

Duquesne Light Company Statement No. 2

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF DUQUESNE LIGHT COMPANY
FOR APPROVAL OF ITS ENERGY EFFICIENCY AND CONSERVATION PLAN
PHASE III

Docket Nos. P-2015-_____, M-2015-_____

Direct Testimony

Witness: William V. Pfrommer

Subject: Energy Efficiency and Conservation Phase III Plan Cost Recovery

Direct Testimony of William V. Pfrommer

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I. INTRODUCTION

Q. Please state your full name and business address.

A. My name is William V. Pfrommer. My business address is 411 7th Avenue, Pittsburgh, PA 15219.

Q. By whom are you employed and in what capacity?

A. I am Senior Manager, Rates & Tariff Services, for Duquesne Light Company (“Duquesne Light” or “Company”).

Q. What are your qualifications, work experience and educational background?

A. I received a Bachelor of Science Degree in Mechanical Engineering from Grove City College in 1978 and a Masters in Business Administration from the University of Pittsburgh in 1989. I began my career at the Company in 1982 as a Project Engineer in the Engineering and Construction Division at the Beaver Valley Power Station. Over the last 30 years, I have held staff, supervisory and managerial positions in engineering, nuclear construction, customer technical services, marketing and rates. In my current role as Senior Manager of Rates and Tariff Services, I am responsible for overseeing the Company’s retail rates and wholesale transmission rates. In addition, it is my responsibility to ensure the rates are properly applied to customer bills.

1 **Q. Have you previously testified before the Pennsylvania Public Utility Commission**
2 **("Commission") or other regulatory bodies?**

3 A. Yes. I have testified on rate design matters before the Pennsylvania Public Utility
4 Commission ("Commission") and Federal Energy Regulatory Commission ("FERC"). A
5 list of proceedings in which I have submitted testimony is provided in Appendix A. Of
6 note, I testified in the Company's initial Energy Efficiency and Conservation and
7 Demand Response Program Plan proceeding at Docket No. M-2009-2093217 as well as
8 in the Company's Energy Efficiency and Conservation Phase II Plan proceeding at
9 Docket No. M-2012-2289411.

10

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

12 A. The purpose of my testimony is three-fold. First, I will provide an overview of the
13 Company's current Energy Efficiency and Conservation ("EEC") Phase II Plan
14 Surcharge ("EEC Surcharge"). Second, I will describe the proposed changes to the EEC
15 Surcharge to implement Duquesne Light's proposed Phase III EEC Plan. Third, I will
16 summarize the costs that Duquesne Light anticipates it will recover through the EEC
17 Surcharge to implement the Company's Phase III EEC Plan and provide an estimate of
18 the surcharges for each customer group.

19

20 **Q. Are you sponsoring any exhibits?**

21 A. Yes. I am sponsoring the following exhibits:

22 Exhibit WVP-1 – Proposed Tariff Supplement (Clean)

23 Exhibit WVP-2 – Proposed Tariff Supplement (Redline)

1 Exhibit WVP-3 – EEC Plan Cost for Planning Years 2016-2021

2 Exhibit WVP-4 – EEC Plan Surcharge Calculation Example

3
4 **II. COST RECOVERY MECHANISM**

5 **Q. Does Act 129 provide guidance on how the costs of providing EEC programs are to**
6 **be recovered by the Company?**

7 A. Yes. Act 129 of 2008 (“Act”) permits electric distribution companies (“EDCs”) to fully
8 recover the costs of implementing its EEC Plan. The Act permits affected EDCs to
9 recover on a full and current basis from customers, through a reconcilable adjustment
10 clause under 66 Pa. C.S. § 1307, (“Section 1307”), all reasonable and prudent costs
11 incurred in the provision or management of its plan. 66 Pa. C.S. § 2806.1(k)(1).

12
13 **Q. Please summarize the methodology used by Duquesne Light in the development of**
14 **its EEC Phase I Surcharge.**

15 A. The Act required that each EDC's plan include a Section 1307 cost-recovery tariff
16 mechanism in its EEC Plan in order to fund all reasonable and prudent costs incurred in
17 the provision and management of its EEC Plan. To that end, on July 1, 2009, the
18 Company filed its Phase I EEC Plan with the Commission pursuant to the requirements
19 of Act 129. The EEC Plan proposed five surcharges to recover costs as close as
20 reasonably possible to the customer class receiving the benefit. The five surcharges
21 associated with the customer classes were: residential, small and medium commercial,
22 small and medium industrial, large commercial and large industrial. The Company
23 designed the EEC Surcharge and reconciliation mechanism in a manner that recovered

1 the cost of the Phase I EEC Plan via a non-bypassable charge recovered from all of the
2 Company's customers.

3
4 **Q. Please describe the Phase I Surcharge as approved by the Commission.**

5 A. Pursuant to the Commission's order entered October 27, 2009 at Docket No. M-2009-
6 2093217, Duquesne Light submitted a Compliance Filing on November 9, 2009
7 establishing Rider No. 15 in the Company's tariff, "Energy Efficiency and Conservation
8 and Demand Response Surcharge," effective December 1, 2009, that contained the five
9 surcharges described above. The residential, small and medium commercial and small
10 and medium industrial surcharges were designed to recover costs on a cents per kilowatt-
11 hour ("kWh") basis and the large commercial and large industrial surcharges were
12 designed to recover administrative costs through a fixed monthly charge and recover
13 incentive costs through a variable demand charge based on the customer's Peak Load
14 Contribution ("PLC").

15
16 **Q. Is the Phase I Surcharge currently in effect?**

17 A. No. The Phase I Surcharge ended December 2014 and was completely reconciled
18 through May 31, 2015. The residual over collection was included in the e-factor
19 component of the Phase II rate that went into effect on September 1, 2015.

20
21 **Q. How does the Company assign customers to the customer classes stated in the EEC**
22 **Surcharges?**

1 A. The commercial or industrial classification is based on the North American Industry
2 Classification System (“NAICS”) code or the Standard Industrial Classification (“SIC”)
3 code provided by the customer for their business. The small, medium and large
4 commercial and industrial (“C&I”) customer classification is based on the customer’s
5 peak monthly metered demand. Small and medium C&I customers are those customers
6 with monthly metered demand 300 kW and less. Large C&I customers are those
7 customers with monthly metered demand greater than 300 kW. This segmentation of
8 customers is appropriate because it aligns programs and program costs with the current
9 tariff and with the tariff charges for distribution, transmission and default service supply.
10 This segmentation has worked successfully in the Company’s Phase I Plan and in the
11 current EEC Phase II Plan.

12
13 **Q. Please describe the Phase II surcharge as approved by the Commission.**

14 A. On March 14, 2013 at Docket No. M-2012-2334399, the Commission issued an Opinion
15 and Order approving the Company’s EEC Phase II Plan. Duquesne Light submitted a
16 filing on April 2, 2013 establishing Rider No. 15a in the Company’s tariff, “Phase II
17 Energy Efficiency and Conservation Surcharge,” effective June 1, 2013. Having both a
18 Phase I and Phase II surcharge in the tariff ensured that expense recovery was kept
19 separate for each phase. The EEC Phase II Surcharge is essentially identical to the EEC
20 Phase I surcharge except for clarifying language to explain the reconciliation process at
21 the end of each Plan period.

22
23 **Q. Please describe how the Company currently prepares its EEC Phase II Surcharge.**

1 A. On or about July 1 of each year, the Company submits a filing to the Commission to
2 reconcile and update the EEC Phase II Surcharge effective September 1 of that year. The
3 Company uses the program budgets, approved by the Commission, for the Phase II EEC
4 Plan year, June 1 to May 31. Costs are assigned to each customer class for cost recovery
5 purposes to ensure the customer class that receives the benefits is the same customer class
6 financing the programs. For the large commercial and large industrial classes, the budget
7 is separated into administrative costs and incentive costs. The program budgets are then
8 divided by the applicable billing determinants to derive per unit rates. The rates are then
9 adjusted to recover Pennsylvania Gross Receipts Tax (“GRT”) and to establish final tariff
10 rates.

11
12 **Q. Does the EEC Phase II Surcharge include a reconciliation component?**

13 A. Yes. In the July 1 filing, the Company reconciles revenue collected through the EEC
14 Surcharge for each customer class with the actual expenses incurred for that class for the
15 prior program year, June 1 to May 31. The over or under collection amount, or “e-factor”
16 is included in the derivation of the final EEC Surcharge for each class effective
17 September 1 of each year. An over-collection is refunded through a positive e-factor and
18 an under-collection is recovered through a negative e-factor. There is no interest on over
19 or under collections.

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Q. Does the EEC Phase II Surcharge apply to all customers in the customer class?

A. Yes. The EEC Phase II Surcharge is a non-bypassable charge applicable to all customers in the customer class regardless of whether they are being supplied as a default service customer or by an electric generation supplier.

Q. Does the Company recover lost revenues associated with the programs in the EEC Phase II Surcharge?

A. No. In accordance with the Act, lost revenues due to reduced energy consumption or changes in energy demand are not recoverable under the adjustment clause. EDCs may reflect reduced revenue and consumption in the revenue and sales data to calculate proposed rates in a distribution base rate proceeding under 66 Pa. C.S. § 1308. 66 Pa. C.S. §§ 2806.1(k)(2) - (3).

Q. Has the Commission provided direction for cost recovery for Phase III?

A. Yes. The Commission’s June 11, 2015 Implementation Order at Docket No. M-2014-2424864, provides further guidance for the Phase III EEC Plans.

Q. Please explain the Commissions guidance for cost recovery in its Implementation Order for Duquesne Light’s Phase III Plan.

A. The cost provisions for the Phase III Plan are similar to those for Phase II with a few changes defined in the Phase III Implementation Order. The Commission adopted a plan regarding the transition from the cost recovery methodology utilized during Phase II,

1 ending May 31, 2016, to the cost recovery methodology to be utilized during Phase III,
2 beginning on June 1, 2016. Each EDC must reconcile its total actual recoverable EEC
3 Phase II Plan expenditures incurred through March 31, 2016, with its actual EEC Phase II
4 Plan revenues received through March 31, 2016. The net over- or under-recovered
5 amount shall be reflected as a separate line item of the E-factor calculation of the Phase
6 III rates to become effective June 1, 2016. In addition, each EDC should include, as part
7 of the calculation of the Phase III rates to become effective June 1, 2016, as clearly
8 identified separate line items, projections of the: expenses to finalize any measures
9 installed and commercially operable on or before May 31, 2016 (i.e., in April 2016 and
10 May 2016); expenses to finalize any contracts; and other Phase II administrative
11 obligations. The Phase II rate that became effective June 1, 2015 will remain effective
12 through May 31, 2016. The reconciliation period for Phase III will be revised to run from
13 April 1 to March 31 of a given plan year. This reconciliation will reconcile actual
14 expenses incurred with actual revenues received in order to calculate an over or under
15 recovery. Per the Implementation Order, no interest will be charged on over or under
16 recoveries.

17
18 **Q. Is the Company proposing to implement a new EEC Surcharge to accommodate its**
19 **Phase III EEC Plan?**

20 A. No. The Company is proposing to continue to use its current EEC Phase II Surcharge to
21 recover the costs remaining for Phase II and recovery of its Phase III EEC Plan costs in
22 accordance with the Implementation Order with one change. As previously discussed,
23 the reconciliation period for Phase III will run from April 1 to March 31 of a given plan

1 year instead of June 1 to May 31 in the current EEC Phase II Surcharge. The Company's
2 has the ability to track Phase II revenue and expense separate from Phase III revenue and
3 expense to ensure separate and accurate reconciliation. Any Phase II costs that remain
4 through the end of Phase II on May 31, 2016 will be included and reconciled separately
5 as separate line items in the April 1, 2016 through March 31, 2017 reconciliation period
6 for Phase III.

7
8 **Q. Have you prepared any exhibits showing the proposed change to the EEC Phase III**
9 **Surcharge to reflect this change?**

10 A. Yes. Exhibit WVP-1 is a clean version of the proposed tariff supplement and Exhibit
11 WVP-2 is a redline version of the proposed tariff supplement showing these changes.

12
13 **III. EEC PLAN SURCHARGE CALCULATION**

14 **Q. Has the Company established program costs by customer class for its proposed EEC**
15 **Phase III Plan?**

16 A. Yes. Exhibit WVP-3 shows the estimated annual EEC Phase III Plan costs for each
17 program for 2016 to 2021. This exhibit is based on the program costs defined in the
18 Company's EEC Plan and includes the costs for energy efficiency programs, demand
19 response programs, program administration and program incentives. Additional cost
20 detail for customer class assignment and assignment of administrative costs is provided in
21 the EEC Plan and testimony of Duquesne Light's witness David Defide.

22

1 **Q. Do the customer class costs in Exhibit WVP-3 include excess costs from current**
2 **Phase II EEC programs?**

3 A. No. The costs shown in Exhibit WVP-3 are for the Phase III EEC Plan only.
4

5 **Q. Do the customer class costs in Exhibit WVP-3 include capital costs?**

6 A. No. The costs shown in Exhibit WVP-3 are 100% expense.
7

8 **Q. Do the customer class costs in Exhibit WVP-3 include the cost of the Statewide**
9 **Evaluator?**

10 A. No. Once actual costs are known for the Statewide Evaluator (“SWE”), the Company
11 will allocate the SWE costs to each customer class based on the forecast sales (kWh) for
12 that customer class.
13

14 **Q. How long does the Company propose to keep the EEC Surcharge in effect?**

15 A. The EEC Phase III Plan is effective June 1, 2016 through May 31, 2021. As the
16 reconciliation period for Phase III runs from April to March, the Company proposes to
17 keep the surcharge in effect no later than calendar year 2021 to allow for full recovery
18 and reconciliation of revenue and expenses through May 2021.
19

20 **Q. Have you prepared an exhibit showing the estimated customer class surcharges**
21 **using these proposed costs?**

22 A. Yes. Exhibit WVP-4 provides an illustrative calculation of what the surcharges for each
23 customer class would be for the June 2016 to May 2017 EEC Plan year at the estimated

1 annual costs in Exhibit WVP-3. The estimated surcharges are calculated using the
2 forecast cost divided by the forecast billing determinants adjusted for GRT. The actual
3 surcharges will differ due to final program costs and the Phase II e-factor adjustment for
4 the period June 1, 2016 through March 31, 2017.

5

6 **Q. Does that conclude your direct testimony?**

7 A. Yes.

8

1 **Appendix A**

2 **William V. Pfrommer**

Rate and Regulatory Proceedings

3 **Pennsylvania Public Utility Commission:**

- 4 Docket No. P-2015-2497267 - Petition for Approval to Modify its Smart Meter Procurement
5 and Installation Plan
6 Docket No. P-2014-2418242 – Default Service Program and Procurement Plan for the Period
7 June 1, 2015 through May 31, 2017
8 Docket No. R-2013-2372129 – Distribution Base Rate Case
9 Docket No. M-2013-2350946 – Petition for Approval and Modification of Company’s 2014-
10 2016 Universal Service and Energy Conservation Plan
11 Docket No. M-2012-2334399 - Energy Efficiency and Conservation Phase II Plan
12 Docket No. P-2012-2301664 – Default Service Program and Procurement Plan for the Period
13 June 1, 2013 through May 31, 2015
14 Docket No. R-2010-2179522 – Distribution Base Rate Case
15 Docket No. P-2009-2135500 - Provider of Last Resort (POLR V)
16 Docket No. M-2009-2093217 - Act 129 Energy Efficiency and Conservation and Demand
17 Response Plan
18 Docket No. M-2009-2123948 - Act 129 Smart Meter Procurement and Installation Plan
19 Docket No. P-2008-2079461 – Special Permission to File a Tariff Supplement on Less than
20 60 Days Notice (POLR IV)
21 Docket No. P-00072247 - Provider of Last Resort (POLR IV)
22 Docket No. R-00061346 – Distribution Base Rate Case
23 Docket No. P-00032071 - Provider of Last Resort (POLR III)

24
25 **Federal Energy Regulatory Commission:**

- 26 Docket No. ER14-1258-000 – Depreciation Rate Update Filing
27 Docket No. ER13-1220-000 – Monthly Deferred Tax Adjustment Charge
28 Docket No. ER08-1309-000 – Changes to the MISO Open Access Transmission Tariff to
29 integrate the Company into the Midwest Independent System Operator, Inc.
30 Docket No. ER05-85-000 – Changes to the PJM Open Access Transmission Tariff to
31 integrate the Company into the PJM Interconnection, L.L.C.
32

33 **Other:**

- 34 Cause No. 42416, Filed April 14, 2003, Indiana Utility Regulatory Commission – Petition of
35 Utility Center, Inc., d/b/a AquaSource
36 Cause No. 41968, Filed March 30, 2001, Indiana Utility Regulatory Commission – In the
37 Matter of Utility Center, Inc., d/b/a AquaSource
38 Docket Nos. 2000-1074-UCR and 2000-1075-UCR, Filed June 15, 2000 – Texas Natural
39 Resource Conservation Commission, Applications of AquaSource Utility, Inc. to Change
40 its Water and Sewer Tariffs and Rates
41

SUPPLEMENT NO. XXX
TO ELECTRIC – PA. P.U.C. NO. 24



SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Pages No. 4 and 5)

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue

Pittsburgh, PA 15219

Richard Riazzi

President and Chief Executive Officer

ISSUED: Xxxxx XX, 2016

EFFECTIVE: June 1, 2016

Issued in compliance with Commission Order entered June 19, 2015,
at Docket No. M-2014-2424864.

NOTICE

**THIS TARIFF SUPPLEMENT DELETES AN EXISTING RIDER AND
REVISES THE TABLE OF CONTENTS, RIDER MATRIX AND AN EXISTING RIDER**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGE

Table of Contents

Thirtieth Revised Page No. 3
Cancelling Twenty-Ninth Revised Page No. 3

Rider Matrix

Fourth Revised Page No. 79A
Cancelling Third Revised Page No. 79A

Rider No. 15 – Energy Efficiency and Conservation and Demand Response Surcharge is being removed from Tariff No. 24 and, therefore, from the *Table of Contents* and *Rider Matrix*.

In accordance with the provisions of the Order entered June 19, 2015, at Docket No. M-2014-2424864, Rider No. 15A – Phase II Energy Efficiency and Conservation Surcharge is being renamed "*Rider No. 15A – Phase III Energy Efficiency and Conservation Surcharge*" and, therefore, is being renamed in the *Table of Contents* and the *Rider Matrix*.

Rider No. 15 – Energy Efficiency and Conservation and
Demand Response SurchargeTwelfth Revised Page No. 100
Cancelling Eleventh Revised Page No. 100First Revised Page No. 100A
Cancelling Original Page No. 100ASecond Revised Page No. 100B
Cancelling First Revised Page No. 100BSecond Revised Page No. 100C
Cancelling First Revised Page No. 100C

Rider No. 15 – Energy Efficiency and Conservation and Demand Response Surcharge is being removed from Tariff No. 24 as it is no longer applicable.

Pages No. 100 through 100C will read "This Page Intentionally Left Blank."

Rider No. 15A – Phase III Energy Efficiency and
Conservation SurchargeThird Revised Page No. 100D
Cancelling Second Revised Page No. 100DFirst Revised Page No. 100E
Cancelling Original Page No. 100EFirst Revised Page No. 100F
Cancelling Original Page No. 100FFirst Revised Page No. 100G
Cancelling Original Page No. 100G

In accordance with the provisions of the Order entered June 19, 2015, at Docket No. M-2014-2424864 which states "*that the Phase II and Phase III surcharges be combined into a single surcharge and tariff with implementation of Phase III,*" Rider No. 15A has been renamed "*Rider No. 15A - Phase III Energy Efficiency and Conservation Surcharge.*"

Language in Rider No. 15A - Phase III Energy Efficiency and Conservation Surcharge has been revised to comply with the provisions of the Order entered June 19, 2015, at Docket No. M-2014-2424864.

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(C) – Indicates Change

STANDARD CONTRACT RIDERS – (Continued)

RIDER MATRIX

	RS	RH	RA	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	UMS	PAL
Rider No. 1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 2				X	X	X	X								
Rider No. 3				X	X	X	X	X							
Rider No. 4				X	X	X	X								
Rider No. 5	X	X	X												
Rider No. 6				X											
Rider No. 7	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 8	X	X	X	X	X					X	X	X	X	X	X
Rider No. 9						X	X	X	X						
Rider No. 10	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 11				X		X									
Rider No. 12				X	X										
Rider No. 13				X											
Rider No. 14	X														
Rider No.															
Rider No. 15A	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 16				X	X	X	X	X							
Rider No. 17						X	X	X	X						
Rider No. 18	X	X	X	X	X	X	X								
Rider No. 19	X	X	X	X											
Rider No. 20	X	X	X	X	X	X	X	X	X	X					
Rider No. 21	X	X	X	X	X	X									
Appendix A	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

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Rider Titles:

- Rider No. 1 — Retail Market Enhancement Surcharge
- Rider No. 2 — Untransformed Service
- Rider No. 3 — School and Government Service Discount Period
- Rider No. 4 — Budget Billing HUD Finance Multi-Family Housing
- Rider No. 5 — Universal Service Charge
- Rider No. 6 — Temporary Service
- Rider No. 7 — SECA Charge
- Rider No. 8 — Default Service Supply
- Rider No. 9 — Day-Ahead Hourly Price Service
- Rider No. 10 — State Tax Adjustment
- Rider No. 11 — Street Railway Service
- Rider No. 12 — Billing Option – Volunteer Fire Companies and Nonprofit Senior Citizen Centers
- Rider No. 13 — General Service Separately Metered Electric Space Heating Service
- Rider No. 14 — Residential Service Separately Metered Electric Space and Water Heating
- Rider No. — Intentionally Left Blank
- Rider No. 15A — Phase III Energy Efficiency and Conservation Surcharge
- Rider No. 16 — Service to Non-Utility Generating Facilities
- Rider No. 17 — Emergency Energy Conservation
- Rider No. 18 — Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities
- Rider No. 19 — Standard Offer Program Cost Recovery Rider
- Rider No. 20 — Smart Meter Charge
- Rider No. 21 — Net Metering Service
- Appendix A — Transmission Service Charges

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

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STANDARD CONTRACT RIDERS - (Continued)

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STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15A – PHASE III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE

(C)

(Applicable to all Rates)

The Phase III Energy Efficiency and Conservation Surcharge (“EEC III”) is instituted as a cost recovery mechanism to recover the costs associated with implementing Phase III of the Company’s Energy Efficiency and Conservation Plan in effect from June 1, 2016, through May 31, 2021. Act 129 of 2008 became law on October 15, 2008, requiring the Pennsylvania Public Utility Commission (“Commission”) to develop an Energy Efficiency and Conservation Program applicable to electric distribution companies (“EDCs”) with at least 100,000 customers. This EEC III is implemented in compliance with Docket No. M-2014-2424864 renaming the current Rider No. 15A – Phase II Energy Efficiency and Conservation Surcharge. The EEC III is a non-bypassable Surcharge and shall be applied to all customers’ bills.

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RATES

Customer Class	Applicable Tariff Rate Schedule	Monthly Surcharge		
		¢/kWh	Fixed Charge \$/Month	\$/kW ⁽¹⁾
Residential	RS, RH, RA	X.XX		
Small & Medium Commercial	GS, GM & GMH	X.XX		
Small & Medium Industrial	GM & GMH	X.XX		
Large Commercial	GL, GLH, L		\$XXX.XX	\$X.XX
Large Industrial	GL, GLH, L, HVPS		\$X,XXX.XX	\$X.XX
Lighting	AL, SE, SM, SH, PAL	X.XX		
Unmetered	UMS	X.XX		

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⁽¹⁾Monthly Surcharge applicable to the customer’s Peak Load Contribution.

CALCULATION OF SURCHARGE

The rate, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The rate shall be determined in accordance with the formulas set forth below and shall be applied to all customers served during any part of a billing month:

RESIDENTIAL CUSTOMER CLASS

$$EEC (r) = [((B - e) / S) * 100] * [(1 / (1 - T))]$$

Where: EEC (r) = The Energy Efficiency and Conservation Surcharge (residential) in one-hundredth of a cent which shall be added to the distribution rates for billing purposes for all residential customers.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15A – PHASE III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE – (Continued) (C)

(Applicable to all Rates)

CALCULATION OF SURCHARGE – (Continued)

RESIDENTIAL CUSTOMER CLASS – (Continued)

- B = The projected costs of the EEC (r) Plan applicable to the residential customer class for the planning year June 1 through May 31. (C)
- e = The over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended March 31. (C)
- S = Projected distribution sales in kWh for the residential customer class for the planning year.
- T = The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

SMALL AND MEDIUM COMMERCIAL & INDUSTRIAL, LIGHTING AND UNMETERED CUSTOMER CLASSES

$$EEC (s) = [((B - e) / S) * 100] * [(1 / (1 - T))]$$

- Where: EEC (s) = The Energy Efficiency and Conservation Surcharge (small commercial & industrial) in one-hundredth of a cent. This Surcharge shall be a separate line item for billing purposes for all small and medium C&I customers.
- B = The projected costs of the EEC (s) Plan applicable to the small and medium C&I customer class for the planning year June 1 through May 31. (C)
 - e = The over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended March 31. (C)
 - S = Projected distribution sales in kWh for the small and medium C&I customer class for the planning year.
 - T = The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15A – PHASE III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE — Continued (C)

(Applicable to all Rates)

CALCULATION OF SURCHARGE – (Continued)

LARGE COMMERCIAL & INDUSTRIAL CUSTOMER CLASSES

$$EEC (I) (Fixed) = [(B_A - e_A) / C] * [(1 / (1 - T))]$$

$$EEC (I) (Demand) = [(B_I - e_I) / L] * [(1 / (1 - T))]$$

Where: EEC (I) = The Energy Efficiency and Conservation Surcharge (large commercial & industrial) is a two-part Surcharge. EEC (I) (Fixed) is a monthly fixed Surcharge designed to recover projected program administrative costs and EEC (I) (Demand) is a monthly demand Surcharge designed to recover projected program incentive costs. Combined, the two components are designed to recover the total projected program costs. This Surcharge shall be shown separately for billing purposes for all large C&I customers. (C)

B = The projected costs of the EEC (I) Plan applicable to the large C&I customer class for the planning year June 1 through May 31. B_A is the projected administrative costs applicable to each customer class and B_I is the projected incentive costs applicable to each customer class. (C)

e = The over or under recovery for the reconciliation year. e_A is the over or under recovery of program administrative costs for the reconciliation year. e_I is the over or under recovery of program incentive costs for the reconciliation year. The reconciliation year shall be the twelve (12) months ended March 31. (C)

C = Projected distribution customers for the planning year.

L = Projected Peak Load Contribution (PLC) in kilowatts (kW) for the large C&I customer class for the planning year.

T = The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

ANNUAL UPDATE

The Surcharges defined herein will be updated effective June 1 of each year. On or about May 1 of the filing year, the Company will file revised EEC III rates with the Commission defining rates in effect from June 1 to May 31 of the following year. The reconciliation year shall be the twelve (12) months beginning April 1 of the previous year and ending March 31 of the current year. The rates for EEC (r) and EEC (s) shall be determined based on the projected costs and sales for the planning year and the over or under collection of expenses based on actual EEC (r) and EEC (s) revenue and expense incurred for the reconciliation year. (C)

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15A – PHASE III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE— Continued (C)

(Applicable to all Rates)

ANNUAL UPDATE – (Continued)

The rates for EEC (I) shall be determined based on the projected costs and the projected Peak Load Contribution for the planning year and the over or under collection of expenses based on actual EEC (I) revenue and expense incurred for the reconciliation year. In accordance with 66 Pa. C.S. § 1307(e), a reconciliation statement filing will be made with the Commission by April 30 of each year. A final reconciliation statement will be filed with the Commission within thirty (30) days after the completion of the final over or under collection refund/recovery period. (C)

Upon determination that any EEC III, if left unchanged, would result in material over- or under-collection of costs incurred or expected to be incurred during the twelve (12) month period ending March 31, the Company may request that the Commission authorize interim revisions to the EEC III to become effective upon no less than ten (10) days' notice from the date of filing upon Commission approval. (C)

MISCELLANEOUS

Rider No. 10 – State Tax Adjustment Surcharge (STAS) shall be applicable to the Surcharges defined in this Rider.

The EEC III shall be subject to review and audit by the Commission. (C)

There shall be no interest applicable to over or under collections for the reconciliation period.

In compliance with Commission Order at M-2014-2424864, the EEC III effective June 1, 2016, will include a reconciliation component for the Energy Efficiency and Conservation Phase II program costs, ending March 31, 2016. The total actual recoverable EEC Phase II Plan expenditures incurred for the ten (10) months ended March 31, 2016, will be reconciled with actual EEC Phase II Plan revenues received for the ten (10) months ended March 31, 2016. The net over- or under-recovered amount shall be reflected as a separate line item, without interest, as an E-factor adjustment of the EEC Phase III rates effective June 1, 2016. In addition, as a separate line item, the Phase III rates effective June 1, 2016, shall include projections of the: expenses to finalize any measures installed and commercially operable on or before May 31, 2016; expenses to finalize any contracts; and other Phase II administrative obligations. The reconciliation of actual Phase II expenses with actual EEC Phase II surcharge revenue for April and May 2016 shall be reconciled with EEC Phase III revenue and expense for the twelve (12) months ending March 31, 2017. (C)

In order to facilitate the termination of this Rider, the Company may propose a rate adjustment to become effective on no less than ten (10) days' notice to achieve a zero (-0-) balance at calendar year end. This interim filing will adjust the E-factor in effect June 1, 2021, for reconciliation of actual revenue and expense in April and May 2021. (C)

This Rider will remain in effect until the final reconciliation statement is approved and all charges are fully recovered or refunded or until otherwise directed by the Commission. (C)

SUPPLEMENT NO. XXX
TO ELECTRIC – PA. P.U.C. NO. 24



SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Pages No. 4 and 5)

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue
Pittsburgh, PA 15219

Richard Riazzi

President and Chief Executive Officer

ISSUED: Xxxxx XX, 2016

EFFECTIVE: June 1, 2016

Issued in compliance with Commission Order entered June 19, 2015,
at Docket No. M-2014-2424864.

NOTICE

**THIS TARIFF SUPPLEMENT DELETES AN EXISTING RIDER AND
REVISES THE TABLE OF CONTENTS, RIDER MATRIX AND AN EXISTING RIDER**

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGE

Table of Contents Thirtieth Revised Page No. 3
Cancelling Twenty-Ninth Revised Page No. 3

Rider Matrix Fourth Revised Page No. 79A
Cancelling Third Revised Page No. 79A

Rider No. 15 – Energy Efficiency and Conservation and Demand Response Surcharge is being removed from Tariff No. 24 and, therefore, from the *Table of Contents* and *Rider Matrix*.

In accordance with the provisions of the Order entered June 19, 2015, at Docket No. M-2014-2424864, Rider No. 15A – Phase II Energy Efficiency and Conservation Surcharge is being renamed "*Rider No. 15A – Phase III Energy Efficiency and Conservation Surcharge*" and, therefore, is being renamed in the *Table of Contents* and the *Rider Matrix*.

Rider No. 15 – Energy Efficiency and Conservation and Demand Response Surcharge Twelfth Revised Page No. 100
Cancelling Eleventh Revised Page No. 100

First Revised Page No. 100A
Cancelling Original Page No. 100A

Second Revised Page No. 100B
Cancelling First Revised Page No. 100B

Second Revised Page No. 100C
Cancelling First Revised Page No. 100C

Rider No. 15 – Energy Efficiency and Conservation and Demand Response Surcharge is being removed from Tariff No. 24 as it is no longer applicable.

Pages No. 100 through 100C will read "This Page Intentionally Left Blank."

Rider No. 15A – Phase III Energy Efficiency and Conservation Surcharge Third Revised Page No. 100D
Cancelling Second Revised Page No. 100D

First Revised Page No. 100E
Cancelling Original Page No. 100E

First Revised Page No. 100F
Cancelling Original Page No. 100F

First Revised Page No. 100G
Cancelling Original Page No. 100G

In accordance with the provisions of the Order entered June 19, 2015, at Docket No. M-2014-2424864 which states "*that the Phase II and Phase III surcharges be combined into a single surcharge and tariff with implementation of Phase III,*" Rider No. 15A has been renamed "*Rider No. 15A - Phase III Energy Efficiency and Conservation Surcharge.*"

Language in Rider No. 15A - Phase III Energy Efficiency and Conservation Surcharge has been revised to comply with the provisions of the Order entered June 19, 2015, at Docket No. M-2014-2424864.

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(C) – Indicates Change

STANDARD CONTRACT RIDERS – (Continued)

RIDER MATRIX

	RS	RH	RA	GS/GM	GMH	GL	GLH	L	HVPS	AL	SE	SM	SH	UMS	PAL
Rider No. 1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 2				X	X	X	X								
Rider No. 3				X	X	X	X	X							
Rider No. 4				X	X	X	X								
Rider No. 5	X	X	X												
Rider No. 6				X											
Rider No. 7	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 8	X	X	X	X	X					X	X	X	X	X	X
Rider No. 9						X	X	X	X						
Rider No. 10	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 11				X		X									
Rider No. 12				X	X										
Rider No. 13				X											
Rider No. 14	X														
Rider No. 15	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 15A	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Rider No. 16				X	X	X	X	X							
Rider No. 17						X	X	X	X						
Rider No. 18	X	X	X	X	X	X	X								
Rider No. 19	X	X	X	X											
Rider No. 20	X	X	X	X	X	X	X	X	X	X					
Rider No. 21	X	X	X	X	X	X									
Appendix A	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Rider Titles:

- Rider No. 1 — Retail Market Enhancement Surcharge (C)
- Rider No. 2 — Untransformed Service
- Rider No. 3 — School and Government Service Discount Period
- Rider No. 4 — Budget Billing HUD Finance Multi-Family Housing
- Rider No. 5 — Universal Service Charge
- Rider No. 6 — Temporary Service
- Rider No. 7 — SECA Charge
- Rider No. 8 — Default Service Supply
- Rider No. 9 — Day-Ahead Hourly Price Service
- Rider No. 10 — State Tax Adjustment
- Rider No. 11 — Street Railway Service
- Rider No. 12 — Billing Option – Volunteer Fire Companies and Nonprofit Senior Citizen Centers
- Rider No. 13 — General Service Separately Metered Electric Space Heating Service
- Rider No. 14 — Residential Service Separately Metered Electric Space and Water Heating
- Rider No. 15 — Energy Efficiency and Conservation and Demand Response Surcharge Intentionally Left Blank (C)
- Rider No. 15A — Phase II-III Energy Efficiency and Conservation Surcharge (C)
- Rider No. 16 — Service to Non-Utility Generating Facilities
- Rider No. 17 — Emergency Energy Conservation
- Rider No. 18 — Rates for Purchase of Electric Energy from Customer-Owned Renewable Resources Generating Facilities (C)
- Rider No. 19 — Standard Offer Program Cost Recovery Rider (C)
- Rider No. 20 — Smart Meter Charge
- Rider No. 21 — Net Metering Service
- Appendix A — Transmission Service Charges

(C) – Indicates Change

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 15 – ENERGY EFFICIENCY AND CONSERVATION AND DEMAND RESPONSE SURCHARGE

(Applicable to all Rates)

The Energy Efficiency and Conservation and Demand Response Surcharge (“EECDR”) is instituted as a cost recovery mechanism to recover the costs associated with implementing the Company’s Energy Efficiency and Conservation and Demand Response Plan. Act 129 of 2008 became law on October 15, 2008, requiring the Pennsylvania Public Utility Commission (“Commission”) to develop an Energy Efficiency and Conservation Program applicable to electric distribution companies (“EDCs”) with at least 100,000 customers. This EECDR is implemented in compliance with Docket No. M-2009-2093217. The EECDR is a non-bypassable Surcharge and shall be applied to all customers’ bills.

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RATES

Customer Class	Applicable Tariff Rate Schedule	¢/kWh	Monthly Surcharge		
			Fixed Charge \$/Month	\$/kW ⁽¹⁾	
Residential	RS, RH, RA	0.00			(D)
Small & Medium Commercial	GS, GM & GMH	0.00			(D)
Small & Medium Industrial	GM & GMH	0.00			(D)
Large Commercial	GL, GLH, L		\$0.00	\$0.00	(D) (D)
Large Industrial	GL, GLH, L, HVPS		\$0.00	\$0.00	(D) (I)
Lighting	AL, SE, SM, SH, PAL	0.00			
Unmetered	UMS	0.00			

⁽¹⁾ Monthly Surcharge applicable to the customer’s Peak Load Contribution.

CALCULATION OF SURCHARGE

The rate, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The rate shall be determined in accordance with the formulas set forth below and shall be applied to all customers served during any part of a billing month:

RESIDENTIAL CUSTOMER CLASS

$$EECDR(r) = [((B - e) / S) * 100] * [(1 / (1 - T))]$$

Where: ~~EECDR(r) – The Energy Efficiency and Conservation and Demand Response Surcharge (residential) in one-hundredth of a cent which shall be added to the distribution rates for billing purposes for all residential customers.~~

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 15 – ENERGY EFFICIENCY AND CONSERVATION AND DEMAND RESPONSE SURCHARGE
 – (Continued)

(Applicable to all Rates)

CALCULATION OF SURCHARGE – (Continued)

RESIDENTIAL CUSTOMER CLASS – (Continued)

- ~~B = The projected budget of the EECDR(r) Plan applicable to the residential customer class for the planning year June 1 through May 31.~~
- ~~e = The estimated over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended May 31.~~
- ~~S = Projected distribution sales in kWh for the residential customer class for the planning year.~~
- ~~T = The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.~~

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SMALL AND MEDIUM COMMERCIAL & INDUSTRIAL, LIGHTING AND UNMETERED CUSTOMER CLASSES

$$EECDR(s) = [((B - e) / S) * 100] * [(1 / (1 - T))]$$

- Where: ~~EECDR(s) = The Energy Efficiency and Conservation and Demand Response Surcharge (small commercial & industrial) in one hundredth of a cent. This Surcharge shall be a separate line item for billing purposes for all small and medium C&I customers.~~
- ~~B = The projected budget of the EECDR(s) Plan applicable to the small and medium C&I customer class for the planning year June 1 through May 31.~~
 - ~~e = The estimated over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended May 31.~~
 - ~~S = Projected distribution sales in kWh for the small and medium C&I customer class for the planning year.~~
 - ~~T = The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.~~

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 15 – ENERGY EFFICIENCY AND CONSERVATION AND DEMAND RESPONSE SURCHARGE
 – (Continued)

(Applicable to all Rates)

CALCULATION OF SURCHARGE – (Continued)

LARGE COMMERCIAL & INDUSTRIAL CUSTOMER CLASSES

$$EECDR(l) \text{ (Fixed)} = [(B_A - e) / C] * [(1 / (1 - T))]$$

(C)

$$EECDR(l) \text{ (Demand)} = [(B_i - e) / L] * [(1 / (1 - T))]$$

Where: ~~EECDR(l)~~ – The Energy Efficiency and Conservation and Demand Response Surcharge (large commercial & industrial) is a two-part Surcharge. ~~EECDR(l) (Fixed)~~ is a monthly fixed Surcharge designed to recover projected program administrative costs and ~~EECDR(l) (Demand)~~ is a monthly demand Surcharge designed to recover projected program incentive costs. Combined, the two components are designed to recover the total projected program budgets. This Surcharge shall be shown separately for billing purposes for all large C&I customers.

(C)

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~~B~~ – The projected budget of the ~~EECDR(l)~~ Plan applicable to the large C&I customer class for the planning year June 1 through May 31. ~~B_A~~ is the projected administrative budget applicable to each customer class and ~~B_i~~ is the projected incentive budget applicable to each customer class.

(C)

~~e~~ – The estimated over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended May 31.

~~C~~ – Projected distribution customers for the planning year.

(C)

~~L~~ – Projected Peak Load Contribution (PLC) in kilowatts (kW) for the large C&I customer class for the planning year.

(C)

~~T~~ – The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

ANNUAL UPDATE

The Surcharges defined herein will be updated effective September 1 of each year. On or about July 1 of the filing year, the Company will file revised ~~EECDR~~ rates with the Commission defining rates in effect from September 1 to August 31 of the following year. The rates for ~~EECDR(r)~~ and ~~EECDR(s)~~ shall be determined based on the projected budget and sales for the planning year and the over or under collection of expenses based on actual ~~EECDR(r)~~ and ~~EECDR(s)~~ revenue and expense incurred for the reconciliation year. The rates for ~~EECDR(l)~~ shall be determined based on the projected budget and the projected Peak Load Contribution for the planning year and the over or under collection of expenses based on actual ~~EECDR(l)~~ revenue and expense incurred for the reconciliation year.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 15 – ENERGY EFFICIENCY AND CONSERVATION AND DEMAND RESPONSE SURCHARGE

–(Continued)

(Applicable to all Rates)

MISCELLANEOUS

~~The initial planning year will be December 1, 2009, through May 31, 2010, after which the twelve (12) month planning year described above will begin.~~

~~Rider No. 10 – State Tax Adjustment Surcharge (STAS) shall be applicable to the Surcharges defined in this Rider.~~

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~~The EECDR shall be subject to review and audit by the Commission.~~

~~There shall be no interest applicable to over or under collections for the reconciliation period.~~

~~The EECDR shall remain in effect through 2014 or until otherwise directed by the Commission.~~

~~In order to facilitate the termination of this Rider in 2014, the Company is proposing a rate adjustment to become effective on May 2, 2014.~~

(C)

~~In order to facilitate the termination of this Rider in 2014, the Company may propose a rate adjustment to become effective other than September 1, 2014, to become effective on no less than ten (10) days' notice.~~

(C)

~~The rates effective May 2, 2014, include reconciliation of the revenue and expense from June 1, 2013, through January 31, 2014.~~

(C)

~~The Company will file its 1307e reconciliation by June 30, 2014, for the revenue and expense from June 1, 2013, through May 31, 2014.~~

(C)

~~The Company may propose a rate adjustment to become effective on no less than ten (10) days' notice to achieve a zero over/under collection balance at October 31, 2014. Any residual over/under collection balance shall be carried over to and reflected in the Company's June 30, 2015, 1307e reconciliation filing for Rider No. 15A – Energy Efficiency and Conservation Surcharge.~~

(C)

~~This Rider will remain in effect until the final reconciliation statement is approved and charges fully recovered.~~

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 15A – PHASE II-III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE

(C)

(Applicable to all Rates)

The Phase II-III Energy Efficiency and Conservation Surcharge (“EEC III”) is instituted as a cost recovery mechanism to recover the costs associated with implementing Phase II-III of the Company’s Energy Efficiency and Conservation Plan in effect from June 1, 2013~~2016~~, through May 31, 2016~~2021~~. Act 129 of 2008 became law on October 15, 2008, requiring the Pennsylvania Public Utility Commission (“Commission”) to develop an Energy Efficiency and Conservation Program applicable to electric distribution companies (“EDCs”) with at least 100,000 customers. This EEC III Surcharge is implemented in compliance with Dockets No. M-2012-2289414M-2014-2424864 renaming the current Rider No. 15A – Phase II Energy Efficiency and Conservation Surcharge and M-2012-2334399. The EEC III is a non-bypassable Surcharge and shall be applied to all customers’ bills.

(C)
(C)
(C)
(C)
(C)
(C)

RATES

Customer Class	Applicable Tariff Rate Schedule	Monthly Surcharge		
		¢/kWh	Fixed Charge \$/Month	\$/kW ⁽¹⁾
Residential	RS, RH, RA	X.XX		
Small & Medium Commercial	GS, GM & GMH	X.XX		
Small & Medium Industrial	GM & GMH	X.XX		
Large Commercial	GL, GLH, L		\$XXX.XX	\$X.XX
Large Industrial	GL, GLH, L, HVPS		\$X,XXX.XX	\$X.XX
Lighting	AL, SE, SM, SH, PAL	X.XX		
Unmetered	UMS	X.XX		

(C)
(C)
(C)
(C)
(C)
(C)
(C)

⁽¹⁾Monthly Surcharge applicable to the customer’s Peak Load Contribution.

CALCULATION OF SURCHARGE

The rate, calculated independently for each customer class in this Tariff, shall be applied to all customers served under the Tariff. The rate shall be determined in accordance with the formulas set forth below and shall be applied to all customers served during any part of a billing month:

RESIDENTIAL CUSTOMER CLASS

$$EEC (r) = [((B - e) / S) * 100] * [(1 / (1 - T))]$$

Where: **EEC (r)** = The Energy Efficiency and Conservation Surcharge (residential) in one-hundredth of a cent which shall be added to the distribution rates for billing purposes for all residential customers.

(C) – Indicates Change

(D) – Indicates Decrease

(I) – Indicates Increase

ISSUED: XXXXX XX, 2016

EFFECTIVE: JUNE 1, 2016

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 15A – PHASE II-III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE – (Continued)

(C)

(Applicable to all Rates)

CALCULATION OF SURCHARGE – (Continued)

RESIDENTIAL CUSTOMER CLASS – (Continued)

- B =** The projected ~~budget costs~~ of the EEC (r) Plan applicable to the residential customer class for the planning year June 1 through May 31. (C)
- e =** The over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended ~~May~~ March 31. (C)
- S =** Projected distribution sales in kWh for the residential customer class for the planning year.
- T =** The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

SMALL AND MEDIUM COMMERCIAL & INDUSTRIAL, LIGHTING AND UNMETERED CUSTOMER CLASSES

$$EEC (s) = [((B - e) / S) * 100] * [(1 / (1 - T))]$$

Where: **EEC (s)** = The Energy Efficiency and Conservation Surcharge (small commercial & industrial) in one-hundredth of a cent. This Surcharge shall be a separate line item for billing purposes for all small and medium C&I customers.

- B =** The projected ~~budget costs~~ of the EEC (s) Plan applicable to the small and medium C&I customer class for the planning year June 1 through May 31. (C)
- e =** The over or under recovery for the reconciliation year. The reconciliation year shall be the twelve (12) months ended ~~May~~ March 31. (C)
- S =** Projected distribution sales in kWh for the small and medium C&I customer class for the planning year.
- T =** The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 15A – PHASE II-III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE — Continued

(C)

(Applicable to all Rates)

CALCULATION OF SURCHARGE – (Continued)LARGE COMMERCIAL & INDUSTRIAL CUSTOMER CLASSES

$$\text{EEC (I) (Fixed)} = [(B_A - e_A) / C] * [(1 / (1 - T))]$$

$$\text{EEC (I) (Demand)} = [(B_I - e_I) / L] * [(1 / (1 - T))]$$

Where: **EEC (I)** = The Energy Efficiency and Conservation Surcharge (large commercial & industrial) is a two-part Surcharge. EEC (I) (Fixed) is a monthly fixed Surcharge designed to recover projected program administrative costs and EEC (I) (Demand) is a monthly demand Surcharge designed to recover projected program incentive costs. Combined, the two components are designed to recover the total projected program ~~budget~~costs. This Surcharge shall be shown separately for billing purposes for all large C&I customers. (C)

B = The projected ~~budget-costs~~ of the EEC (I) Plan applicable to the large C&I customer class for the planning year June 1 through May 31. B_A is the projected administrative ~~budget-costs~~ applicable to each customer class and B_I is the projected incentive ~~budget costs~~ applicable to each customer class. (C)

e = The over or under recovery for the reconciliation year. e_A is the over or under recovery of program administrative costs for the reconciliation year. e_I is the over or under recovery of program incentive costs for the reconciliation year. The reconciliation year shall be the twelve (12) months ended ~~May-March~~ 31. (C)

C = Projected distribution customers for the planning year.

L = Projected Peak Load Contribution (PLC) in kilowatts (kW) for the large C&I customer class for the planning year.

T = The Pennsylvania Gross Receipts Tax in effect during the billing month, expressed in decimal form.

ANNUAL UPDATE

The Surcharges defined herein will be updated effective ~~September-June~~ 1 of each year. On or about ~~July-May~~ 1 of the filing year, the Company will file revised EEC III rates with the Commission defining rates in effect from ~~September-June~~ 1 to ~~August-May~~ 31 of the following year. The reconciliation year shall be the twelve (12) months beginning ~~June-April~~ 1 of the previous year and ending ~~May-March~~ 31 of the current year. The rates for EEC (r) and EEC (s) shall be determined based on the projected ~~budget-costs~~ and sales for the planning year and the over or under collection of expenses based on actual EEC (r) and EEC (s) revenue and expense incurred for the reconciliation year. (C)

STANDARD CONTRACT RIDERS - (Continued)

(C)

RIDER NO. 15A – PHASE II-III ENERGY EFFICIENCY AND CONSERVATION SURCHARGE — Continued

(C)

(Applicable to all Rates)

ANNUAL UPDATE – (Continued)

The rates for EEC (I) shall be determined based on the projected budget-costs and the projected Peak Load Contribution for the planning year and the over or under collection of expenses based on actual EEC (I) revenue and expense incurred for the reconciliation year. In accordance with 66 Pa. C.S. § 1307(e), a reconciliation statement filing will be made with the Commission by June ~~April~~ 30 of each year. A final reconciliation statement will be filed with the Commission within thirty (30) days after the completion of the final over or under collection refund/recovery period.

(C)

(C)

Upon determination that any EEC III, if left unchanged, would result in material over- or under-collection of costs incurred or expected to be incurred during the twelve (12) month period ending March 31, the Company may request that the Commission authorize interim revisions to the EEC III to become effective upon no less than ten (10) days' notice from the date of filing upon Commission approval.

(C)

MISCELLANEOUS

Rider No. 10 – State Tax Adjustment Surcharge (STAS) shall be applicable to the Surcharges defined in this Rider.

The EEC III shall be subject to review and audit by the Commission.

(C)

There shall be no interest applicable to over or under collections for the reconciliation period.

In compliance with Commission Order at M-2014-2424864, the EEC III effective June 1, 2016, will include a reconciliation component for the Energy Efficiency and Conservation Phase II program costs, ending March 31, 2016. The total actual recoverable EEC Phase II Plan expenditures incurred for the ten (10) months ended March 31, 2016, will be reconciled with actual EEC Phase II Plan revenues received for the ten (10) months ended March 31, 2016. The net over- or under-recovered amount shall be reflected as a separate line item, without interest, as an E-factor adjustment of the EEC Phase III rates effective June 1, 2016. In addition, as a separate line item, the Phase III rates effective June 1, 2016, shall include projections of the: expenses to finalize any measures installed and commercially operable on or before May 31, 2016; expenses to finalize any contracts; and other Phase II administrative obligations. The reconciliation of actual Phase II expenses with actual EEC Phase II surcharge revenue for April and May 2016 shall be reconciled with EEC Phase III revenue and expense for the twelve (12) months ending March 31, 2017.

(C)

The reconciliation-year (true-up period) shall be the twelve (12) months beginning June 1 of the previous year and ending May 31 of the current year.

~~The rates effective September 1, 2016, through August 31, 2017, shall include reconciliation of the revenue and expense from June 1, 2015, through May 31, 2016. During the period of June 1, 2016, through December 31, 2016, the Company will analyze the over or under recovery collection balance. If it is apparent that there will be a significant over or under recovery for the true-up period June 1, 2016, through May 31, 2017, the Company may propose a rate adjustment prior to the end of the true-up period to become effective on or about February 1, 2017, on no less than ten (10) days' notice. The proposed interim rate adjustment would be for the true up period June 1, 2016, through December 31, 2016, and designed to achieve a zero over/under collection balance at August 31, 2017.~~

In order to facilitate the termination of this Rider, the Company may propose a rate adjustment to become effective on no less than ten (10) days' notice to achieve a zero (-0-) balance at calendar year end. This interim filing will adjust the E-factor in effect June 1, 2021, for reconciliation of actual revenue and expense in April and May 2021. (C)

~~If any over or under collection balance is expected to remain after August 31, 2017, the Company will propose an additional rate adjustment to ensure that the balance is eliminated.~~

This Rider will remain in effect until the final reconciliation statement is approved and all charges are fully recovered or refunded or until otherwise directed by the Commission. (C)

Duquesne Light Company
 Energy Efficiency and Conservation Phase III Portfolio Costs
 RE: Table 3, page 129 of 144

	PY 2016 6/1/16 - 5/31/17	PY 2017 6/1/17 - 5/31/18	PY 2018 6/1/18 - 5/31/19	PY 2019 6/1/19 - 5/31/20	PY 2020 6/1/20 - 5/31/21	Total
<u>Annual Cost Estimate</u>						
1 Residential	\$7,541,637	\$6,792,504	\$5,175,221	\$4,632,708	\$3,906,609	\$28,048,679
2 Small Commercial & Industrial	\$2,486,927	\$3,405,093	\$3,922,868	\$4,841,034	\$4,958,417	\$19,614,339
3 Large Commercial & Industrial	\$5,850,289	\$7,697,184	\$8,100,512	\$8,907,167	\$8,907,167	\$39,462,319
4 Large Commercial Public Agency	\$964,883	\$2,456,141	\$2,544,011	\$2,719,750	\$1,842,738	\$10,527,523
5 Total Portfolio Annual Budget	\$16,843,736	\$20,350,922	\$19,742,612	\$21,100,659	\$19,614,931	\$97,652,860
<u>Assignment of Costs to Commercial & Industrial Classes</u>						
6 Residential	\$7,541,637	\$6,792,504	\$5,175,221	\$4,632,708	\$3,906,609	\$28,048,679
7 Small Commercial	\$1,699,588	\$2,327,070	\$2,680,922	\$3,308,405	\$3,388,626	\$13,404,611
8 Small Industrial	\$787,339	\$1,078,023	\$1,241,946	\$1,532,629	\$1,569,791	\$6,209,728
9 Large Commercial	\$3,200,260	\$4,210,559	\$4,431,190	\$4,872,451	\$4,872,451	\$21,586,910
10 Large Industrial	\$2,650,029	\$3,486,625	\$3,669,322	\$4,034,716	\$4,034,716	\$17,875,409
11 Small Commercial Public Agency	\$282,711	\$719,649	\$745,395	\$796,887	\$539,922	\$3,084,564
12 Large Commercial Public Agency	\$682,172	\$1,736,492	\$1,798,616	\$1,922,863	\$1,302,816	\$7,442,959
13 Total	\$16,843,736	\$20,350,922	\$19,742,612	\$21,100,659	\$19,614,931	\$97,652,860
<u>Assignment of Costs for Rate Design Purposes</u>						
13 Residential	\$7,541,637	\$6,792,504	\$5,175,221	\$4,632,708	\$3,906,609	\$28,048,679
14 Small Commercial	\$1,982,298	\$3,046,720	\$3,426,318	\$4,105,292	\$3,928,548	\$16,489,175
15 Small Industrial	\$787,339	\$1,078,023	\$1,241,946	\$1,532,629	\$1,569,791	\$6,209,728
16 Large Commercial (Fixed-Administrative)	\$1,465,127	\$2,960,708	\$3,243,463	\$3,808,971	\$3,188,924	\$14,667,194
17 Large Commercial (Variable-Incentive)	\$2,417,305	\$2,986,343	\$2,986,343	\$2,986,343	\$2,986,343	\$14,362,676
18 Large Industrial (Fixed-Administrative)	\$1,161,154	\$1,526,548	\$1,709,245	\$2,074,639	\$2,074,639	\$8,546,226
19 Large Industrial (Variable-Incentive)	\$1,488,875	\$1,960,077	\$1,960,077	\$1,960,077	\$1,960,077	\$9,329,183
20 Total	\$16,843,736	\$20,350,922	\$19,742,612	\$21,100,659	\$19,614,931	\$97,652,860

Duquesne Light Company
 Energy Efficiency and Conservation, Phase-III
 Calculation of Proposed Surcharge, Effective June 1, 2016 (1)

A	B	C	D	E	F
			= B / C * 100	= 1 / (1 - .059)	= D * E
Customer Class	2016-2017 Costs	Forecast Billing Units June 2016-May 2017	Proposed Monthly Charge Excl. GRI	PA GRT Factor	Proposed Surcharge Rate Inc. GRI
1 Residential (RS, RH, RA)	\$7,541,637	4,069,959,790	0.19	1.0627	0.20 cents/kWh
2 Small & Medium Commercial (GS, GM, GMH)	\$1,982,298	2,992,368,912	0.07	1.0627	0.07 cents/kWh
3 Small & Medium Industrial (GM, GMH)	\$787,339	211,805,187	0.37	1.0627	0.40 cents/kWh
4 Large Commercial (GL, GLH, L) [Fixed]	\$1,465,127	8,267	\$177.23	1.0627	\$188.34 \$/Mo.
5 Large Commercial (GL, GLH, L) [Variable]	\$2,417,305	6,991,847	\$0.35	1.0627	\$0.37 \$/kW [PLC] (2)
6 Large Industrial (GL, GLH, L, HVPS) [Fixed]	\$1,161,154	2,504	\$463.71	1.0627	\$492.79 \$/Mo.
7 Large Industrial (GL, GLH, L, HVPS) [Variable]	\$1,488,875	4,141,105	\$0.36	1.0627	\$0.38 \$/kW [PLC] (2)
8 Total	\$16,843,736				

(1) Excludes component for Energy Efficiency and Conservation Phase II reconciliation for the period June 1, 2015 to March 31, 2016.

(2) PLC = Peak Load Contribution