

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: 04/20/06
 8. DOCKET NO: R-00061490 : 9. EFFECTIVE DATE: 06/01/06

PARTY/COMPLAINANT: PUC

RESPONDENT/APPLICANT: DUQUESNE LIGHT COMPANY

COMP/APP COUNTY:

UTILITY CODE: 110150

ALLEGATION OR SUBJECT

DUQUESNE LIGHT COMPANY HAS FILED SUPPLEMENT NO 36 TO TARIFF ELECTRIC PA PUC NO 23, TO BECOME EFFECTIVE JUNE 1, 2006, WHICH PROPOSES TO DECREASE THE RIDER NO. 1 - PJM SURCHARGE OF 0.0708 CENTS PER KWH AS IT APPLIES TO CUSTOMERS ON RATE SCHEDULE GL, GLH, L AND HVPS TO 0.0375 CENTS PER KWH.

DOCKETED
APR 28 2006

DOCUMENT
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Duquesne Light

Our Energy...Your Power

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

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00061490

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April 20, 2006

ORIGINAL

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

Supplement No. 36 to Tariff Electric – PA. P.U.C. No. 23

Dear Mr. McNulty:

Enclosed for filing please find an original and eight (8) copies of Supplement No. 36 to Duquesne Light Company's Tariff Electric No. 23, issued April 20, 2006 to become effective June 1, 2006. Supplement No. 36 revises Rider No. 1 - PJM Surcharge, as it applies to large commercial and industrial customers that purchase their electric supply from Duquesne, from its current rate of 0.0708 cents per kWh to 0.0375 cents per kWh.

Rider No. 1 was instituted as part of Duquesne's Petition for Approval of Plan for Post-Transition Period POLR Service (POLR III) proceeding and contains a provision for the annual adjustment and reconciliation of the surcharge applied to customers on Rate Schedules GL, GLH, L and HVPS. The rate of 0.0375 cents per kWh contained in Supplement No. 36 reflects projected costs for 2006 and is based upon currently effective PJM rates. Supporting documentation of the recalculation and effective rates is enclosed. Duquesne proposes to affect the reconciliation of revenues collected and costs incurred separately from the calculation of a revised rate and on a customer specific basis. This methodology will provide for a fair and equitable refund of the overcollections generated by the application of the current rate.

At the time the POLR III filing was prepared, Duquesne used the most current PJM information then available in the calculation of the PJM Surcharge to be applicable on January 1, 2005. The actual rates billed by PJM from January 1, 2005 through the current time have been less than the rates incorporated into Duquesne's original calculation of the Surcharge, resulting in overcollections to be refunded to the large commercial and industrial customers. For calendar year 2005, PJM Surcharge billings to large commercial and industrial customers totaled \$826,830.37 and allocated costs were \$317,551.21 yielding an overcollection of \$509,279.16, which represents 0.5% of total bills of \$101,726,265.00.

In early 2005, there were nearly 300 large commercial and industrial customers purchasing electric supply from Duquesne. Over the months since then, that number has declined to less than 100. Application of a per kWh refund as a component of the revised PJM Surcharge to projected kWh sales would not appropriately refund the overcollections to the customers that paid them and would also result in a negative surcharge for the next application period. Therefore, Duquesne proposes that two months following the cessation of the

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application of the current rate (July 31, 2005), the Company will reconcile the actual costs incurred and the actual surcharge revenues billed for each large commercial or industrial customer billed the PJM surcharge at any time since January 1, 2005 based upon customer-specific kWh during that period. The proposed two-month lag will allow complete cost and revenue data to be available for the reconciliation. The refunds calculated will then be credited to the individual customer's accounts and the customers will receive a notification explaining the account credit. Following the calculation of the refunds and application of the customer account credits, the Company will notify the Commission that the reconciliation has been completed and provide summary data in support thereof.

Duquesne requests that this Supplement become effective on less than sixty days notice in order that the overcollections resulting from the application of the current rate cease and that the reconciliation be expedited.

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

If you have any questions regarding this filing or the information contained therein, please contact me at (412) 393-6334.

Sincerely,



Nancy J. D. Krajovic
Manager, Regulatory Affairs

Enclosures

c: Mr. R. A. Rosenthal, Director – Bureau of Fixed Utility Services

See attached list

SUPPLEMENT NO. 36
TO ELECTRIC - PA. P.U.C. NO. 23

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DUQUESNE LIGHT COMPANY

SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

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

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DUQUESNE LIGHT COMPANY
411 Seventh Avenue
Pittsburgh, PA 15219

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Morgan K. O'Brien
President and Chief Executive Officer

ISSUED: April 20, 2006

EFFECTIVE: June 1, 2006

Issued in compliance with Commission Order dated August 23, 2004 at P-00032071.

NOTICE

THIS TARIFF SUPPLEMENT DECREASES AN EXISTING RIDER

See Page Two



LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASE

Rider No. 1 – PJM Surcharge

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

Rider No. 1 – PJM Surcharge of 0.0708 cents per kWh as it applies to customers on Rate Schedules GL, GLH, L and HVPS has been decreased to 0.0375 cents per kWh.



STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 1 - PJM SURCHARGE

(Applicable to All Rate Schedules)

The PJM Surcharge is a pass-through of the charges incurred by the Company for start-up, grid management and administrative costs associated with membership and operation in PJM. These charges are billed by PJM to each generation supplier and therefore, customers purchasing their electric generation requirements from an electric generation supplier will not be billed this surcharge by the Company.

The charges incurred are beyond the control of the Company and can change from time to time.

A PJM Surcharge of 0.0708 cents per kWh shall be applied to all kWh for customers on Rate Schedules RS, RH, RA, GS/GM, GMH, AL, SE, SM, SH, MTS and PAL who purchase their electric generation requirements from the Company. The PJM Surcharge shall remain fixed at 0.0708 cents/kWh for these Rate Schedules through December 31, 2007, and is included in the generation charges.

A PJM Surcharge of 0.0375 cents per kWh shall be applied to all kWh for customers on Rate Schedules GL, GLH, L and HVPS who purchase their electric generation requirements from the Company. The Surcharge applicable to Rate Schedules GL, GLH, L and HVPS will be adjusted annually to recover actual costs incurred by the Company and reconcile costs with revenues collected.

(D)

(D) - Indicates Decrease

DUQUESNE LIGHT COMPANY
PJM Surcharge Recalculation
For Calendar Year 2006

FERC
 Schedule
 9-1 Control Area Administration Services

	Projected 2006 Large C&I Sales (MWH)	Rate per MWH	Cost
Jan	41,465	0.1996	8,276.49
Feb	27,008	0.2266	6,120.01
Mar	28,330	0.2193	6,212.79
Apr	23,137	0.2375	5,495.05
May	23,001	0.2269	5,219.00
Jun	27,512	0.1996	5,491.44
Jul	26,592	0.1777	4,725.47
Aug	29,589	0.1765	5,222.47
Sep	20,728	0.2119	4,392.26
Oct	19,247	0.2239	4,309.49
Nov	19,081	0.2235	4,264.70
Dec	19,747	0.1971	3,892.05
	305,439		\$63,621.22

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9-2 Financial Transmission Rights Administration Service

Rate		\$0.0034 per MWH	
Annual Peak Load	2,885		
Annual Peak Load X 8730	25,272,600		
Annual Cost to LSE			85,926.84
Annual Cost to LSE Allocated to Large C&I		0.02057	1,767.87

9-3 Market Support Service

Rate		\$0.0547	
Annual Load (MWH) Projected 2006 Large C&I	305,439		
Annual Cost to LSE			16,707.51

9-4 Regulation and Frequency Response Administration Service

Rate		\$0.2820	
Sum of Daily Peaks for DLCo Control Area Load	712,623		
Regulation Amount (PJM West Requirement)	0		
Annual Cost to LSE			48,230.32
Annual Cost to LSE Allocated to Large C&I		0.02057	992.30

9-5 Capacity resource and Obligation Management Service

Rate		\$0.1022	
Annual Peak Load	2,885		
UCAP Requirement	1,075		
Annual Cost to LSE			115,690.59
Annual Cost to LSE Allocated to Large C&I		0.02057	2,380.24

9-FERC FERC Annual Charge Recovery

Rate		\$0.0512	
Annual Load (MWH) Projected 2006 Large C&I	305,439		
Annual Cost to LSE			15,638.47

Annual Membership Charge		5,000.00	
Annual Cost to LSE Allocated to Large C&I		0.02057	102.87

Total Projected PJM Charges for 2006 For Large C&I \$101,210.48

2006 Projected Large C&I kWh Sales 287,112,570

Surcharge Rate \$/kWh 0.00035251

Surcharge Rate cents/kWh (without GRT) 0.0353

Surcharge Rate cents/kWh (with GRT) 0.0375

Notes

- 1 Rates are for 2006 and have been taken from the PJM approved budget for 2006.
- 2 2005 Control Area Load used for projected 9-4 and 9-5 costs
- 3 Allocation Factor for Large C&I based upon 2006 Projected C&I mWh load relative to 2005 Control Area Load 305,439/14,848,366 0.02057



Approved 2006 Budget and Service Category Rates

Posted pursuant to tariff requirements in Schedule 9 of
the PJM Open Access Transmission Tariff.





Approved 2006 Service Category Rates

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(\$ in millions)	Total Costs	Billing Determinants	Approved 2005 Rates	Approved 2006 Rates
Control Area Services	\$147.9	710,000,000 Megawatt Hours of Load	\$0.2208	\$0.2082
FTR Administration (Mwh)	\$4.0	1,195,473,105 FTR Megawatt Hours	\$0.0033	\$0.0034
FTR Administration (Bid/Offer)	\$6.2	3,040,878,000 FTR Bid/Offer Hours	\$0.0031	\$0.0020
Market Support (Mwh)	\$80.0	1,463,207,456 Megawatt Hours of Generation, Load and cleared bid/offers	\$0.0622	\$0.0547
Market Support (Bid / Offer Segment)	\$1.1	17,317,357 Bid/Offer Segments	\$0.0693	\$0.0693
Regulation & Frequency Response	\$5.2	17,021,572 Megawatt Hours	\$0.2860	\$0.2820
Capacity Resource & Obligation Management	\$10.6	104,518,612 Megawatt Days of Resource or Obligation Provided	\$0.1310	\$0.1022
Total	\$255.0			
FERC Fees	\$38.3	710,000,000 Megawatt Hours of Load	\$0.0318	\$0.0512



2006 Approved Variable Service Category Monthly Rate Estimates

<i>(Rates in dollars)</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Control Area Services (9-1) Per Load MWh ⁽¹⁾	0.1996	0.2266	0.2193	0.2375	0.2269	0.1996	0.1777	0.1765	0.2119	0.2239	0.2235	0.1971

(1) Forecasted annual transmission usage is 710,000,000 megawatt hours and is used as the billing determinant for Control Area Services (9-1).

Via First Class Mail

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