



**Duquesne Light**  
Our Energy...Your Power

ORIGINAL

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**Gary A. Jack**  
Assistant General Counsel

DOCUMENT  
FOLDER

August 21, 2006

R-00061736

VIA OVERNIGHT MAIL

RECEIVED

AUG 21 2006

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

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  
Quarterly Refreshed Pricing**

DOCUMENT  
FOLDER

Dear Secretary McNulty:

Enclosed for Public Utility Commission ("Commission") approval are an original and three copies of Duquesne Light Company's ("Duquesne's") quarterly updated retail rates for fixed price ("FPS") provider of last resort ("POLR") service to its large commercial and industrial customers ("Large C&I Customers") to be effective September 1, 2006. Pursuant to the Commission's Order entered in this proceeding on October 1, 2004 ("the Compliance Order"), Duquesne is required to submit for approval the results of refreshed energy price bids, and the retail rates resulting from those bids, from the suppliers providing the energy for Duquesne's FPS POLR service to its Large C&I Customers. The energy price bids and resulting retail rates are updated each quarter. On April 21, 2006, the PUC held that a modified RFP should be conducted by Duquesne for fixed price service to large C&I customers beginning June 1, 2006. The results were approved by Secretarial Letter dated May 18, 2006.

It is important to note that if the retail rates filed herein for the quarter beginning September 1, 2006 are not approved by the Commission by Secretarial Letter entered **on or before Thursday, August 24, 2006**, these 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.

Consistent with the Commission's Compliance Order, Duquesne requests that the Secretary treat Schedule 3 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 stamped Confidential to be placed in a non-public file.

Page 2

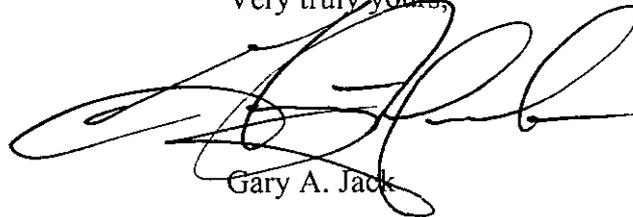
Mr. James J. McNulty, Secretary

August 21, 2006

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.

Please contact me if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary A. Jack". The signature is fluid and cursive, with a large initial "G" and "A".

Gary A. Jack

Enclosures

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

ORIGINAL

RECEIVED

AUG 21 2006

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**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 )  
Period Provider of Last Resort Service. )

R-00061736  
Docket No. P-0003207T

**REQUEST FOR APPROVAL OF REFRESHED POLR  
RATES FOR LARGE C&I CUSTOMERS**

DOCUMENT  
FOLDER

**I. BACKGROUND**

On May 15, 2006, pursuant to Orders entered in this proceeding, Duquesne Light Company ("Duquesne") submitted for Public Utility Commission ("Commission") approval the results of its second request for proposals ("RFP") as part of its renewing, for a one year term, the fixed price service ("FPS") for Large Commercial & Industrial Customers to be effective June 1, 2006. Retail rates resulting from the RFP were submitted to implement Duquesne's provider of last resort ("POLR") obligation. These retail rates were approved by the Commission by Secretarial Letter dated May 18, 2006 at Docket No. R-00049887.

DOCKETED

AUG 22 2006

Under the Large C&I Customer plan, customers served by electric generation suppliers ("EGSs") and those receiving hourly price service ("HPS") from Duquesne may elect FPS ("New FPS Customers") at updated retail rates then in effect subject to the switching protocols in the Retail Tariff and subject to any existing obligations in their EGS contract. Under the FPS Agreements executed between Duquesne and its supplier, it is 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<sup>1</sup> for New FPS Customers electing FPS during the upcoming quarter.<sup>2</sup> The bid prices are then translated to on-peak and off-peak energy payments, and updated retail rates for customers that elect FPS during the upcoming quarter are submitted in accordance with the same methodology used in the approved RFP Guidelines.

## **II. APPROVALS REQUESTED IN THIS PETITION**

As explained infra, Duquesne is requesting Commission approval of the following by Secretarial Letter within three (3) working days.

### **A. Refreshed Rates**

As required by the FPS Agreements between the winning supplier and Duquesne, the supplier submitted to Duquesne a refreshed energy price bid on August 21, 2006 for new FPS customers who elect service between September 1, 2006 and November 30, 2006.

Duquesne has translated the refreshed bid prices into retail rates in accordance with the RFP guidelines approved in this proceeding<sup>3</sup>. Confidential Schedule 3, which is attached, shows the energy prices bid for new FPS customers. For purposes of obtaining the refreshed prices, and in accordance with the RFP guidelines, the fixed capacity payment remained the same at \$5.25 per MW-day, and the associated retail Demand Charge remained the same at \$0.0056 per kW-day. There were no other bid prices to

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<sup>1</sup> The updated FPS price and service will extend September 1 2006 through May 31, 2007.

<sup>2</sup> Each quarter, winning suppliers will be required to bid a single updated energy price on the 15<sup>th</sup> business day of the month preceding the start of a price application period described in Exhibit F to the FPS Agreement. If selected, a supplier's bid price would be used to establish retail rates to become effective on the 1<sup>st</sup> day of the following calendar month for all New FPS Customers that elect FPS service during the upcoming quarter.

select from since there was only one winning supplier in the last RFP. The supplier energy payments have been adjusted for line losses, retail adders, PJM Surcharge and Pennsylvania gross receipts tax (GRT) using the same formulas in Duquesne's October 19, 2004 RFP filing. The resultant retail energy rates for the next Price Application Period are shown in Rider No. 8, Fixed Price Service, attached as Schedule 1.

Pursuant to the August 23, 2004 and October 1, 2004 Orders in this proceeding, Duquesne is **requesting** Commission **approval** of the updated FPS rates by Secretarial Letter within **THREE** (3) working days.<sup>4</sup> Duquesne also 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 approved RFP procedure cannot provide the required 60-day notice to the Commission before the rates are to go into effect.

#### **B. Confidential and Proprietary Nature of Attached Schedule 3**

To facilitate Commission review of the refreshed energy price bid results, the bidder name and bid prices are provided in Schedule 3. Consistent with the Compliance Order (at p. 42-43), Duquesne requests that the Secretary treat Schedule 3 as proprietary and confidential, and place it in a confidential file not subject to public inspection. Duquesne requests that the Commission maintain the confidentiality of this information, and make public only the final blended retail rates that are shown in Duquesne's retail tariff in Rider No. 8, Fixed Price Service (Schedule 1).<sup>5</sup>

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<sup>3</sup> The Commission approved the RFP Guidelines in this proceeding by Order dated February 14, 2006, as amended.

<sup>4</sup> 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.

<sup>5</sup> Duquesne requests that Schedule 3 of this filing remain confidential for a minimum period of at least 90 days from the effective date of the refreshed rates (until November 30, 2006). Duquesne intends to keep this information confidential in order to provide suppliers with an opportunity to hedge their supply obligations in the market.

**C. Affidavit in Support of This Filing**

As attested to in the Affidavit of Eric R. Stoltz, the refreshed energy price bidding was conducted in accordance with the approved RFP Guidelines approved by the Commission in its Order dated February 14, 2006, as amended. See Schedule 2 attached.

**D. Service of Secretarial Letter Notifying Duquesne of Commission Action on this Filing**

Duquesne requests 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  
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Pittsburgh, PA 15219  
feichenmiller@duqlight.com

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Assistant General Counsel  
Duquesne Light Company  
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Pittsburgh, PA 15219  
gjack@duqlight.com

**III. CONCLUSION**

Duquesne respectfully requests that the Commission issue by close of business on August 24, 2006, a Secretarial Letter that:

1. Concludes that the refreshed RFP was conducted in accordance with the approved RFP Guidelines;

2. Approves the refreshed bid made for new FPS customers;
3. Approves the resulting rates identified in Schedule 1 to become effective September 1, 2006; and
4. Grants whatever additional relief is just and reasonable under the circumstances.

Dated this 21st day of August, 2006.

Respectfully submitted,

Duquesne Light Company



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gjack@duqlight.com

Counsel for Duquesne Light Company

## ATTACHMENTS

- Schedule 1 Retail Tariff, Rider No. 8, Fixed Price Service
- Schedule 2 Affidavit of Eric R. Stoltz
- Schedule 3 Bids and Bid Translation into Retail Rates (**CONFIDENTIAL**)

**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. 39  
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: August 21, 2006

EFFECTIVE: September 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.

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# **NOTICE**

**THIS TARIFF SUPPLEMENT DECREASES AN EXISTING RIDER**

See Page Two

**LIST OF MODIFICATIONS MADE BY THIS TARIFF**

**DECREASE**

**Rider No. 8 – Fixed Price Service**

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

Rider No. 8 – Fixed Price Service has been updated to include the Energy Charges for the 8<sup>th</sup> Price Application Period (effective September 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**

**7<sup>th</sup> 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

**8<sup>th</sup> Price Application Period (effective September 1, 2006, through May 31, 2007)**

(D)

	<u>GL</u>	<u>GLH</u>	<u>L</u>	<u>HVPS</u>
On-peak cents per kilowatt-hour	11.1027	10.9371	10.7750	10.3327
Off-peak cents per kilowatt-hour	6.2651	6.1086	6.0156	5.6928

**9<sup>th</sup> 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

**10<sup>th</sup> 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

(D) – Indicates Decrease

**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 2**

Affidavit of Eric Stoltz 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.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**AFFIDAVIT**

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I, Eric R. Stoltz, being duly sworn according to law, depose and say that I am Manager, Corporate Development 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 refreshed energy price bidding conducted by Duquesne and reported in this filing are true and correct.
2. The refreshed energy price bidding process used by Duquesne was conducted pursuant to the RFP Guidelines approved by Commission Order dated February 14, 2006 in this proceeding, as amended.

  
\_\_\_\_\_  
Eric R. Stoltz  
Manager, Corporate Development  
Duquesne Light Company

Sworn and subscribed before me  
this 21st day of August, 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

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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AUG 21 2006

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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

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CERTIFICATE OF SERVICE

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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).

Via E-mail or First Class Mail

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Tanya J. McCloskey, Esquire  
Aron J. Beatty, Esquire  
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gjack@duqlight.com  
Counsel for Duquesne Light Company

Dated: August 21, 2006

DATE: August 22, 2006  
SUBJECT: R-00061736  
TO: Bureau of Fixed Utility Services  
FROM: James J. McNulty *ddt*  
Secretary

DOCUMENT  
FOLDER

Duquesne Light Company Quarterly Updated  
Retail Rates for Fixed Price Provider of Last Resort

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

This matter is assigned to your Bureau for appropriate action.

Please note the filing contains confidential material.

Attachments

ddt

**DOCKETED**

AUG 22 2006