utility Commission's (Commission) orders dated August 23, 2004, October 5, 2004, February 14, 2006, April 21, 2006 and May 4, 2006 at Docket No. P-00032071.

Duquesne is required to conduct the RFP pursuant to its plan for providing POLR III service to Large C&I Customers. Duquesne conducted an initial RFP in October 2004 to obtain supply for customers electing FPS for a 17-month supply period beginning January 1, 2005 and ending May 31, 2006. Pursuant to the Commission's Opinion and Order, dated October 5, 2004, Duquesne is to make available the fixed price service product for an additional 12-month price application period beginning June 1, 2006 and ending May 31, 2007. As required by the Commission's Opinion and Order at 23-24, the supply for the fixed price service is to be obtained through an RFP process. The RFP for the June 1, 2006 through May 31, 2007 period, which was issued on January 10, 2006, resulted in no bids. On April 21, 2006, the Commission entered a Tentative Order directing Duquesne to issue a second RFP with certain modifications to potentially facilitate the continuation of FPS. On May 4, 2006 the Commission issued its Final Order outlining the changes to be incorporated into the RFP. These final RFP guidelines (RFP Guidelines) reflect those changes.

The key terms of the RFP are:

Bid Due Date – Duquesne requires potential suppliers to submit their bids no later than Monday, May 15, 2006 at 11:00 a.m. Eastern Prevailing Time (EPT).

Supply Period – The 12-month supply period begins June 1, 2006 and ends May 31, 2007 (Supply Period).¹

¹ The start date coincides with the termination of Duquesne's current FPS supply agreements entered into on October 18, 2004.

Supply Obligation – RFP winners will provide full requirements service on a wholesale basis to supply a percentage share of Duquesne’s POLR customers on FPS, including energy, capacity, line losses, ancillary services, congestion, and a subset of PJM grid management charges; excluding network integration transmission service, SECA charges, distribution, and retail customer care services. Supplier bids shall not reflect the risks of implementing the PJM Interconnection, LLC Reliability Pricing Model (RPM). Should the RPM be implemented during the Supply Period, successful bidders will be allowed to reflect the additional costs associated with RPM into the accepted bid prices. Such adjustments will become effective on the effective date of any associated revisions to the retail rates approved by the Commission.

Delivery Point – Supplier must deliver to the Duquesne zone within PJM.

PJM Membership – During the Supply Period, the supplier must be a member in good standing of PJM and be qualified as a PJM market buyer and market seller.

Eligible Customer Load – Large C&I Customers on Duquesne’s rate schedules GL, GLH, L, and HVPS will be eligible for FPS. These rate schedules include customers with peak demands of 300 kW or greater. Eligible customers include customers currently receiving Duquesne’s POLR FPS and Hourly Price Service (HPS), as well as customers currently receiving service from a competitive electric generation supplier (EGS), subject to any existing contractual obligations with their current suppliers. Eligible FPS customers currently consist of approximately 875 Large C&I Customer accounts with an aggregate peak load contribution of approximately 901 MW. Large C&I Customers electing FPS from Duquesne as of April 26, 2006 had an aggregate peak load contribution of approximately 12 MW.²

Load Cap – To mitigate risk to bidders due to the potential for significant migration back to POLR FPS, a load cap is included in this RFP. The load cap is expressed in terms of peak load contribution associated with customers electing FPS. The maximum amount of peak load contribution a supplier could be responsible for, if there is only one winning bidder, is 257 MW.³

² The FPS load in the January 10, 2006 RFP was noted as 16 MW but was expressed in terms of PJM capacity obligation, not peak load contribution. Suppliers are ultimately responsible for the PJM capacity obligation associated with FPS customers, subject to the Load Cap.

³ The load cap is based on the current FPS peak load contribution of 12 MW, plus the hourly peak load contribution of 30 MW, plus 25% of the load currently served by EGSs (859 MW x 25% = 215 MW). In the event of multiple winning suppliers, the Load Cap shall be calculated on a pro-rata basis for each supplier based on the percentage of load awarded in the initial RFP process.

(Note: A supplier's actual load obligations in any hour in the year could potentially be higher [e.g., due to weather and other factors], but initial bids in this RFP only apply to customers that elect FPS up to the Load Cap. Customers will be accepted on the FPS rate on a first-come, first-served basis up until the peak load contribution reaches 257 MW, subject to certain customer notification requirements.

If it appears to Duquesne that the Load Cap for FPS may be exceeded at any time during the Supply Period, winning suppliers under this RFP will be required to provide a "refreshed" price to serve the projected additional load, up to a maximum of an additional 225 MW of peak load contribution. Refreshed prices may reflect then current market conditions and are subject to PUC approval and certain customer notification requirements.

FPS Service – Large C&I Customers on Duquesne's POLR FPS and HPS service as of May 31, 2006 will default to Duquesne's POLR Hourly Price Service (HPS) on June 1, 2006. In lieu of defaulting to HPS, customers may elect to receive service from a competitive electric generation supplier or Duquesne's new POLR FPS service. In order to obtain FPS service at the retail rates based on the winning RFP bids, Large C&I Customers must elect FPS on or before August 31, 2006.⁴ Beginning on September 1, 2006, Large C&I Customers that elect FPS may do so only at "refreshed" prices.

Bid Tranches – The FPS load will be divided into 20 tranches each representing 5% of Duquesne's FPS load in each hour. The MW-measure of each tranche will vary by hour depending on the number of customers electing FPS service, customer switching, load growth, weather, and other factors.

Minimum # of Tranches Bid – Each supplier must submit a bid to supply at least two tranches (10% of FPS load) at the same price. Suppliers have the option of bidding on additional tranches at the same or higher prices.

Maximum # of Tranches Bid – A supplier may bid up to 20 tranches (100% of FPS load), with certain exceptions. (See Sections V.A. and V.B.)

⁴ Customers on POLR service must notify Duquesne on or before May 28, 2006 if they want to receive FPS POLR service beginning June 1, 2006. POLR customers that notify Duquesne on May 29th through May 31st of 2006 will default to hourly price service on June 1, 2006, but then move to FPS service on their next scheduled meter read date subject to the switching rules in Duquesne's Retail Tariff.

Bid Evaluation – Duquesne plans to select winning suppliers based upon price. Duquesne will rank each tranche bid from lowest price to highest price. Subject to Commission approval, Duquesne will select the 20 tranches with the lowest price to fulfill 100% of its FPS full requirements obligation. Duquesne could accept all, some or none of the tranches offered by a supplier. (*See* description of bid evaluation process in Section VI.B.) Duquesne expects to notify winning suppliers by 3:00 p.m. EPT on May 15, 2006.

Bid Price(s) – Each supplier bid must be in the form of a single cents per kilowatt-hour figure (up to four decimals) for each tranche bid. (See Bid Form Spreadsheet in Appendix C.) All bids are binding in accordance with these RFP Guidelines. The supplier's bid price(s) for tranches selected by Duquesne will be used to determine on-peak and off-peak energy payments. These energy payments, when combined with capacity payments, will compensate the supplier for assuming the costs and risks (including any margin) associated with providing the supply obligation.

On-Peak Energy Payment – Each winning supplier will be paid the simple average of its winning bid prices multiplied by a fixed on-peak consumption factor (1.2711) for supplying its share of the FPS on-peak energy obligation. This price will remain fixed throughout the Supply Period.

Off-Peak Energy Payment – Each winning supplier will be paid the simple average of its winning bid prices multiplied by a fixed off-peak consumption factor (0.6880) for supplying its share of the FPS off-peak energy obligation. This price will remain fixed throughout the Supply Period.

Capacity Payment – Each winning supplier will be paid \$5.25 per MW-day for supplying its share of the FPS capacity obligation. This price will remain fixed throughout the Supply Period.

FPS Contract – Winning suppliers will be required to sign a standardized, non-negotiable wholesale supply agreement (Agreement) with Duquesne. Duquesne will not negotiate changes to the final Agreement during the RFP process. Duquesne expects to execute the Agreement with each winning supplier by 6:00 p.m. EPT on May 15, 2006.

Affiliate Participation – Duquesne's wholesale supplier affiliate, Duquesne Power, will be eligible to bid in this RFP.

Retail Tariff Generation Rates – The winning bid prices in the RFP will be translated into FPS retail generation rates. Duquesne expects to communicate these rates to customers on or about May 19, 2006. The retail rate design and rate structure for Large C&I Customers are shown in the sections of Duquesne’s retail tariff applicable to Large C&I Customers that have fully recovered their competitive transition charge (Retail Tariff). (See the applicable Retail Tariff sections available on Duquesne’s RFP website.) Appendix E includes a spreadsheet example using illustrative winning bid prices to show how winning bid prices will be translated into supplier payments and retail rates.

New FPS Customers – Each quarter, commencing September 1, 2006, winning suppliers will have an opportunity to supply any customers that elect FPS after August 31, 2006. The updated FPS price and service will extend through May 31, 2007. Winning suppliers will be required to bid a single, refreshed energy price each quarter to supply the percentage of New FPS Customer load they are willing to serve, subject to a minimum percentage equal to the percentage of initial FPS Customer load that they are serving, for the remainder of the Supply Period for customers electing FPS during the next quarter.⁵ Duquesne will select the supplier(s) with the lowest of these bid prices each quarter and will determine the percentage of the New FPS Customer load that each selected supplier will serve, subject to the maximum percentage share of such load that each selected supplier is willing to serve. Subject to Commission approval, the bid price(s) will be translated into on-peak and off-peak energy payments for the winning supplier(s) and updated retail rates for customers that elect FPS during the upcoming quarter. Initial RFP and refreshed bid prices offered by winning suppliers are subject to the Load Cap associated with the coincident peak load of any existing and subsequent New FPS Customers.

Generation Rate Adjustment – Any FPS retail customer that leaves FPS before May 31, 2007 will be subject to a Generation Rate Adjustment (GRA) pursuant to Rider 23 in the Retail Tariff. Such a retail customer is required to make a GRA payment to Duquesne when market prices exceed the FPS retail rate over the period that the customer was on FPS. The GRA customer payment is intended to prevent gaming of the fixed FPS rate -- e.g., EGSs dropping

⁵ A customer is considered to “elect FPS service” when a drop notification to POLR service is made and the customer has affirmatively elected its preference for FPS.

customers onto FPS service during high-cost summer months. Any GRA customer payment received by Duquesne, net of gross receipts taxes, will be passed through to winning suppliers.

Commission Approval – Duquesne plans to seek expedited Commission approval of the Retail Tariff rate levels resulting from this RFP. The Agreement will be subject to the Commission's approval of the retail rate levels resulting from this RFP no later than 11:59 p.m. EPT on the final approval date (i.e., currently expected to be May 18, 2006).

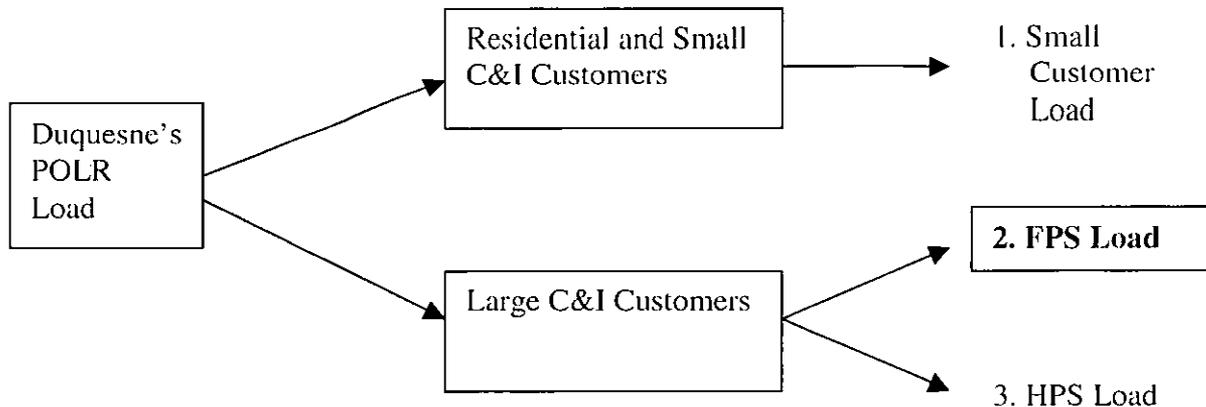
Information regarding Duquesne's RFP for Large C&I Customers will be posted to the RFP website: <http://polrrfp.customer-choice.com>.

II. FPS LOAD OBLIGATION AND SUPPLIER PAYMENTS

A. Types of POLR III Load

Duquesne's total POLR III load can be divided into three components:

Figure 1. Types of POLR III Load



POLR supply for Duquesne's Small Customer Load and HPS Load are not being obtained as part of this RFP process. FPS load includes the electric supply for those Large C&I Customers who are not served by an EGS or are not served by Duquesne on HPS. Large C&I Customers on POLR FPS and HPS service as of May 31, 2006 that do not elect service from an EGS or do not notify Duquesne on or before May 28, 2006 of their choice to receive FPS POLR rates will default to the HPS product on June 1, 2006. Large C&I Customers, including those currently served by an EGS, may elect FPS on or before August 31, 2006 in order to obtain the initial FPS rates based on the winning bid prices in this RFP. After August 31, 2006, Large C&I Customers that are receiving service from an EGS or are receiving HPS service from Duquesne may elect FPS as New FPS Customers but only at refreshed or updated prices.⁶

⁶ The load necessary to serve New FPS Customers will be tracked and priced separately. See Section 4.12 in the Agreement.

B. Customer Load Eligible for FPS

There are four Large C&I Customer rate schedules eligible for FPS. These rate schedules include customers with peak demands of 300 kW or greater. The four rate schedules are described in Duquesne’s Retail Tariff and summarized briefly in Table 1.

Table 1. Description of Duquesne’s Rate Schedules Eligible for FPS

Class	Rate Schedule	Description
Large C&I Customers	<ul style="list-style-type: none"> • General Service Large, Commercial & Industrial (GL) 	<ul style="list-style-type: none"> • Available to commercial and industrial customers with demand of 300 kW or more.
	<ul style="list-style-type: none"> • General Service Large Heating, Commercial & Industrial (GLH) 	<ul style="list-style-type: none"> • Available to commercial and industrial customers with demand of 300 kW or more. • The general service large heating rate is available to commercial and industrial customers who use electricity as the sole method of space heating.
	<ul style="list-style-type: none"> • Large Power Service, Commercial & Industrial (L) 	<ul style="list-style-type: none"> • Available to commercial and industrial customers with contract demand of 5,000 kW or more.
	<ul style="list-style-type: none"> • High Voltage Power Service (HVPS) 	<ul style="list-style-type: none"> • Available to customers with contract on-peak demands greater than 30,000 kW where service is supplied at 69,000 kV or higher.

As of December 31, 2005, there are approximately 875 Large C&I Customer accounts eligible for FPS. Of these, 90 customers were receiving POLR service from Duquesne and 785 customers were receiving service from an EGS.

Table 2. Number of Customers Eligible for FPS by Type of Service as of December 31, 2005

Rate Schedule	Total Number of Customers Eligible for FPS	POLR Customers (90)			EGS Customers
		Number of Customers on FPS	Number of Customers on HPS	Number of Customers on Rule 4_a/	Number of Customers _b/
GL	732	31	38	2	661
GLH	118	5	10	--	103
L	22	1	1	2	18
HVPS	3	--	--	--	3
Total	875	37	49	4	785

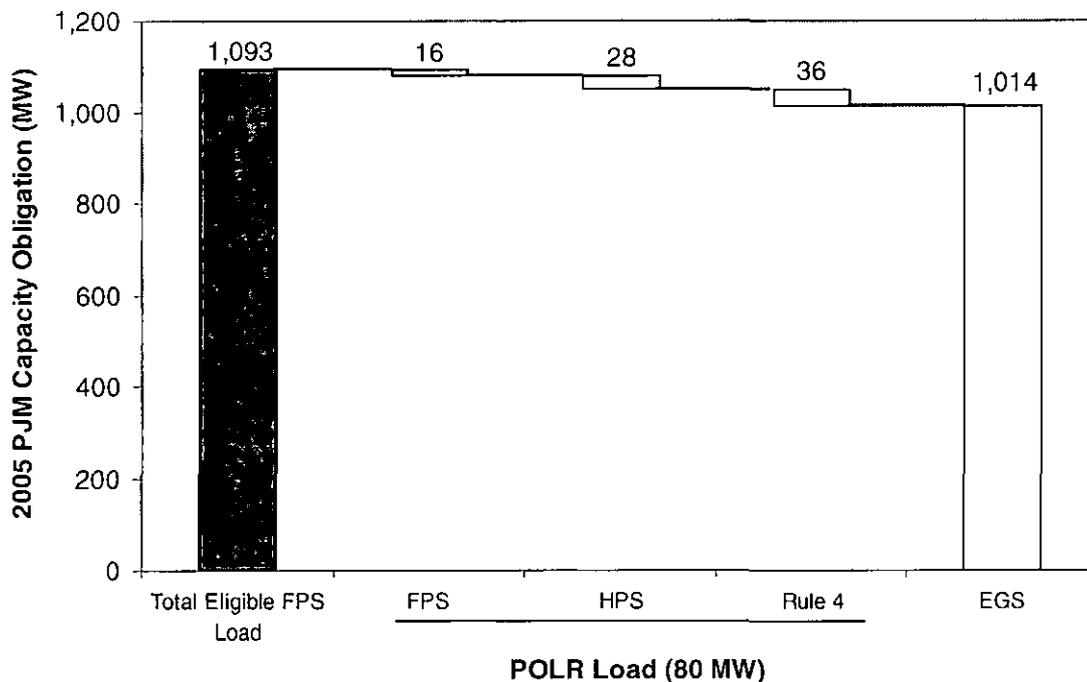
_a/ Includes customers currently on Rule 4 special contracts who are eligible for FPS prior to the start of or during the Supply Period. (See discussion in Section VII.C.)

_b/ EGS customer eligibility is subject to any existing contractual obligations with their current suppliers.

During 2005, Large C&I Customers eligible for FPS had an aggregate PJM capacity obligation of approximately 1,093 MW, while Duquesne's Large C&I Customers on FPS as of December 31, 2005 had an aggregate PJM capacity obligation of 16 MW.

Figure 2.

Large C&I Customers' PJM Capacity Obligation



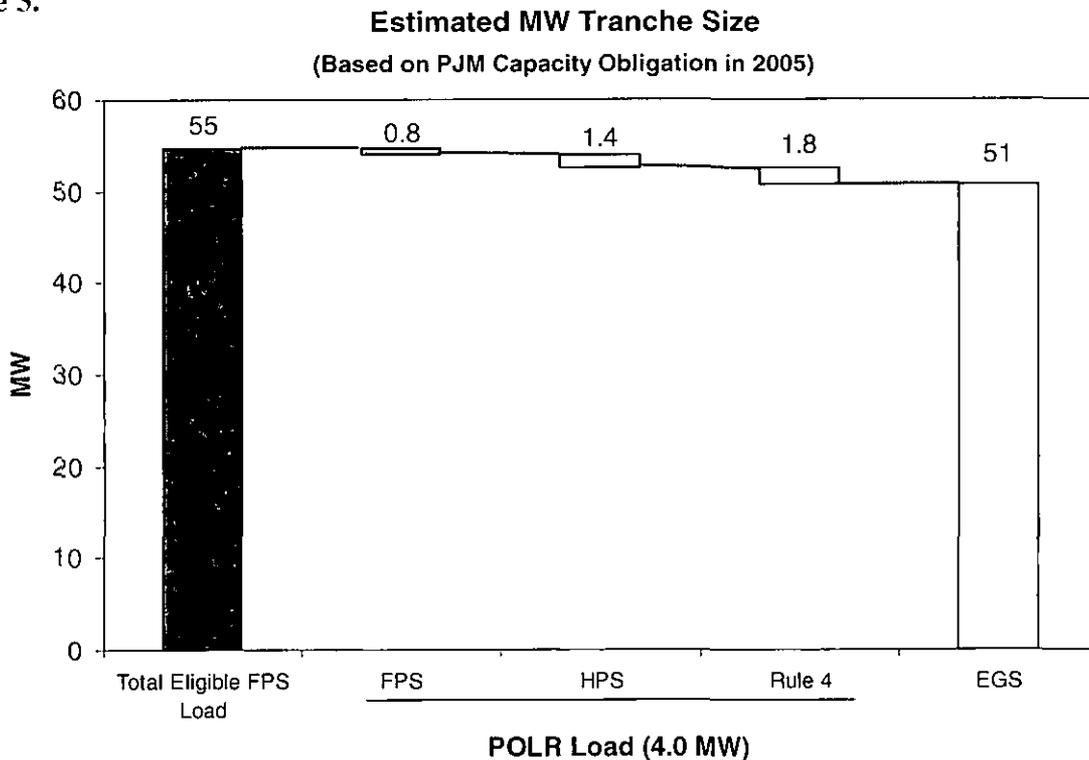
Note: Based on customers as of 12/31/05. Figures do not add due to rounding.

C. Supplier Load Obligation

The FPS load will be divided into 20 units called “tranches”. Duquesne seeks to procure all 20 tranches in this RFP. Each tranche will represent a 5% share of the actual FPS load. The size of each tranche in MW ultimately will be determined on the basis of the obligation attributable to FPS customers. Duquesne does not represent that a tranche will have any particular value in MW but rather a 5% share of actual FPS load. The actual FPS load will depend upon many factors including the number of customers electing FPS prior to August 31, 2006 and their subsequent load growth⁷, customer migration to third party suppliers, and weather conditions. Suppliers are responsible for evaluating the uncertainties associated with the FPS load.

If all Large C&I Customers took FPS service, each tranche would represent approximately 55 MW of PJM capacity obligation.

Figure 3.



Note: Based on customers as of 12/31/05.

⁷ After August 31, 2006, New FPS Customers will be served at refreshed prices. (See Section VII.F.)

At retention levels as of December 31, 2005, each tranche would equal about 0.8 MW of PJM capacity obligation for FPS customers or 4.0 MW for POLR customers, if all existing POLR customers elected FPS. Interested suppliers that execute a non-disclosure agreement (Confidentiality Agreement) will receive more information regarding customer load eligible for FPS. (See Section IV.G.)

A winning supplier will provide full-requirements service for the percentage of FPS load corresponding to the number of tranches won in the RFP. For example, if a winning supplier wins eight out of a total of 20 tranches in the RFP, that supplier would provide 40% (8 * 5%) of the FPS load requirements, as they may change, throughout the term of the Agreement, subject to the Load Cap. Full-requirements service means that the FPS supplier is responsible for fulfilling its percentage share of the requirements of serving FPS customers including energy, capacity, ancillary services, any transmission service (other than network integration transmission service), congestion costs, line losses and other charges as may be required by PJM, in each case as they may change from time to time. Winning suppliers will also be responsible for meeting any renewable portfolio standard requirements that may exist during the term of the Agreement.⁸ Duquesne will be responsible for network integration transmission service, distribution service, SECA charges, and certain grid management charges on behalf of all FPS load. (See Exhibit E in the Agreement.) Duquesne will also continue to provide customer care, metering, billing, and credit and collection functions as the retail POLR supplier. In general, suppliers will be paid based on their supply obligations and Duquesne will assume retail customer collection risks.⁹

As previously noted, should the PJM Reliability Pricing Model (RPM) be implemented during the Supply Period, winning suppliers will be allowed to reflect the additional costs into the accepted bid prices. Such adjustments will become effective on the effective date of any associated revisions to the retail rates approved by the Commission.

⁸ According to the Pennsylvania "Alternative Energy Portfolio Standards Act" (Act 213), renewable supply requirements are not imposed for a Commission-approved generation rate plan that was approved prior to or within one year of the effective date (February 28, 2005) of the law. Since supply in this RFP is being obtained pursuant to a Commission Order adopted on October 5, 2004, the renewable supply requirements of Act 213 do not apply to winning suppliers in this RFP.

⁹ The only exception is for customer GRA payments, which having been adopted to benefit the winning suppliers, will be paid to winning suppliers after Duquesne collects such payments from its retail customers, net of gross receipts taxes.

D. Payments to Winning Suppliers

Each winning supplier will be paid both a capacity payment, expressed in dollars per MW-day, as well as on- and off-peak energy payments, expressed in cents per kWh. All payments will remain fixed throughout the term of the Agreement.¹⁰

The capacity payment is intended to serve as a proxy for the market cost of capacity in PJM. The capacity payment has been established at \$5.25 per MW-day based on the PJM June 2005 through May 2006 capacity credit forward price traded on May 23, 2005. To the extent that suppliers have different expectations about future capacity prices, they can decrease or increase their energy bid. The methodology for determining billing quantities will be determined as set forth in the Retail Tariff, which for capacity is based on current PJM capacity obligation requirements for Load Serving Entities (LSEs).

Each winning supplier also will be paid fixed on- and off-peak energy payments that will be based on the simple average of its winning bid prices multiplied by established on- and off-peak energy adjustment factors. The same on- and off-peak factors will apply for the duration of the Supply Period. These factors are based on the historical consumption patterns over a 12-month period (January 1, 2005 through December 31, 2005) of Large C&I Customers on FPS service and are shown in Table 3 below.

Table 3. On-Peak Factors and Off-Peak Factors

On-Peak Factor	Off-Peak Factor
1.2711	0.6880

¹⁰ Winning suppliers will also be required to bid for the right to supply New FPS Customers that elect FPS after August 31, 2006 at refreshed prices.

Example 1. Supplier Payments

There are 20 tranches in the RFP. Duquesne's on-peak factor is 1.2711 and its off-peak factor is 0.6880. Duquesne's fixed capacity payment is set at \$5.25 per MW-day.

A winning supplier is awarded eight tranches. Thus, the supplier will serve 40% (8*5%) of FPS load (subject to the Load Cap) between June 1, 2006 and May 31, 2007. Assume the simple average price of the eight tranches selected by Duquesne is 8.00 ¢/kWh. Duquesne will multiply that simple average price by the on- and off-peak adjustment factors to determine the winning supplier's on- and off-peak energy payments.

The supplier will receive 10.1688¢ (8.0¢ x 1.2711) for each kWh of load served during on-peak hours and 5.5040¢ (8.0¢ x 0.6880) for each kWh of load served during off-peak hours.¹¹ Duquesne also will pay the supplier \$5.25 per MW-day for the supplier's 40% share of the capacity obligation associated with serving FPS customers.

In addition, as described later in these RFP Guidelines, the supplier will be eligible to receive any payments associated with serving its share of New FPS Customer load that it is selected to serve at refreshed prices and its share of any customer GRA payments.

Also see Example 2 in Section V.C.

¹¹ For a particular supplier, the same on- and off-peak energy price payment (in cents per kWh) will apply across the Large C&I Customer rate schedules. The on-peak and off-peak quantities consumed at the retail meter to be provided by the supplier and paid for by Duquesne will be adjusted to reflect the applicable line losses for each rate schedule and unaccounted for energy.

III. TENTATIVE RFP SCHEDULE

COMPLIANCE AND 2nd FPS RFP SCHEDULE

RFP Bid Process

Letters to potential suppliers	May 1 (Monday)
PUC Final Order	May 4
Letter to suppliers with PUC Final Order modifications	May 5
Confidentiality Agreement executed	May 8
Pre-bid Application Form due (latest)	May 8
Bids due	May 15 by 11:00 am EPT
Winning bidder(s) selected	May 15 by 3:00 pm EPT
Agreement(s) signed	May 15 by 6:00 pm EPT

RFP Report Filing

Rates and RFP results summary filed	May 15
Commission approval of retail rate levels resulting from this RFP	No later than May 18 at 11:59 pm EPT

Customer Notification and Service Election

Duquesne notifies customers of rates	May 19
Final customer election date –a/	May 28 (Sunday-Duquesne will verify fax, email enrollment at 12:01 am Monday, May 29
Supply period begins	June 1

Updated Supplier Price Bids (Applicable to New FPS Customers after August 31, 2006)

New-refreshed bid price _b/	Aug 2006 (15 th business day)
New-refreshed bid price _b/	Nov 2006 (15 th business day)
New-refreshed bid price _b/	Feb 2007 (15 th business day)

Updated Supplier Price Bids (Applicable to Customers in Excess of Load Cap)

New refreshed bid price from winning bidders _c/	As necessary
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- _a/ Existing Large C&I Customers on POLR FPS must elect to receive FPS service from Duquesne on or before May 28 to continue seamless FPS service in the June billing cycle.
- _b/ Winning suppliers are required to submit binding firm offers that could be used to provide service to New FPS Customers that elect fixed price service after May 28. Up to and including August 31, customers who elect POLR FPS will receive the original supplier price. After August 31, New FPS Customers will receive FPS service at the refreshed price.
- _c/ In the unlikely event that migration to FPS exceeds the Load Cap, additional refreshed price bids (in addition to the quarterly refreshed bid price) will be secured from winning suppliers to serve the additional FPS customers.

IV. BEFORE THE RFP DUE DATE

A. Overview of Supplier Eligibility

The purpose of the eligibility process is to provide information to the potential suppliers regarding their eligibility to bid. An Applicant (as defined in the attached Pre-Bid Application Form) is eligible to bid if, in a timely and complete fashion, it:

- a) executes and delivers the Confidentiality Agreement (Appendix A),
- b) submits the Pre-Bid Application Form (Appendix B) and associated information requested, and
- c) certifies that the Certifying Company's (defined in the attached Pre-Bid Application Form as the supplier or its guarantor) unsecured senior long-term debt that is not guaranteed by any other entity or subject to any other credit enhancement is:
 - (i) currently rated by at least two of the three following credit rating agencies (Standard & Poor's Ratings Group, Fitch Investor Services, and Moody's Investor Services), and
 - (ii) currently does not have a credit rating below B or B2 at any rating agency.

If the Certifying Company does not meet these criteria, then the Applicant will not be eligible to bid in the RFP.

B. Confidentiality Agreement

Each supplier will be required to sign a Confidentiality Agreement with Duquesne in the form attached hereto as Appendix A. A supplier will not be eligible to submit a bid until, among other things, it has executed and delivered the Confidentiality Agreement. If a supplier previously submitted a Confidentiality Agreement pursuant to the January 10, 2006 RFP, the supplier is not required to submit another Confidentiality Agreement.

C. Pre-Bid Application Form

All interested suppliers must complete a Pre-Bid Application Form (*See* Appendix B) in order to be eligible to participate in the RFP. There is no state licensing requirement. Interested suppliers will be asked to submit financial information about the Certifying Company as detailed in the Pre-Bid Application Form so that Duquesne can assess their creditworthiness. In addition, suppliers will be asked to comply with other qualification criteria including agreeing to comply with all rules of the RFP and to certify that they will bid independently of other parties.¹²

The Pre-Bid Application Form and the requested information must be submitted to Duquesne no later than 11:00 a.m. EPT on Monday, May 8, 2006. If a supplier previously submitted a Pre-Bid Application pursuant to the January 10, 2006 RFP, the supplier is not required to submit another Pre-Bid Application. All submitted information must be in the English language, and all financial data must be denominated in United States currency and conform to generally accepted accounting principles (GAAP) in the United States. If the Certifying Company's financial information is consolidated with other entities, then it is the supplier's responsibility to extract and submit as separate documents all data and information related solely to the Certifying Company. This must include all financial information, associated notes and all other information that would comprise a full financial report conforming to GAAP. In the event the Certifying Company's information is not submitted by the due date or is submitted in an incomplete fashion, the supplier will be eliminated from further consideration in the RFP. **Therefore, it is in each supplier's interest to submit its pre-bid information early in the process, allowing some time to cure incomplete information before the Pre-Bid Application Form due date.**

D. Qualification of Suppliers

Interested suppliers will be notified whether they qualified to participate in the RFP no later than three business days after the Pre-Bid Application Form is submitted to Duquesne. An interested supplier that has qualified becomes a qualified supplier. The list of qualified suppliers will not be released publicly.

¹² For clarification, a supplier can hedge its proposed bid with another supplier involved in the RFP process, but suppliers may not cooperate in establishing bid price levels.

E. Cure Time for Deficiencies in Qualification Requirements

In the event that a supplier has not met all of the qualification requirements to become a qualified supplier, it will be allowed to cure any deficiency so long as such deficiency is cured no later than May 8, 2006.

F. Information Duquesne Provides To Suppliers

Information related to this RFP will be posted on Duquesne's RFP website: <http://polrrfp.customer-choice.com>. On this website, certain general information about the RFP will be accessible to all parties, including the RFP Guidelines and related RFP documents:

- a. Confidentiality Agreement
- b. Pre-Bid Application Form
- c. Bid Form Spreadsheet
- d. Binding Bid Agreement
- e. FPS Full Requirements Service Agreement (Agreement)
- f. Retail Tariff.

Duquesne also will make available to potential suppliers information and data relating to Large C&I Customers eligible for FPS, including:

- a. Historical Large C&I Customer hourly usage data by rate schedule (POLR and all customers)
- b. Number of Large C&I Customers by rate schedule (POLR and all customers)
- c. Capacity peak load contribution figures by rate schedule (POLR and all customers)
- d. Historical monthly retention figures by rate schedule
- e. Estimated loss factors by rate schedule
- f. Customer size distribution by rate schedule (POLR and all customers)
- g. Aggregated hourly usage data for CTC and special contract customers taking into account when these customers become eligible for FPS
- h. Capacity peak load contribution figures for CTC and special contract customers
- i. Access to PJM information on Wholesale Load Responsibility requirements.

This information will allow suppliers to better understand their potential supply obligations, and will be made available on a password-protected website only after a potential

supplier completes an Expression of Interest Form and executes and delivers the Confidentiality Agreement to Duquesne. Duquesne will provide such information in a manner that protects confidential customer information.

V. BIDDING RULES AND PROPOSAL SUBMISSION

This section provides an overview of the bidding rules and bid format. Although the RFP rules are described in more detail below, three aspects should be highlighted at the outset:

1. There will be no matching of suppliers to individual FPS customers during the course of the RFP or even after winning suppliers are selected. The RFP will result in a wholesale transaction between each winning supplier and Duquesne.
2. Each bid is a binding firm offer to supply full requirements service for all or a portion of the tranches bid pursuant to the terms of the Agreement at the prices calculated in accordance with the RFP Guidelines.¹³
3. Subject to Commission approval, each supplier that wins tranches will be paid based on the simple average of its winning bid price(s) per kWh of load served adjusted for pre-defined on- and off-peak energy factors, as well as the pre-determined capacity payment price. These supplier payment prices will remain fixed throughout the term of the Agreement, although the quantity associated with the supply obligation may change over time.

A. Maximum Number of Standard Tranches That a Supplier Can Bid

For suppliers with a Certifying Company that have an investment grade credit rating, the maximum number of tranches that a qualified supplier can bid (called Standard Tranches) is 20 (or 100% of the FPS load). Suppliers with a Certifying Company that have a credit rating below investment grade can bid on four Standard Tranches (or 20% of the FPS load.) The maximum number of Standard Tranches that a supplier can bid is summarized in Table 4.

¹³ Duquesne expects to execute the Agreement with each winning supplier by 6:00 p.m. on May 15, 2006. Duquesne is required to submit to the Commission a summary of the results of the RFP, announce the RFP winners, and seek Commission approval of the resulting retail rate levels. Accordingly, the Agreement will be subject to the receipt of Commission approval of the retail rate levels resulting from the RFP no later than 11:59 p.m. EPT on May 18, 2006.

Table 4. Maximum Number of Standard Tranches a Supplier is Eligible to Bid

Certifying Company Rating* (S&P or Fitch)	Certifying Company Rating* (Moody's)	Maximum Number of Standard Tranches
BBB- or better	Baa3 or better	20 (100%)
Between B and BB+	B2 through Ba1	4 (20%)

* Rating for unsecured senior long-term debt that is not guaranteed by any other entity or subject to any other credit enhancement. Note: If the Certifying Company (as defined in the Pre-Bid Application Form) is eligible to bid but has a split rating among rating agencies, the supplier can bid the higher number of tranches based on the Certifying Company's more favorable credit rating.

The maximum number of Standard Tranches represents the most tranches that could be bid by a particular supplier, with the exception of Contingency Tranches discussed below.

B. Contingency Bids

In the event that Duquesne receives bids on less than 20 Standard Tranches in the RFP, Duquesne will accept two forms of contingency bids:

1) Duquesne is allowing suppliers that were restricted from bidding on more than four Standard Tranches in Section V.A. to provide firm offers to supply additional tranches (called "Contingency Tranches"). Duquesne is requesting bids for Contingency Tranches on the bid due date, as opposed to conducting subsequent RFP rounds, in order to award tranches to suppliers in an expedited manner. Bids for Contingency Tranches are optional. A supplier, however, cannot offer Contingency Tranches unless it first bids on four Standard Tranches. The maximum number of Contingency Tranches a supplier can bid is two. Bids for Standard and Contingency Tranches will be recorded in separate bid tables in the Bid Form Spreadsheet. Contingency Tranches, if necessary, will be evaluated by Duquesne in a similar manner as the process described below for Standard Tranches. If Duquesne receives bids to serve 20 or more Standard Tranches, it will not consider bids to provide Contingency Tranches under any circumstances.¹⁴

¹⁴ If Duquesne receives bids to serve 20 or more Standard Tranches, Contingency Tranches will not be considered even if they are priced below winning Standard Tranches.

2) Suppliers with an investment grade Certifying Company may bid a single cents per kWh price to serve the entire load.¹⁵ Unlike a bid for 20 Standard Tranches, Duquesne must either accept the contingency bid for the entire load (a “Total Load Bid”) at the bid price or reject the Total Load Bid for price considerations as described below. Duquesne is requesting Total Load Bids on the bid due date, as opposed to conducting subsequent RFP rounds, in order to award load to suppliers in an expedited manner. Total Load Bids are optional. A supplier can offer a Total Load Bid without offering any Standard Tranches. If Duquesne receives bids for 20 or more Standard and Contingency Tranches and a Total Load Bid, then Duquesne will choose whichever process results in the lowest price for customers, whether it is the 20 or more Standard and Contingency Tranches or the Total Load Bid. Total Load Bids are subject to the FPS Load Cap of 257 MW.

C. RFP Bid Format

Suppliers must submit their proposals using the Bid Form Spreadsheet attached to this RFP in Appendix C.¹⁶

Suppliers will bid energy price(s) and the number of Standard Tranches that they are willing to serve.¹⁷ A supplier can bid on up to 20 Standard Tranches, subject to the credit requirements discussed above. (See maximum number of Standard Tranches in Section V.A. and discussion of contingency bids in Section V.B.). A supplier must bid the same energy price for the first two Standard Tranches, the minimum number of Standard Tranches that can be bid in the RFP.¹⁸ Suppliers will have the option to bid on additional Standard Tranches subject to that supplier’s maximum number of Standard Tranches. The bid price for each additional Standard Tranche must be equal to or greater than the bid price offered by the supplier for the preceding Standard Tranche (i.e., bid prices must be flat or increasing as additional tranches are added).¹⁹

¹⁵ The bid price for a Total Load Bid will be translated into supplier payments in the same manner as for Standard Tranches as described in Section II.D.

¹⁶ All required fields within the Bid Form Spreadsheet must be completed by the supplier.

¹⁷ The bid price will be used to determine on-peak and off-peak energy payments. These energy payments, when combined with capacity payments, will compensate the supplier for assuming the costs and risks (including any margin) associated with providing the supply obligation.

¹⁸ The two-tranche minimum will help reduce the administrative costs of interacting with numerous suppliers.

¹⁹ The same bid format will be used for Contingency Tranches.

Example 2. Form of Binding Bid Offers For Each Standard Tranche: SUPPLIER A

(Supplier A is eligible to bid on up to 20 Standard Tranches based on its credit rating, but elects to bid on six Standard Tranches.)

Number of Standard Tranches	Bid Price ($\\$/kWh$) (with 4 decimals)	Comments
Minimum Bid (Tranches 1 and 2)	X.XXXX	Bid price to serve up to two tranches of FPS load.
Tranche 3	Y.YYYY	Bid price must be equal to or greater than the bid price for tranches 1 & 2.
Tranche 4	Y.YYYY	Bid price must be equal to or greater than the bid price for tranche 3.
Tranche 5	Y.YYYY	Bid price must be equal to or greater than the bid price for tranche 4.
Tranche 6	Z.ZZZZ	Bid price must be equal to or greater than the bid price for tranche 5.

In the above example, Duquesne would have the right to accept up to six Standard Tranches from Supplier A. (NOTE: The bid(s) for initial tranches cannot be contingent on Duquesne accepting subsequent tranches, e.g., Supplier A could not require Duquesne to accept all six tranches in order to obtain the prices for the first three tranches.) In this example, assume Duquesne awards Supplier A three Standard Tranches, the “effective bid price” would be the simple average of X.XXXX ($\$/kWh$) for tranche 1, X.XXXX ($\$/kWh$) for tranche 2, and Y.YYYY ($\$/kWh$) for tranche 3. This effective bid price would then be multiplied by the on- and off-peak factors shown earlier in Table 3 to calculate the Supplier A on- and off-peak energy payments. Supplier A would receive these energy payments for 15% (3 tranches * 5%) of the actual FPS load obligation. In addition, Supplier A would receive a capacity payment of \$5.25 per MW-day for 15% of the FPS capacity obligation. In the event that an FPS retail customer left FPS service prior to May 31, 2007, Supplier A would also be entitled to its percentage share of any GRA payment (less gross receipts taxes) that Duquesne collects from that departing FPS customer. (See Section VII.D. concerning customer switching rules.)

As noted earlier in these guidelines, RFP bids are for a percentage of the total FPS load, subject to the Load Cap. Duquesne will not accept bids for a particular rate schedule (e.g., rate L customers). This simplifies the RFP process, reduces the administrative burden, and decreases the likelihood of having no suppliers bid on a particular rate schedule.

D. Affiliate Participation

Duquesne's wholesale supply affiliate, Duquesne Power, will be eligible to bid in this RFP.

E. Treatment of Transmission Congestion Rights

For the PJM planning period (June 1, 2006 through May 31, 2007), subject to any applicable PJM rules, each winning supplier will have the right to request and nominate its pro-rata portion of any transmission congestion rights that Duquesne would receive from PJM associated with FPS load, subject to the timing of the PJM nominating process and the date on which the PUC shall have approved the Retail Tariff rate levels resulting from the RFP. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations at that time will not nominate such congestion rights for the upcoming PJM planning period associated with the FPS load. (*See* Section 4.1 in the Agreement.)

F. Submittal of Proposals

All bids are firm offers, binding pursuant to the Binding Bid Agreement, and due via e-mail by 11:00 a.m. EPT on Monday, May 15, 2006. E-mail bids should be submitted to Eric Stoltz at estoltz@duqlight.com. The deadline will be strictly enforced and Duquesne will only consider bids submitted on or before the designated time. In the event of technical difficulties in submitting bids, a supplier may, as an alternative, fax its bid to Eric Stoltz at 412-393-1070 prior to the 11:00 a.m. deadline. Agreement terms and conditions are non-negotiable. Bids conditioned in any manner, including any changes to the Agreement, will be rejected. Accompanying each bid, each supplier must include a signed Binding Bid Agreement provided in Appendix D. Each supplier is requested to attach an electronic copy of its executed Binding Bid Agreement to its E-mail bid submission.

G. Conforming Proposals

For a supplier's bid to be deemed a conforming proposal, it must be complete, including:

- a) the Bid Form Spreadsheet, completed in full and without modification (Appendix C);

b) an executed Binding Bid Agreement (Appendix D).

A conforming proposal must be submitted by the bid deadline, must not be conditioned in any manner, and must be submitted by a qualified supplier as described in Section IV of this document. Proposals deviating from the above criteria will be deemed non-conforming and eliminated from further consideration. Any such elimination will be communicated by Duquesne to the relevant supplier(s) and will be final.

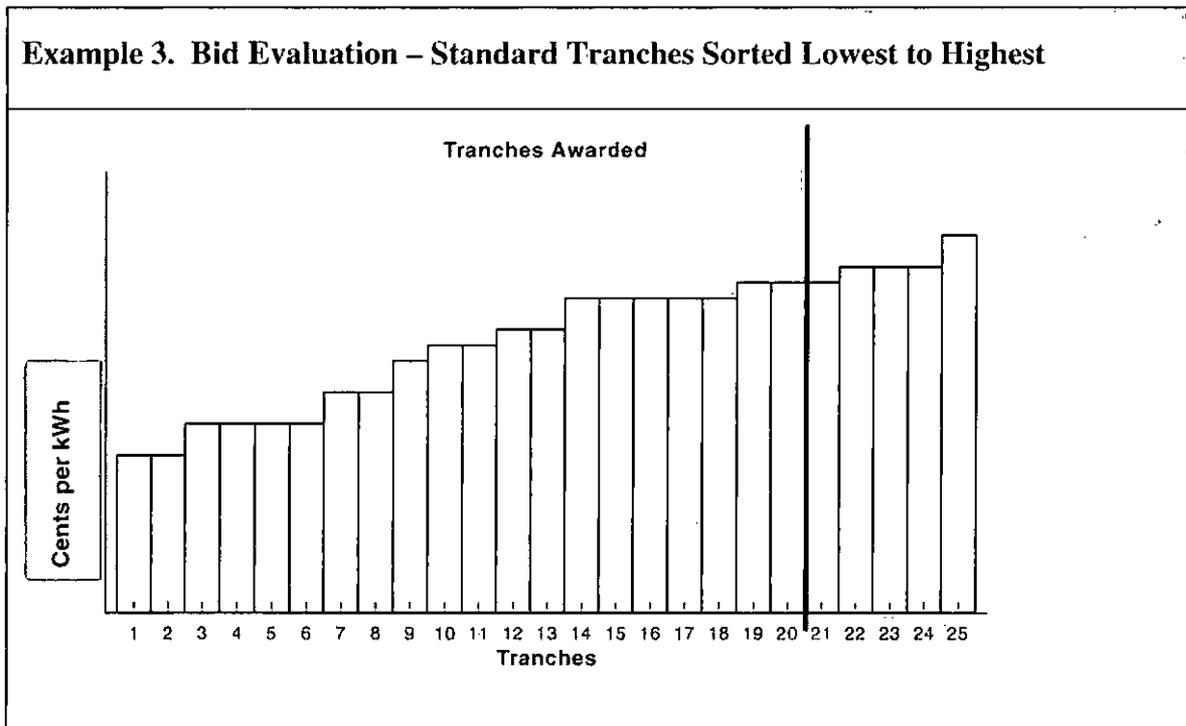
VI. AFTER RFP BIDS ARE RECEIVED

A. Duquesne Confirmation of Proposal Submission

Duquesne will confirm receipt of a supplier's proposal via email. As indicated on each Bid Form Spreadsheet, each supplier will provide a contact name and email address that will be used for the receipt confirmation.

B. Overview of Bid Evaluation

The RFP consists of a single-round binding firm offer. The selection of winning suppliers will be determined based upon price, subject to the maximum number of Standard Tranches a supplier can bid. Duquesne will rank each Standard Tranche bid from lowest price to highest price. Subject to Commission approval, Duquesne will select the 20 Standard Tranches with the lowest price to fulfill 100% of its FPS full requirements obligation. (Also, see discussion of the bid evaluation for a Total Load Bid in Section V.B.2.) Duquesne could accept all, some or none of the Standard Tranches offered by a supplier.



In the unlikely event there is a tie between suppliers to fill the remaining tranches to reach a total of 20, Duquesne will split the number of tranches (or percentage of load) between the suppliers with the same price such that the load is more evenly spread among suppliers and all winning suppliers would be awarded at least two tranches. The tie-break rules are explained in more detail in the example below.

Example 4. Tie Between Suppliers Offering the Same Price

Suppose only one Standard Tranche remains to be filled and two suppliers – Supplier B and Supplier C – offer the same price:

- If Supplier B has already been awarded two or more Standard Tranches and Supplier C has not been awarded any Standard Tranches, then the remaining tranche would be awarded to Supplier B.
- If both Supplier B and Supplier C have already been awarded two or more Standard Tranches, then the tranche would be awarded to the supplier with the lower number of tranches or shared equally between Supplier B and Supplier C if they had the same number of tranches.²⁰
- If neither Supplier B nor Supplier C had won two Standard Tranches, and to pro-rate the remaining tranches would result in both suppliers receiving less than two tranches, then the remaining tranche would be given to the supplier with the higher credit rating.

Finally, if none of the rules above resolves the tie, Duquesne will simply award any remaining tranches (or portions thereof) equally among the suppliers that bid the same price, which could result in partial tranches being awarded. In any event, Duquesne will seek to avoid awarding any supplier less than one tranche in the aggregate and any pro-ration of bids will be subject to the maximum number of tranches bid by a given supplier. To satisfy these criteria, Duquesne will award any remaining tranches by lottery, if necessary.

In the event that Duquesne receives bids on less than 20 Standard Tranches in the RFP, Duquesne will then consider bids to serve Contingency Tranches and any Total Load Bids that

²⁰ If a supplier is awarded a percentage share of a single tranche, then the bid prices for tranches awarded to that supplier will be weighted to obtain the average price, such that the price for a full tranche would receive a weight of one while the price associated with a 50% share of a tranche would receive a weight of 0.5.

are described in Section V.B. Contingency Tranches will be evaluated based on price in a similar manner as that used to evaluate bids to supply Standard Tranches.

C. Selection of Winning Suppliers

Duquesne will notify each supplier of its selection on or before 3:00 p.m. on Monday, May 15, 2006. Duquesne will also provide each winning supplier with the resulting supplier payments and the retail rates resulting from the RFP to be included in the Agreement. Duquesne expects to execute the Agreement with each winning supplier by 6:00 p.m. on May 15, 2006.

D. Contract Execution

Each winning supplier will be required to execute and deliver a standardized, wholesale supply Agreement with Duquesne. Duquesne will not negotiate changes to the final Agreement during the RFP process. The Agreement contains the parties' rights and obligations for providing and receiving full-requirements wholesale electric supply, including those rights and obligations associated with credit and performance assurances. Duquesne expects to execute the final Agreement with each winning supplier by 6:00 p.m. EPT on May 15, 2006, which Agreement will be subject only to the receipt of the Commission's approval of the retail rate levels resulting from this RFP no later than 11:59 p.m. EPT on May 18, 2006.

E. Development of Retail Rates for FPS Customers

As described in Section II.D., Duquesne will calculate on- and off-peak energy payments for each winning supplier. These on- and off-peak energy payments will be weighted by tranches awarded across all winning suppliers to obtain a single weighted average on-peak energy price and a single weighted average off-peak energy price. These single weighted average on-peak and off-peak energy prices will be adjusted by rate schedule for Duquesne's distribution and transmission losses, retail adder, PJM surcharge, and GRT. The supplier capacity payment in dollars per MW-day will be adjusted for GRT and will be converted to dollars per kW-day. The methodology used to translate winning bid prices into retail generation rates is illustrated in the example in Appendix E.

F. Duquesne's Filing at the Commission

Duquesne will seek Commission approval of the retail rate levels resulting from this RFP process on an expedited basis. It is Duquesne's intention that the review process focus on whether the RFP was implemented in accordance with these RFP Guidelines and whether the RFP appears to have generated a result that is consistent with competitive bidding. The expedited review process is necessary in order to provide greater certainty to suppliers in the RFP given that suppliers will likely not want to subject the Agreement to regulatory risk for any longer than absolutely necessary. Equally important, expedited approval is also necessary to allow time for a) Duquesne to notify customers of their generation service options, b) EGSs to market to customers, c) customers to make decisions, and d) Duquesne to process those decisions.

Soon after the bids are received, Duquesne expects to file with the Commission a summary report on the RFP, including the names of the winning suppliers, the number of tranches won, and the resulting bid translation to retail rates. Bid prices will be provided to the Commission on a confidential basis in order to facilitate Commission review of the competitive RFP process. Duquesne will request that the Commission maintain the confidentiality of specific bids from particular suppliers, and make public only the final blended retail rates that will be shown in Duquesne's Retail Tariff.²¹

G. Commission Approval

Duquesne will seek to obtain Commission approval of the retail rate levels resulting from this RFP no later than 11:59 p.m. EPT on Thursday, May 18, 2006.²²

H. Termination of the Agreement

Each Agreement between Duquesne and a winning supplier will automatically terminate if the retail rate levels resulting from this RFP are not approved by the Commission before 11:59 p.m. EPT on May 18, 2006.

²¹ Duquesne will request that the Commission maintain the confidentiality of the names of the winning suppliers such that suppliers will have sufficient time to hedge their obligations in the market.

I. Contingency Plan

In the event that Duquesne does not receive any bids in this RFP, or receives bids for less than 20 tranches (Standard and Contingency Tranches combined) and does not receive a Total Load Bid for the entire load, or the Commission does not approve the retail rate levels resulting from this RFP before 11:59 p.m. EPT on May 18, 2006, then Duquesne will not offer FPS to Large C&I Customers during the Supply Period. In this case, Duquesne will offer only Rider 9, "Hourly Price Service," pursuant to Duquesne's Retail Tariff to Large C&I Customers that are either on POLR or return to POLR during the Supply Period.

²² This approval could be in the form of a Commission order or Secretarial Letter.

VII. CUSTOMER POLR OPTIONS, NOTIFICATION AND SWITCHING RULES

This section summarizes generation service options available to Duquesne's Large C&I Customers and the customer switching rules. For more detail, *see* Duquesne's POLR III Retail Tariff on the RFP website.

A. POLR Options and Customer Election Process

Duquesne's POLR III plan for Large C&I Customers includes two POLR products – Hourly Price Service (HPS) and Fixed Price Service (FPS). Large C&I Customers may choose the POLR service they are comfortable with given the amount of risk they prefer. After Commission approval of the rate levels, Duquesne will notify Large C&I Customers and EGSs about the POLR supply options, rate levels, and service election process. Duquesne expects to provide this notification on or about May 19, 2006. Each product is described briefly below.

(i) Hourly Price Service

HPS is the default POLR III service for Large C&I Customers. HPS customers are charged a pass-through of PJM real-time hourly energy prices and a monthly demand charge to cover capacity costs of providing HPS service. Energy charges are based on actual PJM market prices (for energy and ancillary services) and the customer-specific loads in each hour. The demand charge is based on the capacity charges in the PJM daily capacity credit market during the applicable customer billing period. The HPS option is a pricing formula offered in Rider 9, "Hourly Price Service," of Duquesne's Retail Tariff.²³

(ii) Fixed Price Service

The FPS product provides Large C&I Customers price protection from hourly price volatility that may be experienced with the HPS option. FPS customers can lock-in fixed demand and energy charges from June 1, 2006 through May 31, 2007 (i.e., the term of the Agreement). The fixed demand charges are pre-set and the on- and off-peak energy charges will be based on the weighted average of the RFP energy bids. The FPS rates determined from the

²³ The pricing formula is subject to change over time as new market rules or obligations are implemented. Thus, HPS service will expose retail customers to both market price risks and changes in regulatory/market rules.

RFP process will become effective June 1, 2006. Customers on POLR FPS or HPS service will receive FPS service beginning June 1, 2006 if they notify Duquesne of their preference for FPS on or before May 28, 2006. All Large C&I Customers may elect FPS service defined in Rider 8 of the Retail Tariff at the rates resulting from the RFP up until August 31, 2006. After this date, Large C&I Customers may elect FPS service but will pay updated retail rates based on new quarterly bids received from the winning suppliers. (See discussion of New FPS Customers.)

B. POLR Default Service

If a customer does not elect to receive generation service from an EGS or FPS service under Duquesne's Rider 8, the following POLR default service shall apply:

- On June 1, 2006, all Large C&I Customers on Duquesne's POLR service as of May 31, 2006 will default to HPS.²⁴
- Through May 31, 2007, Large C&I Customers scheduled to return to POLR service (either by customer election or supplier default) will default to HPS unless they elect to receive generation service from an EGS or FPS service under Duquesne's Rider 8.

C. Treatment of CTC and Special Contract Customers

Duquesne has a small number of customers who are still paying a competitive transition charge (CTC) and/or receiving service under special contracts (Tariff Rule 4) that extend beyond May 31, 2006. Prior to August 31, 2006, these POLR customers may elect to enroll in FPS at the rate levels resulting from this RFP with such service to become effective immediately upon termination of their CTC or special contract (i.e., if a CTC or special contract customer elects FPS prior to August 31, 2006, then that customer will be served at the initial FPS prices resulting from this RFP to become effective at the expiration of the CTC or the Rule 4 contract.) These

²⁴ Customers on POLR service that will be on POLR service June 1, 2006 may notify Duquesne on or before May 28, 2006 if they want to receive FPS POLR service beginning June 1, 2006. This will allow customers that have already elected or plan to subsequently switch to an EGS at its next meter read date or customers that wish to remain on POLR fixed price service (i.e., no switch) to affirmatively elect fixed POLR prices. POLR customers that do not notify the Company by May 28, 2006 will default to hourly price service on June 1, 2006. POLR customers that notify Duquesne on May 29th through May 31st of 2006 will default to hourly price service on June 1, 2006, but then move to FPS POLR service at the rate levels resulting from this RFP on their next scheduled meter read date, subject to the switching and customer notification requirements defined in Rule 45 of the Retail Tariff.

customers must notify Duquesne in writing of their election on or before August 31, 2006. After this time, such customers will subsequently default to the HPS product upon the expiration of the CTC or the Rule 4 contract unless the customer elects an EGS or elects the FPS service then in effect. Duquesne will provide suppliers information on the RFP website regarding when each CTC and special contract customer may become eligible to receive FPS as well as load information on these customers.

D. Customer Switching Rules

All customers must continue to comply with the switching and customer notification requirements defined in Rule 45 of the Retail Tariff.

(i) HPS and EGS Customers

Until August 31, 2006, HPS and EGS customers may elect to receive FPS service at the rate levels resulting from this RFP. After August 31, 2006, HPS and EGS customers may elect FPS at the updated rates then in effect as described in Rider 8. EGS customers will continue to be subject to any existing contractual obligations with their current suppliers.

(ii) FPS Customers

An FPS or New FPS Customer may leave the FPS product prior to May 31, 2007 and switch to either the HPS product or to an EGS, but any such switching customer will be subject to Rider 23 of the Retail Tariff, the "Generation Rate Adjustment" (GRA). According to Rider 23, an FPS customer that switches from FPS is responsible for paying the higher of the customer's FPS retail rate or market costs as calculated in Rider 23 for the period of time the customer was on FPS service.²⁵ GRA payments received from FPS customers (less gross receipts taxes) will be paid to the winning suppliers.²⁶ The GRA is designed to discourage gaming of Duquesne's fixed POLR rates, whereby customers remain on FPS service during the

²⁵ Duquesne provides a GRA bill to a switching customer upon its departure to an EGS if the GRA calculation results in a positive amount. If the GRA is not paid within 60 days the customer is returned to POLR fixed price service and must remain until the GRA is paid.

²⁶ GRA payments received by Duquesne, net of gross receipts taxes, for FPS and New FPS Customers will be allocated among the winning suppliers based on load share.

high-cost period (typically the summer months) and then switch to an EGS during the low-cost periods.

E. New FPS Customers

After August 31, 2006, EGS and HPS Customers may elect FPS (called New FPS Customers) at updated retail rates then in effect under the switching protocols in the Retail Tariff and subject to any existing obligations in their EGS contract. These New FPS Customers will be tracked separately from original FPS customers for purposes of determining supply obligations, supplier payments, and any applicable customer GRA payments.

Each quarter, Duquesne will update the FPS retail rates to be charged to New FPS Customers. Duquesne will post the updated FPS retail rates to be charged to New FPS Customers on Duquesne's customer choice website prior to the start of each price application period described in Exhibit E to the Agreement. The FPS rates applicable to a New FPS Customer will depend on the date the customer elects FPS service.²⁷ Although these updated prices will change quarterly, once a New FPS Customer begins service under a particular rate, such rate will remain in effect with respect to such New FPS Customer through May 31, 2007 as long as the New FPS Customer remains on FPS service. Once a New FPS Customer leaves FPS service, however, such New FPS Customer will be subject to Rider 23 and may be required to make a GRA payment. Updated FPS rates for New FPS Customers will only be available to New FPS Customers who elect to return to FPS during the customer notification period that corresponds to the price application period for that particular quarter.

The updated FPS rates are based on updated supplier bids and are intended to reflect current market conditions to serve customers at fixed prices through May 31, 2007. These rates are likely to be different than those available to original FPS customers who elected FPS on or before August 31, 2006, as both market conditions and the remaining term of the Agreement changes over time. The lowest bids accepted by Duquesne will be translated into updated FPS rates for New FPS Customers electing FPS during the next quarter using the same methodology as that used to create the initial rates. (*See* example in Appendix E).

²⁷ A New FPS Customer is considered to "elect FPS service" in a particular quarter if a drop notification to POLR service is made in that quarter and the customer has affirmatively elected its preference for FPS.

F. Refreshed or “New Bid” Supplier Prices

Each quarter, commencing September 1, 2006, winning suppliers will have an opportunity to supply any customers that elect FPS after August 31, 2006. Only winning suppliers in this RFP will be eligible to bid to supply New FPS Customers. The updated FPS price and service will extend through May 31, 2007. Under the Agreement, each winning supplier will be required to bid a single, refreshed energy price (in cents per kWh) each quarter to supply the load for the remainder of the Supply Period for New FPS Customers electing FPS during the upcoming quarter.²⁸ When winning suppliers submit refreshed price offers each quarter, the suppliers will be allowed to specify a maximum percentage of New FPS Customer load to which the offer would apply (called the “New Bid Percentage”). A supplier’s New Bid Percentage must be equal to or greater than the percentage of initial FPS customer load that they are serving (called the “Specified Percentage”). The percentage of New FPS Customer load ultimately awarded by Duquesne to a supplier is called the “New FPS Percentage.” In determining the New FPS Percentage for a particular supplier, Duquesne may not set a New FPS Percentage that exceeds the New Bid Percentage proposed by such supplier. The maximum amount of load that any supplier could be required to supply through May 31, 2007 is subject to the Load Cap.

If it appears to Duquesne that the Load Cap for FPS may be exceeded at any time during the Supply Period, winning suppliers under this RFP will be required to provide a “refreshed” price to serve the projected additional load, up to a maximum of an additional 225 MW of peak load contribution. Refreshed prices may reflect then current market conditions and are subject to PUC approval and certain customer notification requirements.

²⁸ Each quarter, winning suppliers will be required to bid a single updated energy price on the 15th business day of the month preceding the start of a price application period described in Exhibit E to the Agreement. If selected, a supplier’s bid price would be used to establish retail rates to become effective on the 1st day of the following calendar month for all New FPS Customers that elect FPS service during the upcoming quarter.

Example 5. Bids to Serve New FPS Customer Load

Suppose Supplier A was awarded 30 percent (6 Standard Tranches) of the FPS load in the initial RFP. The form of the New FPS Customer bid made on the 15th business day of May 2006 and each quarter thereafter would be:

New Bid Price = X.xxxx cents per kWh [*up to four decimals*]

Specified Percentage = 30% [*This represents the minimum percentage of New FPS Customer Load the supplier is obligated to bid in each quarter. The Specified Percentage will remain fixed throughout the term of the Agreement, except for any applicable adjustments due to the step-up provisions in the Agreement.*]

New Bid Percentage = YY% [*This represents the maximum percentage of New FPS Customer Load the supplier is willing to supply. This figure must be equal to or greater than the Specified Percentage (i.e., 30% in this example) and could be as high as 100%.*]

New FPS Percentage = Based on the New Bid Prices received from suppliers, Duquesne could award Supplier A with 0% up to the New Bid Percentage (YY%) of the New FPS Customer load that elects FPS service during the applicable quarterly customer notification period shown in Exhibit F of the Agreement.

There will be no price cap on the refreshed energy price bids. The supplier(s) with the lowest of these bid prices will be selected each quarter to serve a percentage of New FPS Customer load that is determined by Duquesne (the "New FPS Percentage"), subject to the maximum percentage share of such load that each selected supplier is willing to serve (the "New Bid Percentage"). The bid prices will be translated to on-peak and off-peak energy payments for the winning supplier and updated retail rates for customers that elect FPS during the upcoming quarter in accordance with the same methodology used in this RFP.²⁹ Duquesne will seek Commission approval of the updated FPS rates on an expedited basis (within 3 business days).³⁰

²⁹ The same supplier capacity payment of \$5.25 per MW-day will remain in effect for New FPS Customers.

³⁰ This could be in the form of a Commission Order or Secretarial Letter. If the Commission fails to make such approval within such time, binding firm offers by winning suppliers will terminate, and no new FPS service will be available for customers that elect POLR service during that quarter.

New FPS Customer load will be assigned through May 31, 2007 to the supplier(s) offering the lowest price, subject to the New FPS Percentage. In the event that a New FPS Customer leaves FPS service before such time; the winning suppliers will be paid their share (based on the applicable percentage of load awarded) of any GRA payment received by Duquesne, net of gross receipts taxes, paid by that customer.

Exhibit E of the Agreement summarizes when the winning suppliers will be required to bid new FPS prices, when a retail customer can elect updated FPS rates based on that bid pursuant to Rider 8 of the Retail Tariff, and the period during which the applicable new retail rates and supplier payments will apply under the terms of the Agreement.

VIII. MISCELLANEOUS

A. Winning Supplier Step-Up Provision

As set forth in the Agreement, in the event of an early termination of an Agreement with respect to a particular winning supplier, all other winning suppliers serving Duquesne's FPS load will have the option to take a full or partial pro-rata share of the load for the balance of the terminated Agreement term, under the same pricing, terms and conditions of the terminated Agreement. The winning supplier to which the option is awarded must meet any additional collateral requirements related to the step-up of its obligation. If any winning supplier does not exercise its option to increase its obligation, the other winning suppliers will have the option to take a pro-rata share of the amount of the increased obligation that such supplier declined to take. A winning supplier's pro-rata share will be the ratio of the supplier's FPS load obligation to the total FPS load being served under all Agreements with Duquesne, excluding the terminated Agreements and, if applicable, Agreements under which other suppliers decline to exercise their step-up option in part or full.

B. Supplier Elimination Right

If in the course of the solicitation process, any supplier is found to provide false information, misrepresent its financial or operational characteristics or omit any pertinent information, Duquesne reserves the right to eliminate such supplier from the RFP process.

C. Warranty on Information

The information provided in the RFP, or on Duquesne's RFP website, has been prepared to assist suppliers in evaluating the RFP. It does not purport to contain all the information that may be relevant to a supplier in satisfying its due diligence efforts. Neither Duquesne nor its representatives makes any representation or warranty, expressed or implied, as to the accuracy or completeness of the information, and neither shall be liable for any representation expressed or implied in the RFP or any omissions from the RFP, or any information provided to a supplier by any other source.

Each supplier should check Duquesne's website frequently to ensure it has the latest documentation and information. Neither Duquesne nor its representatives shall be liable to a supplier or any of its representatives for any consequences relating to or arising from the supplier's use of any such information.

D. Hold Harmless

Each supplier shall hold Duquesne harmless from and against any and all damages and costs, including but not limited to legal costs, in connection with all claims, expenses, losses, proceedings or investigations that arise as a result of Duquesne's selection of winning suppliers pursuant to the RFP Guidelines.

E. Supplier's Acceptance

The submission of a proposal to Duquesne shall constitute a supplier's acknowledgment and acceptance of all the terms, conditions and requirements of this RFP as described in the RFP Guidelines.

Each supplier and its representatives irrevocably agree to submit to the personal jurisdiction of any Pennsylvania State or Federal court and any appellate court thereof in respect of any action, dispute or proceeding arising out of this RFP process, including but not limited to the execution, implementation and performance of the Agreement.

F. Confidential Information

This document is provided to each supplier under and pursuant to the terms of the Confidentiality Agreement relating to Duquesne's RFP process that was previously executed and delivered by each supplier and Duquesne. Subject to the Confidentiality Agreement, all proposals submitted by each supplier pursuant to this solicitation shall become the exclusive property of Duquesne.

G. Cooperation in Obtaining Regulatory Approvals

Each supplier agrees to cooperate, to the fullest extent necessary, in obtaining any and all required State, Federal or other regulatory approvals necessary under or contemplated by the Agreement.

H. Contact Information

Questions and comments regarding Duquesne's RFP should be submitted in writing and be directed to:

Duquesne Light Company
RFP
c/o Eric Stoltz
411 Seventh Ave.
Pittsburgh, PA 15219
412 393-1070 (fax)
estoltz@duqlight.com

Appendix B. Confidentiality Agreement

DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

_____, 2006

[INSERT NAME OF COMPANY]
[INSERT ADDRESS OF COMPANY]
[INSERT ADDRESS OF COMPANY]

Re: Non-Disclosure Agreement

Ladies and Gentlemen:

This letter agreement (this "Agreement") is a non-disclosure agreement between Duquesne Light Company ("Utility") and _____ ("the Company") in connection with the Company's intent to participate in Utility's Request for Proposals ("RFP") to provide full requirements service for a portion of Utility's load that is associated with its large commercial and industrial customers receiving fixed price service under Utility's retail tariff beginning on June 1, 2006 (such service, "Fixed Price Service"). This Agreement also pertains to the rights and obligations of Utility and the Company in the event that the Company is selected as a winning bidder in the RFP process to execute with Utility a Full Requirements Agreement for Fixed Price Service, substantially in the form included in Utility's Fourth Compliance Filing filed before the Pennsylvania Public Utility Commission at Docket No. P-00032071 (such agreement, the "FSA"). In consideration of the mutual covenants and agreements set forth herein, Utility and the Company hereby agree to accept, and to be bound by, the terms of this Agreement. Utility and the Company are each referred to herein as a "Party" and collectively as the "Parties".

1. Definition of Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean any information disclosed by one of the Parties (the "Disclosing Party") to the other Party (the "Receiving Party") in connection with evaluating the RFP, whether disclosed orally or by way of observation, or in written, graphic, machine-readable or any other tangible medium. Confidential Information in the case of information provided by Utility to the Company shall include, without limitation, all data, reports, interpretations, forecasts or records relating to the RFP process, Utility and/or its customers, and any other document created by Utility or others which directly or indirectly relates to all or any portion of the bid evaluation information provided by Utility to the Company.

Confidential Information in the case of information provided by the Company to Utility shall include, without limitation, all data, reports, interpretations, forecasts, bids, credit information, credit collateral amounts, bidder identity, and any other document created by the Company or others that directly or indirectly relates to all or any portion of the bid evaluation information provided by the Company to Utility.

2. Exceptions. Confidential Information shall not include information which:

- a. is or becomes available in the public domain through no act of the Receiving Party;
- b. is independently developed by or on behalf of the Receiving Party without any use of Confidential Information of the Disclosing Party; or
- c. was acquired by the Receiving Party from other than the Disclosing Party prior to the time of the disclosure of such information by the Disclosing Party pursuant to the terms of this Agreement, as shown by files of the Receiving Party in existence at the time of such disclosure, and at a time when the Receiving Party was under no obligation to the Disclosing Party to keep such information confidential.

3. Obligations. Each Party shall:

- a. treat Confidential Information of the other Party with the same degree of confidentiality with which it treats its own Confidential Information (except that it shall not release such Confidential Information pursuant to this or any other Agreement), and in no case less than a reasonable degree of confidentiality;
- b. use Confidential Information only for the purpose of evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP, and/or executing the FSA, and not for any other purpose; in furtherance of the foregoing, neither Party shall disclose to third parties (other than its Representatives (as defined below)) any information about Utility's or the Company's participation in the RFP process or execution of the FSA, or the terms or conditions or any other facts relating thereto, including the fact that discussions are taking place with respect thereto, the status of those discussions, or the fact that Confidential Information has been made available by or to Utility or the Company or their Representatives (as defined below);
- b. not copy Confidential Information, in whole or in part, except as required in furtherance of the uses thereof permitted by this Agreement, and except with accurate reproduction of all proprietary legends and notices located in the originals;
- c. limit dissemination of Confidential Information received from the Disclosing Party to only those of its officers, directors, employees, advisors, lenders, and other persons, including but not limited to any affiliates who are actively and directly participating in

evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP (collectively, "Representatives"); provided, however, that the Receiving Party shall in all events be responsible to the Disclosing Party for any action or inaction of the Receiving Party's Representatives that would violate this Agreement, as if the action or inaction had been that of the Receiving Party directly; and

d. destroy or return to the Disclosing Party any Confidential Information received in written or other tangible media, including all copies and records thereof, upon any request by the Disclosing Party.

4. Permitted Disclosure. If the Receiving Party or any of its representatives becomes legally compelled to disclose any Confidential Information of the Disclosing Party, the Receiving Party shall provide the Disclosing Party with prompt notice of such requirement and shall cooperate with the Disclosing Party in seeking to obtain a protective order or other arrangement pursuant to which the confidentiality of the Confidential Information is preserved. If such an order or arrangement is not obtained, the Receiving Party agrees that it and its Representatives will disclose only that portion of the Confidential Information as is legally required. Any legally compelled disclosure shall not, in and of itself, change the status of the disclosed information as Confidential Information under the terms of this Agreement. In addition, notwithstanding any other provision of this Agreement to the contrary, Utility may share any Confidential Information with the Pennsylvania Public Utility Commission or its staff. Any such information will be designated as confidential, and Utility will ask the Pennsylvania Public Utility Commission to hold and use such information on a confidential basis. Finally, notwithstanding any other provision of this Agreement to the contrary, in the event Utility and the Company execute and deliver the FSA, Utility may disclose Confidential Information under the circumstances, and in the manner, specified in Section 4.10 of the FSA.

5. Errors and Omissions. Nothing in this Agreement shall be construed to impose on the Disclosing Party any liability or responsibility for errors or omissions in, or any business decisions made by the Receiving Party in reliance on, any Confidential Information disclosed under this Agreement.

6. Term. This Agreement shall be effective as of the date hereof and shall continue for a period of one (1) year, unless, prior to the expiration of such one (1) year period, either the Company notifies Utility in writing that the Company does not wish to proceed with the RFP or Utility notifies the Company in writing that the Company has been excluded from the RFP, then, in either such case, this Agreement shall terminate as of the date of such written notice.

7. Survival. Notwithstanding the expiration or termination of this Agreement, the restrictions and obligations of Paragraphs 3 and 4 of this Agreement shall survive the expiration or termination of this Agreement, and shall continue to bind the Parties, their successors, heirs and assigns, for a period of two (2) years after the date of expiration or termination of this Agreement, as the case may be.

8. Ownership of Confidential Information. Each of the Parties acknowledges that Confidential Information of the Disclosing Party is and shall remain the exclusive property and a valuable trade secret of the Disclosing Party, and that such information is disclosed subject to the Disclosing Party's ownership rights. Nothing herein shall grant either Party, explicitly or implicitly, any ownership right in, or license to use, the Confidential Information of the other Party.

9. No Agency or Other Relationship/Commitment. Neither this Agreement nor the disclosure or receipt of Confidential Information shall constitute or imply any promise or intention to enter into a partnership, agency, employment, joint venture or other relationship between the Parties, to make or purchase any products or services by any Party or to make any commitment by any Party with respect to the present or future marketing of any product or service. Utility reserves the right, in its sole discretion, to change or waive the procedures relating to the RFP process at any time, to reject any and all bids submitted in the RFP process, and to terminate discussions and negotiations with the Company at any time, all without notice and without providing reasons therefore. Furthermore, Utility reserves the right in its sole discretion, to consider any and all factors that it deems appropriate in the determination of a successful bid in this RFP process and, in this regard, has no obligation to accept any bid. A bid will be deemed to be accepted only upon the execution and delivery of a definitive FSA by Utility.

10. No Assignment. No Party may assign any of its rights or delegate any of its obligations under this Agreement, except upon the prior written consent of the other Party.

11. Equitable Relief. Each Party acknowledges that the Disclosing Party would be irreparably injured by a breach of this Agreement by the Receiving Party, and that the Disclosing Party, in addition to any other remedies available at law or in equity, shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Agreement by the Receiving Party.

12. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never been a part of this Agreement.

13. Integration. This Agreement supersedes all previous oral and written agreements, if any, between the Parties regarding the confidentiality of information disclosed during the term and for the purposes described herein to each other.

14. Governing Law; Venue. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REFERENCE TO ITS CONFLICTS OF LAWS PRINCIPLES. ANY LITIGATION BETWEEN UTILITY AND THE COMPANY RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT SHALL BE FILED AND PURSUED SOLELY IN A STATE OR FEDERAL COURT IN AND FOR PITTSBURGH,

PENNSYLVANIA, WHICH COURTS SHALL HAVE EXCLUSIVE JURISDICTION FOR SUCH PURPOSES. EACH OF UTILITY AND THE COMPANY IRREVOCABLY WAIVES THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH LITIGATION AND IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT.

15. Counterparts. This Agreement may be executed in one or more counterparts, all of which, taken together, shall constitute one and the same instrument. Facsimile signatures will be considered original signatures.

[Signature Follow on Next Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

DUQUESNE LIGHT COMPANY

By: _____
Name: _____
Title: _____

[INSERT NAME OF COMPANY]

By: _____
Name: _____
Title: _____

Appendix B. Pre-Bid Application Form

The Pre-Bid Application Form and the requested information must be submitted to Duquesne no later than 11:00 a.m. EPT on Monday May 8, 2006. All submitted information must be in the English language and all financial data must be denominated in United States currency and conform to generally accepted accounting principles (GAAP) in the United States. If the Certifying Company's (as defined below) financial information is consolidated with other entities, then it is the Applicant's (as defined below) responsibility to extract and submit as separate documents all data and information related solely to the Certifying Company. This must include all financial information, associated notes and all other information that would comprise a full financial report conforming to GAAP. In the event the Certifying Company's information is not submitted by the due date or is submitted in an incomplete fashion, the Applicant will be eliminated from further consideration in the RFP. **Therefore, it is in each Applicant's interest to submit its pre-bid information early in the process, allowing some time to cure incomplete information before the Pre-Bid Application Form due date.** Applicants will be notified whether they succeeded in qualifying to participate in the RFP no later than three business days after the application date. An Applicant that has qualified becomes a qualified supplier. **In the event that an Applicant has not met all of the qualification requirements so as to not be eligible to submit proposals, such Applicant will be allowed to cure any such deficiency, so long as the deficiency is cured no later than May 8, 2006.**

The following information is submitted on behalf of the following supplier:
_____ (the "Applicant").

1. Applicant Information

Type of Business (Check one)

- Corporation
- Limited Liability Company
- Joint Venture
- Other (please describe)

Applicant Organization

Legal Corporate Name:
Street Address:
City, State, Zip Code:
Federal Tax ID Number:

Applicant Credit Contact

Name:
Title:
Phone Number:
Fax Number:
Email Address:

For Corporation/Limited Liability Companies

Date and State of Incorporation/Registration:

Registered Agent Name:

Street Address:

City, State, Zip Code:

For Limited Partnerships

Name of General Partner:

Address of General partner/Registered Agent:

City, State, Zip Code:

2. Application for Credit Basis

This application for credit is to be based on the creditworthiness of the entity indicated below (such entity, the "Certifying Company").

The supplier listed under section 1.

The guarantor listed below.

Guarantor

Legal Corporate Name:

Street Address:

City, State, Zip Code:

Federal Tax ID Number:

3. Credit Information

The Applicant is required to submit for the Certifying Company 10Ks for 2004 and 2005. If the 2005 10K is not available, Applicant shall submit 10Ks for 2003 and 2004 and 10Qs for 2005. Any 10Ks and 10Qs submitted must be audited by a firm of certified public accountants of national standing.

In the event the above information is inadequate to appropriately assess the Certifying Company's creditworthiness, the Applicant must provide evidence of the Certifying Company's capability to provide collateral instruments, its capability to borrow and other sources of liquidity.

Has the Applicant, the Certifying Company, or any predecessor company of either declared bankruptcy in the last 5 years?

Yes

No

Are there any pending bankruptcies or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of the Applicant or the Certifying Company?

Yes
 No

If the answer is "Yes" to either of the above questions, please provide an addendum to this application describing the situation and how it affects the Certifying Company's ability to meet or not to meet its credit obligations.

Certifying Company's Credit Ratings

Standard & Poors

Last Rating Date:

Rating on senior unsecured long term debt that is not guaranteed by any other entity or subject to any other credit enhancement:

Moody's

Last Rating Date:

Rating on senior unsecured long term debt that is not guaranteed by any other entity or subject to any other credit enhancement:

Fitch

Last Rating Date:

Rating on senior unsecured long term debt that is not guaranteed by any other entity or subject to any other credit enhancement:

If any of the ratings listed above are below investment grade (BBB-/ Baa3/BBB-), provide a schedule for the Certifying Company of all short-term and long-term debt maturities during 2006 and 2007.

Along with the above information, attach the latest review from each of the agencies. (Note: Duquesne reserves the right to request additional information in the event the above information is inadequate to assess the Certifying Company's creditworthiness.)

4. Bank Reference Information for the Certifying Company

Bank Name:

Street Address:

City, State, Zip Code:

Contact Name:

Phone Number:

Fax Number:

Account Number:

Revolving Credit facility? Yes No

If Yes,

Amount of Facility: \$

Expiration Date:

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

5. Submittal of Applicant's PJM and FERC Qualifications (Check each certification the Applicant is able to make)

_____ The Applicant hereby certifies that it is a member of the Pennsylvania-New Jersey-Maryland Interconnection, LLC (PJM) and is qualified as a market buyer and market seller in good standing able to secure generation or otherwise obtain and deliver electricity in PJM through compliance with all applicable requirements of PJM to fulfill a full-requirements obligation.

On what authority granted by the Federal Energy Regulatory Commission (FERC) does the Applicant have the right to respectively make sales of energy, capacity and ancillary services?

6. Certifications (Check each certification the Applicant is able to make)

- ___ The Applicant hereby certifies that it will comply with the RFP Guidelines as approved by the Pennsylvania Public Utility Commission.
- ___ The Applicant hereby certifies that it will bid independently of other suppliers in the RFP and will, consistent with the terms of the Confidentiality Agreement that was previously executed and delivered by Duquesne and the Applicant, ensure the confidentiality of information regarding the RFP.

7. Authorization

Applicant hereby represents and warrants that all statements and representations made herein, including any supporting documents, are true to the best of Applicant's knowledge and belief. The undersigned authorized official of the Applicant warrants that the Applicant agrees to be bound by these representations. The Applicant authorizes each of the above entities identified in this application to release data requested by Duquesne Light Company necessary to perform a credit check in connection with Applicant's interest to bid on the wholesale RFP to supply Duquesne's Fixed Price Service customers.

Applicant: _____

Signature of Authorized Official: _____

Name of Authorized Official (*print*): _____

Title of Authorized Official (*print*): _____

Date Signed: _____

Appendix C. Bid Form Spreadsheet

Duquesne Light Company Standard Tranche Bid Form Spreadsheet		
Request For Proposals For Fixed Price Service Bid Due Date: May 15, 2006, by 11:00 a.m. Eastern Prevailing Time Supply Period: June 1, 2006 - May 31, 2007 All "Required Fields" (shaded gray cells) must be completed.		
Applicant Information		
Applicant Name		* Required Field
Contact Name		* Required Field
Phone Number		* Required Field
Fax Number		* Required Field
Email		* Required Field
Certifying Company's Credit Rating (Enter "NR" if not rated)		
S&P		* Required Field
Fitch		* Required Field
Moody's		* Required Field
Maximum Standard Tranches Applicant is Allowed to Bid	0	
Capacity Payment		
Capacity Price (\$ / MW-Day)	\$5.25	
Binding Firm Offers by Standard Tranche		
	Enter Bid in Cents / kWh (up to 4 decimals)	
Minimum Bid (up to Two Standard Tranches)	*	* Required Field
Standard Tranche 3		<i>Minimum Tranches 1&2</i>
Standard Tranche 4		<i>Standard Tranche 3</i>
Standard Tranche 5		<i>Standard Tranche 4</i>
Standard Tranche 6		<i>Standard Tranche 5</i>
Standard Tranche 7		<i>Standard Tranche 6</i>
Standard Tranche 8		<i>Standard Tranche 7</i>
Standard Tranche 9		<i>Standard Tranche 8</i>
Standard Tranche 10		<i>Standard Tranche 9</i>
Standard Tranche 11		<i>Standard Tranche 10</i>
Standard Tranche 12		<i>Standard Tranche 11</i>
Standard Tranche 13		<i>Standard Tranche 12</i>
Standard Tranche 14		<i>Standard Tranche 13</i>
Standard Tranche 15		<i>Standard Tranche 14</i>
Standard Tranche 16		<i>Standard Tranche 15</i>
Standard Tranche 17		<i>Standard Tranche 16</i>
Standard Tranche 18		<i>Standard Tranche 17</i>
Standard Tranche 19		<i>Standard Tranche 18</i>
Standard Tranche 20		<i>Standard Tranche 19</i>
Standard Tranche 20		<i>Standard Tranche 20</i>
Number of Standard Tranches Offered	0	
Note: Duquesne may accept firm offers to supply one or up to 0 Standard Tranches from this Applicant.		
Complete / Incomplete Flag	Incomplete	* Complete ALL Required Fields Above

Duquesne Light Company Total Load Bid Form Spreadsheet

Request For Proposals For Fixed Price Service

Bid Due Date: May 15, 2006, by 11:00 a.m. Eastern Prevailing Time

Supply Period: June 1, 2006 - May 31, 2007

All "Required Fields" (shaded gray cells) must be completed.

An Applicant with an investment grade Certifying Company may submit a Total Load Bid

Applicant Information

Applicant Name		* Required Field
Contact Name		* Required Field
Phone Number		* Required Field
Fax Number		* Required Field
Email		* Required Field

Certifying Company's Credit Rating (Enter "NR" if not rated)

S&P		* Required Field
Fitch		* Required Field
Moody's		* Required Field

Capacity Payment

Capacity Price (\$ / MW-Day)	\$5.25
------------------------------	--------

Binding Firm Offers for Entire FPS Load

Enter Bid in Cents / kWh (up to 4 decimals)	
Bid Price for Entire Load	
	Bid Price for Entire Load

Notes: Duquesne must accept the bid price for the entire load or reject the bid altogether. Applicants with an investment grade Certifying Company may submit a bid for Standard Tranches as well as a Total Load Bid, or one without the other.

Complete / Incomplete Flag

Incomplete

* Complete ALL Required Fields Above

Duquesne Light Company Contingent Tranche Bid Form Spreadsheet (Optional)

Request For Proposals For Fixed Price Service

Bid Due Date: May 15, 2006, by 11:00 a.m. Eastern Prevailing Time

Supply Period: June 1, 2006 - May 31, 2007

All "Required Fields" (shaded gray cells) must be completed.

Contingent Tranches apply only to bidders who both qualify and bid for only 4 Standard Tranches

Applicant Information

Applicant Name		* Required Field
Contact Name		* Required Field
Phone Number		* Required Field
Fax Number		* Required Field
Email		* Required Field
Eligible for Contingent Tranches	No	* Required Field

Certifying Company's Credit Rating (Enter "NR" if not rated)

S&P		* Required Field
Fitch		* Required Field
Moody's		* Required Field
Maximum Contingent Tranches Applicant is Allowed to Bid	0	

Capacity Payment

Capacity Price (\$ / MW-Day)	\$5.25
------------------------------	--------

Binding Firm Offers by Standard Tranche

Enter Bid in Cents / kWh (up to 4 decimals)		
Tranche A		Tranche A
Tranche B		Tranche B
Number of Contingent Tranches Offered	0	

Note: Duquesne may accept firm offers to supply one or up to 0 Contingent Tranches from this Applicant.

Complete / Incomplete Flag Incomplete * Complete ALL-Required Fields Above

FOR INFORMATION PURPOSES ONLY

SCHEDULE 2

SPECIFIED PERCENTAGE; OFF-PEAK PRICE; ON-PEAK PRICE

Specified Percentage is 0.0% .
On-Peak Price is NA cents per kilowatt-hour.
Off-Peak Price is NA cents per kilowatt-hour.

[To be updated as necessary to reflect any Step-Up.]

TO BE COMPLETED BY DUQUESNE

of Standard Tranches Awarded =

On-Peak Factor = 1.2711
Off-Peak Factor = 0.6880

"Effective" Bid Price on Standard Tranches (If Awarded)

# of Standard Tranches	Average Price In	Translated Prices	
	Cents / kWh	On-Peak	Off-Peak
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Credit Rank	Rating Agency			Maximum # of Standard Tranches Applicant is Allowed to Bid	Maximum # of Contingent Tranches Applicant is Allowed to Bid
	S&P	Fitch	Moody's		
1	AAA	AAA	Aaa1	20	0
2	AA+	AA+	Aa1		
3	AA	AA	Aa2		
4	AA-	AA-	Aa3		
5	A+	A+	A1		
6	A	A	A2		
7	A-	A-	A3		
8	BBB+	BBB+	Baa1		
9	BBB	BBB	Baa2		
10	BBB-	BBB-	Baa3		
11	BB+	BB+	Ba1	4	2
12	BB	BB	Ba2		
13	BB-	BB-	Ba3		
14	B+	B+	B1		
15	B	B	B2		
16	B-	B-	B3	0	0
17	CCC+	CCC+	Caa1		
18	CCC	CCC	Caa2		
19	CCC-	CCC-	Caa3		
20	CC	CC	Ca1		
21	C	C	C		
22	D	DDD			

Appendix D. Binding Bid Agreement

FIRM AND BINDING OFFER AND RELATED AGREEMENTS

In connection with Duquesne Light Company's (the "Buyer's") request for proposals to procure on a wholesale basis 100% of Buyer's full-requirements service for its large commercial and industrial customers receiving fixed price service provided by Buyer as the provider of last resort ("RFP"), ("Seller") hereby submits to Buyer a firm and binding offer to supply Full Requirements Service (as defined under the Full Requirements Service Agreement posted on Buyer's website relating to the RFP (the "Agreement")) at such prices and volumes as Buyer may determine by applying the rules applicable to this RFP as approved by the Pennsylvania Public Utility Commission and posted on Buyer's website relating to the RFP (the "RFP Rules") to any of the price and volume quotes entered on the Bid Form Spreadsheet transmitted to Buyer together with this instrument that Buyer chooses to accept.

Seller's offer is a firm and binding offer that will remain open until 3.00 p.m., eastern prevailing time, on May 15, 2006; if Seller's offer is not accepted by Buyer prior to such date and time, Seller's offer shall expire. Seller's offer is not subject to any contingencies or conditions precedent and does not require any internal or external approvals that have not yet been obtained. Seller understands that if its offer is accepted, Buyer will notify Seller by telephone of the same. Seller hereby consents to the creation of a tape or electronic recording of any such telephone conversation.

Seller acknowledges that is has reviewed the RFP Rules and hereby accepts and agrees to be bound by all of the terms, conditions and requirements set forth therein.

In consideration for the opportunity to submit the foregoing offer, Seller acknowledges and agrees that if Buyer should accept all or a portion of its offer, Buyer will calculate the Specified Percentage (as defined in the Agreement), the On-Peak Price (as defined in the Agreement), and the Off-Peak Price (as defined in the Agreement) in accordance with the RFP Rules to be included in the Agreement to be executed by Buyer and Seller, and Seller agrees to execute and deliver the Agreement, modified to include such Specified Percentage, On-Peak Price and Off-Peak Price, no later than 6:00 p.m., eastern prevailing time, on May 15, 2006. In addition, concurrently with any execution and delivery of the Agreement, Seller shall, if it intends for the Certifying Company (as defined in the Agreement) to be an entity other than Seller, deliver to Buyer a guaranty executed by such Certifying Company in the form posted on Buyer's website relating to the RFP.

The undersigned represents and warrants that he/she is duly authorized to act on behalf of, and to bind, Seller in making the foregoing firm and binding offer and to perform the terms and conditions and otherwise comply with all obligations stated herein.

[NAME OF SELLER]

By: _____

Name: _____

Title: _____

Date: _____

Appendix E. Illustrative Example of Bid Translation

Supplier Payments

	Supplier A	Supplier B	Supplier C
Winning RFP Energy Bids (cents per kWh)			
Tranche 1	8.0000	7.0000	8.1234
Tranche 2	8.0000	7.0000	8.1234
Tranche 3	8.0000	7.9800	8.2222
Tranche 4	8.0000	7.9800	8.3333
Tranche 5	8.0000	7.9800	9.0000
Tranche 6	8.0000	8.4000	
Tranche 7	8.0000	8.4000	
Tranche 8	8.0000		
Load Weighted Average Price	8.0000	7.8200	8.3605

Comments

Illustrative FPS Winning Standard Tranche Bids
 Supplier A bids up to 8 tranches at 8 cents and is awarded all 8 tranches
 Supplier B bids up to 8 tranches but is awarded only 7 tranches
 Supplier C bids on and is awarded 5 tranches

Effective Bid Price = the simple average price of the awarded tranches for each winner.

	8	7	5
Number of Tranches Awarded			
Percent of FPS Load	40%	35%	25%

20
100% Percent of supply obligation awarded.

Bid Translation Factors:

On-peak	1.2711
Off-peak	0.6880

Factors remain constant throughout term of Agreement and are based on FPS Customer load data and PJM hourly prices during CY 2005

Supplier Energy Payments (cents per kWh)

On-peak	10.1858	9.9400	10.6270
Off-peak	5.5040	5.3802	5.7520

Effective Bid Price * On-Peak Bid Translation Factor
 Effective Bid Price * Off-Peak Bid Translation Factor

Supplier Capacity Payment (\$/MW-day)

5.25

Payment remains fixed throughout term of Agreement

Weighted Average Supplier Energy Payments (cents per kWh)

On-peak	10.2033
Off-peak	5.5227

(a)

Load weighted supplier energy payments used to establish retail rates.

Thirty five days after delivery, supplier payment = the applicable supplier on- and off-peak energy payment x [the supplier's share of the FPS customer consumption in kWh measured at the retail meter for that day x (1+T&D loss factors) +/- UFE] + the demand payment x the supplier's share of the daily capacity obligation for the FPS customers.
 Supplier is also entitled to any payments associated with serving its share of New FPS Customer load at refreshed prices and its share of any customer GRA payments, not of GRT.

Retail Rates

Adjustments to Supplier Payment Prices:

	On-peak	Off-peak	
Supplier Payments (cents/kWh)	10.2033	5.5227	(a)
T&D line loss factors	D Loss	I Loss	Combined (b)
GL	4.3%	0.9%	5.2%
GLH	4.1%	0.9%	5.0%
L	2.8%	0.9%	3.5%
HVPS	0.0%	0.9%	0.9%

Load weighted supplier energy payments from above

Distribution loss factor specified in Duquesne's Supplier Coordination Tariff.
 Transmission loss factor for Duquesne Zone specified in PJM OATT.

Adjusted On-and Off-Peak Rates by Rate Schedule (cents per kWh)

	On-peak	Off-peak	
GL	10.7333	5.8099	(c) = (a) * [(1+(b))]
GLH	10.7135	5.7988	
L	10.5804	5.7160	
L	10.5804	5.7160	
HVPS	10.2951	5.5724	

On- and off-peak energy rates adjusted for Duquesne's T&D line losses.

Fixed Retail Adders (cents/kWh)

	On-peak	Off-peak	
GL	0.4890	0.4890	(d)
GLH	0.3520	0.3520	
L	0.3410	0.3410	
HVPS	0.1700	0.1700	

PJM Surcharge (cents per kWh)

0.0686	0.0686
--------	--------

(e)

Retail Tariff Rider 1 rolled into generation rates (subject to reconciliation)
 Rider 1 annual reconciliation filing for CY 2005 expected in early 2006.

Charges to Retail Customers:

Energy Charges (cents per kWh)

	On-peak	Off-peak
GL	11.9973	6.7646
GLH	11.8301	6.6073
L	11.6557	6.5076
HVPS	11.1921	6.1732

[(c)+(d)+(e))/(1-0.059)

On- and off-peak energy rates plus retail adder adjusted for GRT.

Demand Charge (\$/kW-day)

0.0056

Supplier capacity payment, adjusted for GRT and converted to \$/kW-day

Schedule 1

RETAIL RATE LEVELS RESULTING FROM THE RFP

TO BE INCLUDED IN RIDER NO. 8 -- FIXED PRICE SERVICE

(Applicable to Rate Schedules GL, GLH, L and HVPS)

MONTHLY RATE

DEMAND CHARGES (effective June 1, 2006 through May 31, 2007)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
\$ per kW per day	0.0056	0.0056	0.0056	0.0056

ENERGY CHARGES

Initial Price Application Period (effective June 1, 2006 through May 31, 2007)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
On-peak cents per kilowatt-hour	11.9973	11.8301	11.6557	11.1921
Off-peak cents per kilowatt-hour	6.7646	6.6073	6.5076	6.1732

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

DUQUESNE LIGHT COMPANY :
Petition for Approval of Plan for Post- : Docket No. P-00032071
Transition Period POLR Service. :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served true and correct copies of the Non-Proprietary version of the foregoing document upon the individuals listed, in accordance with the requirements of Section 1.54 (relating to service by a participant).

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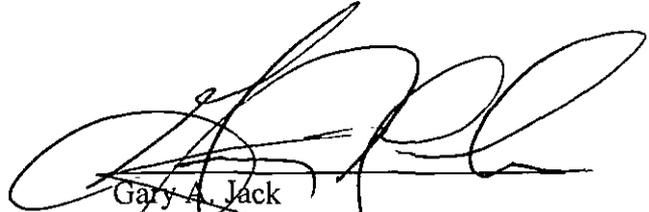
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Counsel for Duquesne Light Company

Dated: May 15, 2006

DATE: May 17, 2006

SUBJECT: R-00061534

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary

Duquesne Light Company's Quarterly Update Retail Rates for Fixed Price Provider of Last Resort Service to its Large Commercial and Industrial Customers to be effective June 1, 2006.

Attached is a copy of a copy of Duquesne Light Company's Quarterly Update Retail Rates for Fixed Price Provider of Last Resort Service to its Large Commercial and Industrial Customers, to be effective June 1, 2006, which has been captioned and docketed to the above number

This matter is assigned to your Bureau for appropriate action.

Please note the filing contains confidential material.

Attachment

ksb

DOCUMENT
FOLDER

DOCKETED

MAY 17 2006