

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00 :  
 2. BUREAU: FUS :  
 3. SECTION(S) : 4. PUBLIC MEETING DATE:  
 5. APPROVED BY: : 00/00/00  
 DIRECTOR: :  
 SUPERVISOR: :  
 6. PERSON IN CHARGE: : 7. DATE FILED: 07/14/06  
 8. DOCKET NO: R-00061668 : 9. EFFECTIVE DATE: 07/26/06

PARTY/COMPLAINANT: PUC

RESPONDENT/APPLICANT: DUQUESNE LIGHT COMPANY

COMP/APP COUNTY:

UTILITY CODE: 110150

ALLEGATION OR SUBJECT

DUQUESNE LIGHT COMPANY HAS FILED SUPPLEMENT NO 38 TO TARIFF ELECTRIC PA PUC NO 23, TO BECOME EFFECTIVE JULY 26, 2006, WHICH PROPOSES TO DECREASE THE STATE TAX ADJUSTMENT SURCHARGE (STAS) FROM ITS CURRENT LEVEL OF (0.5599%) TO (0.5693%)

**DOCKETED**  
 JUL 20 2006

DOCUMENT  
 FOLDER



**Duquesne Light**  
A DQE Company

**ORIGINAL**

00061668

Rates and Regulatory Affairs Unit  
411 Seventh Avenue 8-6  
Pittsburgh, Pennsylvania 15219

July 14, 2006

**DOCUMENT  
FOLDER**

**VIA OVERNIGHT MAIL DELIVERY:**

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
P. O. Box 3265  
Harrisburg, Pennsylvania 17105-3265

Supplement No. 38 to Tariff Electric – PA. P.U.C. No. 23

Dear Mr. McNulty:

In compliance with Section B-1 of the Public Utility Commission Order of March 10, 1970, enclosed for filing are an original and eight (8) copies of Supplement No. 38 to Duquesne Light Company's Tariff Electric, PA. P.U.C. No. 23 issued July 16, 2006, to become effective July 26, 2006.

Supplement No. 38 proposes a decrease in the State Tax Adjustment Surcharge (STAS) from its current level of (0.5599%) to (0.5693%), reflecting the retroactive decrease in the Capital Stock Tax signed into law by Governor Rendell on July 6, 2006.

Also enclosed are an original and eight (8) copies of the "Summary of Revenue Requirements" submitted in compliance with Section A of the above Order.

Please return a date-stamped copy of this letter in the enclosed self-addressed, stamped envelope.

If you have any questions regarding the information contained in this filing, please contact me at 412.393.6334 or nkrajovic@duqlight.com.

Sincerely,

Nancy J. D. Krajovic  
Manager  
Regulatory Affairs

**RECEIVED**

JUL 14 2006

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Enclosures

- c: Mr. R. F. Wilson, Bureau of Fixed Utility Services
- Mr. J. E. Simms, Office of Trial Staff
- Mr. I. A. Popowsky, Consumer Advocate
- Mr. W. R. Lloyd, Jr., Small Business Advocate

- w/ enclosure
- "
- "
- "

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**ORIGINAL**

SUPPLEMENT NO. 38  
TO ELECTRIC - PA. P.U.C. NO. 23

DOCUMENT  
FOLDER

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

**DOCKETED**  
JUL 20 2006

**Morgan K. O'Brien**  
President and Chief Executive Officer

ISSUED: July 16, 2006

EFFECTIVE: July 26, 2006

Issued in compliance with Section B-1 of the Pennsylvania Public Utility Commission Order of March 10, 1970.

**RECEIVED**

# NOTICE

JUL 14 2006

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**THIS TARIFF SUPPLEMENT DECREASES AN EXISTING RIDER**

See Page Two

**LIST OF MODIFICATIONS MADE BY THIS TARIFF**

**DECREASE**

**Rider No. 10 – State Tax Adjustment Surcharge**

**Seventh Revised Page No. 105  
Cancelling Sixth Revised Page No. 105**

Issued in compliance with Section B-1 of the Pennsylvania Public Utility Commission Order of March 10, 1970, the State Tax Adjustment Surcharge of (0.5599%) has been decreased to (0.5693%).

The decrease in the State Tax Adjustment percentage implements the retroactive reduction of the Capital Stock Tax as signed into law by Governor Rendell on July 6, 2006.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 10 - STATE TAX ADJUSTMENT

(Applicable to All Rates)

In addition to the charges provided in this Tariff, a surcharge of (0.5693%) will apply to all bills rendered by the Company, pursuant to the Pennsylvania Public Utility Commission authorization of March 10, 1970, to compensate the Company for new and increased taxes imposed by the General Assembly. (D)

The Company will recompute the surcharge using the elements prescribed by the Commission's March 10, 1970, authorization:

1. Whenever any of the tax rates used in computing the surcharge is changed, in which case the recomputation shall take into account the changed tax rate.
2. Whenever the Company makes effective increased or decreased rates (other than net energy clause), in which case the recomputation shall take into account the adjustments prescribed by the Commission's March 10, 1970, authorization.
3. On December 22, and each year thereafter.

Every recomputation made pursuant to the above paragraph shall be submitted to the Commission within ten (10) days after the occurrence of the event or date which occasions such recomputation: and if the recomputed surcharge is less than the one then in effect the Company will, and if the recomputed surcharge is more than the one then in effect the Company may, accompany such recomputation with a Tariff or supplement to reflect such recomputed surcharge, the effective date of which, shall be ten (10) days after filing.

(D) - Indicates Decrease

Summary of Revenue Requirements Submitted in Compliance with Pennsylvania Public Utility Commission Order Dated March 10, 1970 Re: State Tax Adjustment Procedure and Order dated December 16, 1999 at R-00994930 State Tax Adjustment Surcharge to be effective July 26, 2006 - December 31, 2006

**1. Capital Stock and Franchise Tax**

(7.86 Mill Decrease over base rate recovery)

2000 Tax Base

382,564,090	X	0.489%	=	1,870,738
382,564,090	X	1.275%	=	<u>4,877,692</u>

Reduction in Capital Stock and Franchise Tax Liability Tax (3,006,954)

**2. Adjustment to reflect 1/1/06-7/25/06 refund of CSFT at 4.99%**

382,564,090	X	0.489%	=	1,870,738
382,564,090	X	0.499%	=	1,908,995

Reduction resulting from accelerated phase out (38,257)  
 % of projected 2006 revenue billed through July 25, 2006 0.5600  
 (21,424)

**3. PURTA Tax Decrease**

2004 Taxable Value of T&D Property 30,361,542

Current Tax Millage Rate	28.2254
Former Tax Millage Rate	<u>42.0000</u>
Net Millage Decrease	<u>(13.7746)</u>

Net Decrease in PURTA Liability (418,218)

**4. GRT Increase due to Impact of PURTA GRT Surcharge**

Surcharge Rate of 0 mills 0.00%

Additional GRT Liability 0

**5. (Over)/Undercollection of STA Rider 1/01/05 through 12/31/05**

Undercollection of STA Revenues - See Page 2 (160,810)

**6. Total of Above Items (3,607,406)**

**7. Revenue Reduction Required to Cover Gross Receipts Tax on Revenue Reduction at Item 5**

(\$3,607,406) / 0.9404 = (\$3,836,033)

**8. Projected Base Revenues for Application Period**

Estimated Base Revenues January 1, 2006 thru December 31, 2006 \$673,832,510

	(\$3,836,033)	=	<u><u>-0.5693%</u></u>
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	\$673,832,510		

**DUQUESNE LIGHT COMPANY**

*Calculation of (Over)/Undercollection*

*For the State Tax Adjustment Application Period from January 1, 2005 through December 31, 2005*

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**Reconciliation of STA Rider 01/01/05 through 12/31/05**

**Capital Stock Tax**

2000 Taxable = 382,564,090

2004 Tax Expense @ 0.599% = 2,291,559

2004 Tax Expense @ 1.275% = 4,877,692

Amount to be Refunded through STAS (2,586,133)

Amount Refunded through STAS (2,418,210)

Underrefund (167,923)

**PURTA Tax**

2004 PURTA Assessment to be refunded through STAS (329,310)

Amount Refunded through STAS (307,927)

Underrefund (21,383)

**PURTA GRT Surcharge**

2005 PURTA Surcharge of 6 mills 438,862

Amount recovered through STAS 410,366

Underrecovery 28,496

Total (Over)/Under Collection of STA 1/1/05 through 12/31/05 (\$160,810)

NOTE:

Duquesne has calculated the revised STAS on an annual basis, as if it was to be effective on January 1, 2006. An adjustment is then included in item No. 2 of the calculation to reflect that because of the retroactive nature of the tax reduction, from January 1, 2006 through July 25, 2006, the cap stock tax refund portion of the STAS was understated.

The adjustment calculates the additional annual refund produced by the accelerated phase-out of the tax and then identifies that portion of the annual that would have been refunded via the STAS 1/1/06 through 7/25/06 and includes it as an additional refund item for the remainder of the calendar year.

The allocation of 56% is derived from the ratio of projected annual revenues through 7/25/06 to the total projected annual revenues. (\$377,370,740 / 673,832,510)

All other calculations contained within this revised STAS calculation have remained the same as those included in the filing submitted in December, 2005 to be effective January 1, 2006.