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June 30, 2016

Honorable Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Keystone Building - North 201  
400 North Street  
Harrisburg, PA 17120

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JUN 30 2016

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Dear Secretary Chiavetta:

**Annual Depreciation Report of  
Duquesne Light Company**

Enclosed for filing on behalf of Duquesne Light Company are three (3) copies of the 2016 Annual Depreciation Report. This report is filed pursuant to the regulations at 52 Pa. Code Section 73.9(a). We have also included a CD which contains the electronic files of the report.

Copies of this report are also being provided to the Office of Consumer Advocate, the Bureau of Investigation and Enforcement and the Office of Small Business Advocate.

Very truly yours,

GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC

A handwritten signature in cursive script that reads "John J. Spanos".

JOHN J. SPANOS  
Sr. Vice President

JJS:mlw

Enclosure

cc: Johnnie E. Simms, Esq., Bureau of Investigation and Enforcement (w/encl-1)  
Christine Maloni Hoover, Esq., Office of Consumer Advocate (w/encl-1)  
Mr. John R. Evans, Office of Small Business Advocate (w/encl-1)  
Ms. Diane Havrilla, Supervisor (w/enc-3)

Gannett Fleming Valuation and Rate Consultants, LLC

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

DUQUESNE LIGHT COMPANY  
ANNUAL DEPRECIATION REPORT  
TO THE PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
(CODE M-110150F2016)

JUNE 2016

DUQUESNE LIGHT COMPANY

ANNUAL DEPRECIATION REPORT TO THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
(CODE M-110150F2016)

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INTRODUCTION AND SUMMARY

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

This report is prepared in response to the requirements related to the monitoring of depreciation practices set forth in 52 Pa. Code Chapter 73. In accordance with the requirements, the report presents an explanation of the methods used, the calculation of remaining life depreciation accrual rates as of December 31, 2015; a summary of the plant accounting transactions, including the 2015 retirements expressed as a percent of the plant balance; a summary of the depreciation reserve activity, including the reserve as a percent of the plant balance; an explanation of any unusual retirements; the net salvage amortization amount for 2016 based on 2011 through 2015 experience; and an explanation of exclusions from the experienced net salvage.

The annual accrual rate calculations were based on the results of a service life study incorporating data through 2014. The prior service life study was based on data through December 31, 2009. The same methods of depreciation are used in this report as were used in previous annual depreciation reports.

The composite depreciation rate related to total depreciable electric plant as of December 31, 2015, is 2.66 percent in comparison to the composite rate of 2.67 percent as of December 31, 2014 and 2.72 percent as of December 31, 2013.

The overall composite annual depreciation accrual rates for transmission plant decreased from December 31, 2013 through December 31, 2015. However, the composite annual accrual rate from December 31, 2013 to December 31, 2014 increased slightly due to high growth in Account 353. The composite rate from December 31, 2014 to December 31, 2015 decreased slightly due to low growth, longer average service lives and a resulting higher reserve to plant ratio. The composite annual depreciation accrual rate for distribution plant from December 31, 2013 to December 31, 2014 decreased as a result of generally longer service lives for many accounts. The composite rate from December 2014 to December 2015 increased due to high growth in the shorter lived asset classes such as Account 368, Line Transformers and Account 370, Meters. The composite rate for general plant decreased during the two-year period, December 31, 2013 through December 31, 2015. The composite rate increased from December 31, 2013 to December 31, 2014 as a result of high growth in many of the short lived accounts such as Account 395, Laboratory Equipment and Account 397, Communication Equipment. The decreased rate from December 2014 to December 2015 was due to growth in the longer lived asset classes and the high retirements in Accounts 391.2 and 397 as well as a larger transfer to Account 397.

#### REMAINING LIFE DEPRECIATION ACCRUAL RATES

The annual depreciation accrual rates to be used during 2016 are calculated as of December 31, 2015, and based on the straight line remaining life method using the average service life procedure for property installed prior to 1983 and the equal life group procedure for property installed subsequent to 1982. The annual

depreciation accrual rates for depreciable plant as of December 31, 2015, are set forth in column 8 in Table 2 on pages 10 through 12. The annual accrual rate for depreciable plant equals the pro forma annual accrual in column 6 divided by the original cost in column 3.

For the purpose of calculating the composite remaining life accrual rates as of December 31, 2015, the book reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account as of December 31, 2015. Descriptions of the derivation of remaining life accruals at a given point in time for the vintages calculated by the average service life (ASL) procedure and for the vintages calculated by the equal life group (ELG) procedure follow. An example of the calculation is presented on pages 4 through 6.

For vintages prior to 1983, for which the ASL procedure is applicable, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life (expectancy) of the vintage. The average remaining life is derived directly from the estimated future survivor curve in accordance with the average service life procedure.

For vintages beginning with 1983, for which the ELG procedure is applicable, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the composite remaining life for the surviving original cost of that vintage. The composite remaining life is derived by compositing the individual equal life group remaining lives in accordance with the following equation:

DUQUESNE LIGHT COMPANY  
ACCOUNT 101 AND 106 ELECTRIC PLANT IN SERVICE

ACCOUNT 364.11 POLES, TOWERS AND FIXTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 54-S0 |                         |                              |                               |                                |                     |                          |
| 1912                        | 1,819.38                | 1,764                        | 1,819                         |                                |                     |                          |
| 1914                        | 9,359.44                | 8,945                        | 9,359                         |                                |                     |                          |
| 1915                        | 10.52                   | 10                           | 11                            |                                |                     |                          |
| 1916                        | 7,269.69                | 6,848                        | 7,270                         |                                |                     |                          |
| 1917                        | 18,191.10               | 17,012                       | 18,191                        |                                |                     |                          |
| 1918                        | 3,802.22                | 3,530                        | 3,802                         |                                |                     |                          |
| 1919                        | 78.73                   | 73                           | 79                            |                                |                     |                          |
| 1920                        | 58,606.96               | 53,593                       | 58,607                        |                                |                     |                          |
| 1921                        | 1,243.55                | 1,128                        | 1,244                         |                                |                     |                          |
| 1922                        | 11,391.59               | 10,257                       | 11,392                        |                                |                     |                          |
| 1923                        | 1,899.73                | 1,697                        | 1,900                         |                                |                     |                          |
| 1924                        | 31,903.96               | 28,282                       | 31,904                        |                                |                     |                          |
| 1925                        | 131,252.21              | 115,428                      | 131,252                       |                                |                     |                          |
| 1926                        | 81,559.10               | 71,137                       | 81,253                        | 306                            | 6.90                | 44                       |
| 1927                        | 258,081.39              | 223,289                      | 255,042                       | 3,039                          | 7.28                | 417                      |
| 1928                        | 177,828.77              | 152,604                      | 174,305                       | 3,524                          | 7.66                | 460                      |
| 1929                        | 144,240.17              | 122,738                      | 140,192                       | 4,048                          | 8.05                | 503                      |
| 1930                        | 179,662.53              | 151,581                      | 173,137                       | 6,526                          | 8.44                | 773                      |
| 1931                        | 180,903.69              | 151,357                      | 172,881                       | 8,023                          | 8.82                | 910                      |
| 1932                        | 70,001.51               | 58,062                       | 66,319                        | 3,683                          | 9.21                | 400                      |
| 1933                        | 57,770.50               | 47,500                       | 54,255                        | 3,516                          | 9.60                | 366                      |
| 1934                        | 77,577.66               | 63,211                       | 72,200                        | 5,378                          | 10.00               | 538                      |
| 1935                        | 11,565.73               | 9,340                        | 10,668                        | 898                            | 10.39               | 86                       |
| 1936                        | 78,479.88               | 62,799                       | 71,729                        | 6,751                          | 10.79               | 626                      |
| 1937                        | 109,953.37              | 87,189                       | 99,588                        | 10,365                         | 11.18               | 927                      |
| 1938                        | 38,104.06               | 29,933                       | 34,190                        | 3,914                          | 11.58               | 338                      |
| 1939                        | 69,059.02               | 53,738                       | 61,380                        | 7,679                          | 11.98               | 641                      |
| 1940                        | 40,248.01               | 31,021                       | 35,432                        | 4,816                          | 12.38               | 389                      |
| 1941                        | 134,291.45              | 102,485                      | 117,059                       | 17,232                         | 12.79               | 1,347                    |
| 1942                        | 109,493.53              | 82,749                       | 94,516                        | 14,978                         | 13.19               | 1,136                    |
| 1943                        | 18,029.25               | 13,489                       | 15,407                        | 2,622                          | 13.60               | 193                      |
| 1944                        | 6,544.94                | 4,848                        | 5,537                         | 1,008                          | 14.00               | 72                       |
| 1945                        | 12,082.60               | 8,858                        | 10,118                        | 1,965                          | 14.41               | 136                      |
| 1946                        | 21.53                   | 16                           | 18                            | 4                              | 14.82               |                          |
| 1947                        | 11,809.42               | 8,477                        | 9,682                         | 2,127                          | 15.24               | 140                      |
| 1948                        | 293,956.54              | 208,765                      | 238,452                       | 55,505                         | 15.65               | 3,547                    |
| 1949                        | 371,623.79              | 261,032                      | 298,152                       | 73,472                         | 16.07               | 4,572                    |
| 1950                        | 476,716.89              | 331,142                      | 378,232                       | 98,485                         | 16.49               | 5,972                    |
| 1951                        | 605,454.95              | 415,857                      | 474,994                       | 130,461                        | 16.91               | 7,715                    |
| 1952                        | 698,917.44              | 474,614                      | 542,106                       | 156,811                        | 17.33               | 9,049                    |
| 1953                        | 948,281.76              | 636,401                      | 726,900                       | 221,382                        | 17.76               | 12,465                   |
| 1954                        | 1,174,411.10            | 778,811                      | 889,562                       | 284,849                        | 18.19               | 15,660                   |

DUQUESNE LIGHT COMPANY  
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| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 54-S0 |                         |                              |                               |                                |                     |                          |
| 1955                        | 992,198.21              | 650,078                      | 742,522                       | 249,676                        | 18.62               | 13,409                   |
| 1956                        | 1,027,565.88            | 665,061                      | 759,636                       | 267,930                        | 19.05               | 14,065                   |
| 1957                        | 1,307,091.48            | 835,571                      | 954,393                       | 352,698                        | 19.48               | 18,106                   |
| 1958                        | 1,273,015.64            | 803,413                      | 917,662                       | 355,354                        | 19.92               | 17,839                   |
| 1959                        | 1,781,522.91            | 1,109,818                    | 1,267,640                     | 513,883                        | 20.36               | 25,240                   |
| 1960                        | 1,515,149.83            | 931,529                      | 1,063,997                     | 451,153                        | 20.80               | 21,690                   |
| 1961                        | 1,041,353.77            | 631,560                      | 721,371                       | 319,983                        | 21.25               | 15,058                   |
| 1962                        | 1,271,595.87            | 760,834                      | 869,028                       | 402,568                        | 21.69               | 18,560                   |
| 1963                        | 1,064,040.33            | 627,784                      | 717,058                       | 346,982                        | 22.14               | 15,672                   |
| 1964                        | 1,174,885.62            | 683,172                      | 780,322                       | 394,564                        | 22.60               | 17,459                   |
| 1965                        | 1,393,998.68            | 798,970                      | 912,587                       | 481,412                        | 23.05               | 20,886                   |
| 1966                        | 1,457,572.14            | 822,989                      | 940,022                       | 517,550                        | 23.51               | 22,014                   |
| 1967                        | 2,312,531.81            | 1,286,022                    | 1,468,901                     | 843,631                        | 23.97               | 35,195                   |
| 1968                        | 1,526,116.45            | 835,411                      | 954,211                       | 571,905                        | 24.44               | 23,400                   |
| 1969                        | 1,384,475.77            | 745,817                      | 851,876                       | 532,600                        | 24.91               | 21,381                   |
| 1970                        | 3,519,150.24            | 1,865,150                    | 2,130,384                     | 1,388,766                      | 25.38               | 54,719                   |
| 1971                        | 1,875,905.47            | 977,910                      | 1,116,974                     | 758,931                        | 25.85               | 29,359                   |
| 1972                        | 2,768,527.18            | 1,418,621                    | 1,620,356                     | 1,148,171                      | 26.33               | 43,607                   |
| 1973                        | 3,405,395.65            | 1,714,685                    | 1,958,522                     | 1,446,874                      | 26.81               | 53,968                   |
| 1974                        | 5,538,205.86            | 2,738,311                    | 3,127,712                     | 2,410,494                      | 27.30               | 88,296                   |
| 1975                        | 5,751,712.86            | 2,791,709                    | 3,188,704                     | 2,563,009                      | 27.79               | 92,228                   |
| 1976                        | 6,058,823.92            | 2,885,818                    | 3,296,196                     | 2,762,628                      | 28.28               | 97,688                   |
| 1977                        | 5,554,305.18            | 2,594,083                    | 2,962,974                     | 2,591,331                      | 28.78               | 90,039                   |
| 1978                        | 4,373,187.79            | 2,001,958                    | 2,286,646                     | 2,086,542                      | 29.28               | 71,262                   |
| 1979                        | 5,356,281.45            | 2,401,382                    | 2,742,870                     | 2,613,411                      | 29.79               | 87,728                   |
| 1980                        | 6,614,619.93            | 2,903,091                    | 3,315,925                     | 3,298,695                      | 30.30               | 108,868                  |
| 1981                        | 5,104,252.40            | 2,191,051                    | 2,502,629                     | 2,601,623                      | 30.82               | 84,413                   |
| 1982                        | 6,669,233.54            | 2,798,610                    | 3,196,586                     | 3,472,648                      | 31.34               | 110,806                  |
| 1983                        | 7,146,686.99            | 3,972,129                    | 4,536,985                     | 2,609,702                      | 25.98               | 100,450                  |
| 1984                        | 6,576,126.83            | 3,583,989                    | 4,093,650                     | 2,482,477                      | 26.30               | 94,391                   |
| 1985                        | 8,647,930.23            | 4,616,265                    | 5,272,721                     | 3,375,209                      | 26.64               | 126,697                  |
| 1986                        | 8,333,510.79            | 4,351,759                    | 4,970,601                     | 3,362,910                      | 26.99               | 124,598                  |
| 1987                        | 7,844,006.97            | 4,002,012                    | 4,571,118                     | 3,272,889                      | 27.36               | 119,623                  |
| 1988                        | 9,105,630.77            | 4,557,368                    | 5,205,448                     | 3,900,183                      | 27.45               | 142,083                  |
| 1989                        | 8,889,639.57            | 4,334,588                    | 4,950,988                     | 3,938,652                      | 27.85               | 141,424                  |
| 1990                        | 9,371,125.42            | 4,468,153                    | 5,103,546                     | 4,267,579                      | 27.98               | 152,522                  |
| 1991                        | 10,669,807.56           | 4,940,121                    | 5,642,631                     | 5,027,177                      | 28.41               | 176,951                  |
| 1992                        | 11,851,545.16           | 5,347,417                    | 6,107,846                     | 5,743,699                      | 28.58               | 200,969                  |
| 1993                        | 8,806,263.11            | 3,843,934                    | 4,390,560                     | 4,415,703                      | 29.05               | 152,004                  |
| 1994                        | 9,988,000.75            | 4,230,917                    | 4,832,574                     | 5,155,427                      | 29.26               | 176,194                  |
| 1995                        | 9,766,030.14            | 4,004,072                    | 4,573,471                     | 5,192,559                      | 29.50               | 176,019                  |
| 1996                        | 9,648,654.39            | 3,818,937                    | 4,362,009                     | 5,286,645                      | 29.76               | 177,643                  |

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| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 54-S0                                  |                         |                              |                               |                                |                     |                          |
| 1997   | 14,383,814.29           | 5,481,672                    | 6,261,193                     | 8,122,621                      | 30.04               | 270,394                  |
| 1998   | 2,166,116.94            | 792,366                      | 905,044                       | 1,261,073                      | 30.34               | 41,565                   |
| 1999   | 681,471.38              | 238,379                      | 272,278                       | 409,193                        | 30.67               | 13,342                   |
| 2000   | 1,936,130.82            | 648,217                      | 740,397                       | 1,195,734                      | 30.80               | 38,823                   |
| 2001   | 3,030,452.37            | 962,472                      | 1,099,340                     | 1,931,112                      | 31.16               | 61,974                   |
| 2002   | 3,535,535.04            | 1,064,196                    | 1,215,530                     | 2,320,005                      | 31.35               | 74,003                   |
| 2003   | 5,918,750.90            | 1,679,742                    | 1,918,610                     | 4,000,141                      | 31.55               | 126,787                  |
| 2004   | 7,743,087.47            | 2,056,564                    | 2,349,017                     | 5,394,070                      | 31.79               | 169,678                  |
| 2005   | 8,905,239.55            | 2,197,813                    | 2,510,353                     | 6,394,887                      | 32.05               | 199,528                  |
| 2006   | 11,714,888.16           | 2,670,995                    | 3,050,824                     | 8,664,064                      | 32.17               | 269,321                  |
| 2007   | 5,936,462.63            | 1,235,972                    | 1,411,733                     | 4,524,730                      | 32.32               | 139,998                  |
| 2008   | 7,558,820.94            | 1,417,279                    | 1,618,823                     | 5,939,998                      | 32.50               | 182,769                  |
| 2009   | 8,828,406.43            | 1,463,750                    | 1,671,902                     | 7,156,504                      | 32.71               | 218,786                  |
| 2010   | 13,553,322.35           | 1,946,257                    | 2,223,024                     | 11,330,298                     | 32.81               | 345,331                  |
| 2011   | 22,693,362.25           | 2,727,742                    | 3,115,641                     | 19,577,721                     | 32.95               | 594,165                  |
| 2012   | 18,020,073.48           | 1,728,125                    | 1,973,873                     | 16,046,200                     | 33.00               | 486,248                  |
| 2013   | 28,972,181.24           | 2,033,847                    | 2,323,070                     | 26,649,111                     | 33.09               | 805,352                  |
| 2014   | 17,131,379.40           | 745,215                      | 851,188                       | 16,280,191                     | 32.98               | 493,638                  |
| 2015   | 13,640,719.29           | 204,611                      | 233,708                       | 13,407,011                     | 32.72               | 409,750                  |
|  | 412,821,389.13          | 137,728,893                  | 157,307,536                   | 255,513,853                    |                     | 8,385,397                |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 30.5 2.03                |

$$\text{Composite Remaining Life} = \frac{\sum (\frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life})}{\sum \frac{\text{Book Cost}}{\text{Life}}}$$

The book costs and lives of the several equal life groups which are summed in the foregoing equation are defined by the estimated future survivor curve.

Inasmuch as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\sum \text{Book Cost} - \text{Calc. Reserve}}{\sum \text{Whole Life Annual Accrual}}$$

or

$$\text{Composite Remaining Life} = \frac{\sum \text{Whole Life Future Accruals}}{\sum \text{Whole Life Annual Accruals}}$$

The composite remaining life calculations were made using computer software that utilizes detailed ELG calculations of whole life future accruals and annual accruals in order to derive the vintage composite remaining lives for the ELG vintages.

The annual accrual rate for each account is equal to the sum of the remaining life annual accruals divided by the total original cost. The composite remaining life is calculated by dividing the sum of the future book accruals by the sum of the remaining life annual accruals.

#### 2015 PLANT AND RESERVE ACTIVITY

Tables 3 and 4 present summaries by account of the plant and reserve accounting activity as of December 31, 2015. Table 3 on pages 13 and 14 sets forth the original cost as of December 31, 2014, the beginning of the year; additions; retirements; transfer and adjustments; the balance at the end of the year, December

31, 2015; and the retirements expressed as a percent of the beginning plant balance. The high percentage retirements in Account 370, Meters, is due to the conversion to smart meters throughout the system. The high percentage retirements in Account 370.1, Meters – Communication Equipment is the result of upgrading all associated communication equipment. The high retirement activity in 2015 for Accounts 391.00, Office Furniture and Equipment; 394.00, Tools, Shop and Garage Equipment; 395.00, Laboratory Equipment; and 397.00, Communication Equipment; is due to high surviving balances for vintages being retired for amortization accounting

Table 4 on page 15 sets forth the book depreciation reserve balance at the beginning of the year, December 31, 2014; annual accruals; retirements; gross salvage; cost of removal; miscellaneous debits and credits; the balance at the end of the year, December 31, 2015; and the book reserve as a percent of the plant balance as of December 31, 2015.

#### AMORTIZATION OF NET SALVAGE

The 2016 amortization amount for experienced negative net salvage is \$6,750,695 based on the experienced negative net salvage during the five-year period, 2011 through 2015. The calculation of the amortization amounts by function is set forth in Table 5, on page 16.

In order to be consistent with this manner of recognizing salvage, no adjustments for salvage were made to the annual accruals and accrued depreciation calculated for each function. There were no exclusions from the 2011 through 2015 net salvage experience.

**DUQUESNE LIGHT COMPANY**

**TABLE 1. ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS BY FUNCTION RELATED TO UTILITY PLANT AT DECEMBER 31, 2013, DECEMBER 31, 2014 AND DECEMBER 31, 2015**

|                               | 2013                    | 2014                    | 2015                    |
|-------------------------------|-------------------------|-------------------------|-------------------------|
| <b>TRANSMISSION PLANT</b>     |                         |                         |                         |
| ORIGINAL COST (DEPRECIABLE)   | 727,077,133.29          | 757,225,814.25          | 763,993,370.33          |
| BOOK ACCRUED DEPRECIATION     | 181,769,331             | 198,767,457             | 208,552,886             |
| BOOK RESERVE % OF O.C.        | 25.00%                  | 26.25%                  | 27.30%                  |
| ORIGINAL COST DEPRECIATED     | 545,307,802             | 558,458,358             | 555,440,485             |
| ANNUAL DEPRECIATION EXPENSE   | 18,964,775              | 19,910,227              | 19,572,616              |
| ANNUAL % OF O.C.              | 2.61%                   | 2.63%                   | 2.56%                   |
| <b>DISTRIBUTION PLANT</b>     |                         |                         |                         |
| ORIGINAL COST (DEPRECIABLE)   | 2,247,144,744.53        | 2,348,471,527.79        | 2,409,037,916.93        |
| BOOK ACCRUED DEPRECIATION     | 749,645,882             | 799,737,059             | 809,418,042             |
| BOOK RESERVE % OF O.C.        | 33.36%                  | 34.05%                  | 33.60%                  |
| ORIGINAL COST DEPRECIATED     | 1,497,498,863           | 1,548,734,471           | 1,599,619,877           |
| ANNUAL DEPRECIATION EXPENSE   | 59,467,578              | 61,083,232              | 63,967,746              |
| ANNUAL % OF O.C.              | 2.65%                   | 2.60%                   | 2.66%                   |
| <b>GENERAL PLANT</b>          |                         |                         |                         |
| ORIGINAL COST (DEPRECIABLE)   | 253,483,226.20          | 265,457,451.56          | 280,940,341.40          |
| BOOK ACCRUED DEPRECIATION     | 97,572,379              | 99,847,022              | 109,067,441             |
| BOOK RESERVE % OF O.C.        | 38.49%                  | 37.61%                  | 38.82%                  |
| ORIGINAL COST DEPRECIATED     | 155,910,848             | 164,243,143             | 174,313,933             |
| ANNUAL DEPRECIATION EXPENSE   | 9,303,705               | 11,491,059              | 6,365,640               |
| ANNUAL % OF O.C.              | 3.67%                   | 4.33%                   | 2.98%                   |
| <b>TOTAL COMPANY</b>          |                         |                         |                         |
| ORIGINAL COST (DEPRECIABLE)   | 3,227,705,104.02        | 3,371,154,793.60        | 3,453,971,628.66        |
| BOOK ACCRUED DEPRECIATION     | 1,028,987,592           | 1,098,351,538           | 1,127,038,369           |
| BOOK RESERVE % OF O.C.        | 31.88%                  | 32.58%                  | 32.63%                  |
| ORIGINAL COST DEPRECIATED     | 2,198,717,513           | 2,271,435,972           | 2,329,374,295           |
| ANNUAL DEPRECIATION EXPENSE   | 87,736,058              | 92,484,518              | 91,906,202              |
| ANNUAL % OF O.C.              | 2.72%                   | 2.74%                   | 2.66%                   |
| <b>NON-DEPRECIABLE PLANT</b>  |                         |                         |                         |
| LAND AND LAND RIGHTS          | 33,318,567.93           | 33,568,339.88           | 33,556,203.88           |
| INTANGIBLE PLANT              | 23,211,370.27           | 153,023,611.13          | 178,399,794.95          |
| LEASEHOLD IMPROVEMENTS        | 9,214,520.85            | 9,361,363.32            | 9,724,498.05            |
| <b>TOTAL PLANT IN SERVICE</b> | <b>3,293,449,563.07</b> | <b>3,567,108,107.93</b> | <b>3,675,652,125.54</b> |

DUQUESNE LIGHT COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AS OF DECEMBER 31, 2015

| DEPRECIABLE GROUP<br>(1)  | SURVIVOR<br>CURVE<br>(2)           | ORIGINAL<br>COST AT<br>DECEMBER 31, 2015<br>(3) | BOOK<br>DEPRECIATION<br>RESERVE<br>(4) | FUTURE<br>ACCRUALS<br>(5) | CALCULATED<br>ANNUAL ACCRUAL |                     | COMPOSITE<br>REMAINING<br>LIFE<br>(8)=(5)/(6) |      |
|---------------------------|------------------------------------|---|--|---------------------------|------------------------------|---------------------|---|------|
|                           |                                    |   |  |                           | AMOUNT<br>(6)                | RATE<br>(7)=(6)/(3) |   |      |
| <b>DEPRECIABLE PLANT</b>  |                                    |   |  |                           |                              |                     |   |      |
| <b>TRANSMISSION PLANT</b> |                                    |   |  |                           |                              |                     |   |      |
| 352                       | STRUCTURES AND IMPROVEMENTS        |   |  |                           |                              |                     |   |      |
|                           | MAJOR STRUCTURES                   | 60-R3 *   | 10,944,954.20                          | 4,608,345                 | 6,336,609                    | 311,783             | 2.85  | 20.3 |
|                           | OTHER SMALL STRUCTURES             | 45-R3   | 9,951,890.64                           | 2,350,206                 | 7,601,685                    | 247,952             | 2.49  | 30.7 |
|                           | TOTAL ACCOUNT 352                  |   | 20,896,844.84                          | 6,958,551                 | 13,938,294                   | 559,735             | 2.68  | 24.9 |
| 353                       | STATION EQUIPMENT                  | 39-S0   | 349,421,097.78                         | 88,813,807                | 260,607,291                  | 11,982,335          | 3.43  | 21.7 |
| 354                       | TOWERS AND FIXTURES                | 75-R3   | 67,743,081.28                          | 30,907,118                | 38,835,984                   | 896,104             | 1.32  | 41.1 |
| 355                       | POLES AND FIXTURES                 | 52-R2.5   | 51,144,783.16                          | 8,876,239                 | 42,268,544                   | 1,154,894           | 2.26  | 36.6 |
| 356                       | OVERHEAD CONDUCTORS AND DEVICES    | 60-R3   | 88,854,316.41                          | 28,440,806                | 60,413,511                   | 1,505,392           | 1.69  | 40.1 |
| 357                       | UNDERGROUND CONDUIT                | 60-S3   | 67,475,101.65                          | 25,378,157                | 42,096,945                   | 1,196,511           | 1.77  | 35.2 |
| 358                       | UNDERGROUND CONDUCTORS AND DEVICES | 58-R3   | 109,243,539.67                         | 18,657,746                | 90,585,793                   | 2,115,290           | 1.94  | 42.8 |
| 359                       | ROADS AND TRAILS                   | 60-R4   | 9,214,605.54                           | 520,463                   | 8,694,143                    | 162,355             | 1.76  | 53.6 |
|                           | TOTAL TRANSMISSION PLANT           |   | 763,993,370.33                         | 208,552,886               | 555,440,485                  | 19,572,616          | 2.56  | 28.4 |
| <b>DISTRIBUTION PLANT</b> |                                    |   |  |                           |                              |                     |   |      |
| 361                       | STRUCTURES AND IMPROVEMENTS        |   |  |                           |                              |                     |   |      |
|                           | MAJOR STRUCTURES                   | 70-R2.5 *                                       | 37,921,778.73                          | 22,136,658                | 15,785,122                   | 867,824             | 2.29  | 18.2 |
|                           | OTHER SMALL STRUCTURES             | 45-R3   | 25,989,819.02                          | 11,356,287                | 14,633,532                   | 548,347             | 2.11  | 26.7 |
|                           | TOTAL ACCOUNT 361                  |   | 63,911,597.75                          | 33,492,945                | 30,418,654                   | 1,416,171           | 2.22  | 21.5 |
| 362                       | STATION EQUIPMENT                  |   |  |                           |                              |                     |   |      |
|                           | COMPANY STATIONS                   | 52-R1   | 394,984,201.59                         | 114,261,970               | 280,722,231                  | 9,462,090           | 2.40  | 29.7 |
|                           | CUSTOMER HIGH TENSION              | 42-R0.5   | 32,373,300.88                          | 14,036,584                | 18,336,717                   | 839,270             | 2.59  | 21.8 |
|                           | PORTABLE SUBSTATIONS               | 42-R0.5   | 4,387,706.86                           | 581,677                   | 3,806,030                    | 156,923             | 3.58  | 24.3 |
|                           | TOTAL ACCOUNT 362                  |   | 431,745,209.33                         | 128,880,231               | 302,864,978                  | 10,458,283          | 2.42  | 29.0 |
| 364                       | POLES, TOWERS AND FIXTURES         | 54-S0   | 412,821,389.13                         | 157,307,536               | 255,513,853                  | 8,385,397           | 2.03  | 30.5 |
| 365                       | OVERHEAD CONDUCTORS AND DEVICES    | 48-R1   | 429,486,217.91                         | 139,967,489               | 289,518,729                  | 10,807,535          | 2.52  | 26.8 |
| 366                       | UNDERGROUND CONDUIT                | 75-R4   | 129,991,116.50                         | 44,674,681                | 85,316,435                   | 1,795,431           | 1.38  | 47.5 |
| 367                       | UNDERGROUND CONDUCTORS AND DEVICES | 48-R1.5   | 346,619,855.48                         | 98,066,534                | 248,553,321                  | 8,762,317           | 2.53  | 28.4 |

DUQUESNE LIGHT COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AS OF DECEMBER 31, 2015

|     | DEPRECIABLE GROUP<br>(1)           | SURVIVOR<br>CURVE<br>(2) | ORIGINAL<br>COST AT<br>DECEMBER 31, 2015<br>(3) | BOOK<br>DEPRECIATION<br>RESERVE<br>(4) | FUTURE<br>ACCRUALS<br>(5) | CALCULATED<br>ANNUAL ACCRUAL |                     | COMPOSITE<br>REMAINING<br>LIFE<br>(8)=(5)/(6) |
|-----|------------------------------------|--------------------------|---|--|---------------------------|------------------------------|---------------------|---|
|     |                                    |                          |   |  |                           | AMOUNT<br>(6)                | RATE<br>(7)=(6)/(3) |   |
| 368 | LINE TRANSFORMERS                  |                          |   |  |                           |                              |                     |   |
|     | OVERHEAD                           | 40-S0                    | 225,018,259.16                                  | 65,928,924                             | 159,089,336               | 7,199,930                    | 3.20                | 22.1  |
|     | CONVENTIONAL DISTRIBUTION NETWORK  | 46-R0.5                  | 61,240,134.73                                   | 15,868,116                             | 45,372,019                | 1,890,709                    | 3.09                | 24.0  |
|     | UNDERGROUND RESISTORS DISTRIBUTION | 44-R1                    | 45,566,282.02                                   | 11,120,361                             | 34,445,921                | 1,418,163                    | 3.11                | 24.3  |
|     | TOTAL ACCOUNT 368                  | 40-R1.5                  | 30,401,303.36                                   | 8,281,034                              | 22,120,269                | 967,597                      | 3.18                | 22.9  |
|     |                                    |                          | 362,225,979.27                                  | 101,198,435                            | 261,027,545               | 11,476,399                   | 3.17                | 22.7  |
| 369 | SERVICES                           | 65-R1.5                  | 93,430,599.11                                   | 34,715,487                             | 58,715,112                | 1,562,382                    | 1.67                | 37.6  |
| 370 | METERS                             | 30-R2.5                  | 77,502,174.12                                   | 44,933,573                             | 32,568,602                | 6,800,606                    | 8.77                | 4.8   |
| 370 | METERS - COMMUNICATION EQUIPMENT   | 10-S3                    | 75,829.07                                       | 46,859                                 | 28,970                    | 10,291                       | 13.57               | 2.8   |
| 370 | SMART METERS                       | 15-S2.5                  | 21,334,843.97                                   | 736,717                                | 20,598,127                | 1,579,454                    | 7.40                | 13.0  |
| 373 | STREET LIGHTING EQUIPMENT          | 31-L0                    | 39,893,105.29                                   | 25,397,555                             | 14,495,551                | 913,480                      | 2.29                | 15.9  |
|     | TOTAL DISTRIBUTION PLANT           |                          | 2,409,037,916.93                                | 809,418,042                            | 1,599,619,877             | 63,967,746                   | 2.66                | 25.0  |
|     | GENERAL PLANT                      |                          |   |  |                           |                              |                     |   |
| 390 | STRUCTURES AND IMPROVEMENTS        |                          |   |  |                           |                              |                     |   |
|     | MAJOR STRUCTURES                   | 55-S0.5                  | 107,371,196.39                                  | 26,792,715                             | 80,578,480                | 3,368,579                    | 3.14                | 23.9  |
|     | OTHER SMALL STRUCTURES             | 45-R3                    | 4,132,556.45                                    | 784,482                                | 3,348,074                 | 111,102                      | 2.69                | 30.1  |
|     | TOTAL ACCOUNT 390                  |                          | 111,503,752.84                                  | 27,577,198                             | 83,926,554                | 3,479,681                    | 3.12                | 24.1  |
| 391 | OFFICE FURNITURE AND EQUIPMENT     |                          |   |  |                           |                              |                     |   |
|     | OFFICE FURNITURE                   | 20-SQ                    | 3,705,178.40                                    | 1,223,000                              | 2,482,178                 | 185,078                      | 5.00                | 13.4  |
|     | E.D.P EQUIPMENT                    | 5-SQ                     | 6,326,201.56                                    | 2,130,000                              | 4,196,202                 | 1,265,367                    | 20.00               | 3.3   |
|     | TOTAL ACCOUNT 391                  |                          | 10,031,379.96                                   | 3,353,000                              | 6,678,380                 | 1,450,445                    | 14.46               | 4.6   |
| 392 | TRANSPORTATION EQUIPMENT           |                          | 58,334,019.09                                   | 33,696,002                             | 24,638,017                | **                           |                     |   |
| 393 | STORES EQUIPMENT                   | 30-SQ                    | 2,374,940.91                                    | 1,439,000                              | 935,941                   | 79,133                       | 3.33                | 11.8  |
| 394 | TOOLS, SHOP AND GARAGE EQUIPMENT   | 25-SQ                    | 18,716,640.81                                   | 5,934,000                              | 12,782,641                | 747,869                      | 4.00                | 17.1  |
| 395 | LABORATORY EQUIPMENT               | 20-SQ                    | 3,030,409.70                                    | 1,803,500                              | 1,226,910                 | 151,627                      | 5.00                | 8.1   |
| 396 | POWER OPERATED EQUIPMENT           |                          | 3,401,973.18                                    | 1,333,009                              | 2,068,965                 | **                           |                     |   |
| 397 | COMMUNICATION EQUIPMENT            | 15-SQ                    | 73,172,600.54                                   | 31,250,000                             | 41,922,601                | 4,879,404                    | 6.67                | 8.6   |
| 398 | MISCELLANEOUS EQUIPMENT            | 20-SQ                    | 374,624.37                                      | 240,700                                | 133,924                   | 18,714                       | 5.00                | 7.2   |
|     | TOTAL GENERAL PLANT                |                          | 280,940,341.40                                  | 106,626,408                            | 174,313,933               | 10,806,873                   | 3.85                | 16.1  |
|     | TOTAL DEPRECIABLE PLANT            |                          | 3,453,971,628.66                                | 1,124,597,337                          | 2,329,374,295             | 94,347,235                   | 2.73                | 24.7  |

DUQUESNE LIGHT COMPANY

TABLE 2. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AS OF DECEMBER 31, 2015

| DEPRECIABLE GROUP<br>(1)                       | SURVIVOR<br>CURVE<br>(2)                             | ORIGINAL<br>COST AT<br>DECEMBER 31, 2015<br>(3) | BOOK<br>DEPRECIATION<br>RESERVE<br>(4) | FUTURE<br>ACCRUALS<br>(5) | CALCULATED<br>ANNUAL ACCRUAL |                     | COMPOSITE<br>REMAINING<br>LIFE<br>(8)=(5)/(6) |
|--|--|---|--|---------------------------|------------------------------|---------------------|---|
|  |  |   |  |                           | AMOUNT<br>(6)                | RATE<br>(7)=(6)/(3) |   |
| <b>UNRECOVERED ADJUSTMENT FOR AMORTIZATION</b> |  |   |  |                           |                              |                     |   |
| 391  | OFFICE FURNITURE AND EQUIPMENT                       |   |  |                           |                              |                     |   |
|  | OFFICE FURNITURE                                     |   | (129,471)                              |                           | 129,471                      | ***                 |   |
|  | E.D.P EQUIPMENT                                      |   | 1,176,701                              |                           | (1,176,701)                  | ***                 |   |
|  | TOTAL ACCOUNT 391                                    |   | 1,047,230                              |                           | (1,047,230)                  |                     |   |
| 393  | STORES EQUIPMENT                                     |   | 45,554                                 |                           | (45,554)                     | ***                 |   |
| 394  | TOOLS, SHOP AND GARAGE EQUIPMENT                     |   | 1,850                                  |                           | (1,850)                      | ***                 |   |
| 395  | LABORATORY EQUIPMENT                                 |   | 180,948                                |                           | (180,948)                    | ***                 |   |
| 397  | COMMUNICATION EQUIPMENT                              |   | 1,152,728                              |                           | (1,152,728)                  | ***                 |   |
| 398  | MISCELLANEOUS EQUIPMENT                              |   | 12,723                                 |                           | (12,723)                     | ***                 |   |
|  | <b>TOTAL UNRECOVERED ADJUSTMENT FOR AMORTIZATION</b> |   | <b>2,441,033</b>                       |                           | <b>(2,441,033)</b>           |                     |   |
| <b>INTANGIBLE AND NONDEPRECIABLE PLANT</b>     |  |   |  |                           |                              |                     |   |
| 301  | ORGANIZATION   | 100,275.19                                      |  |                           |                              |                     |   |
| 302  | FRANCHISES AND CONSENTS                              | 6,830.09  |  |                           |                              |                     |   |
| 303  | MISCELLANEOUS INTANGIBLE PLANT                       | 178,292,689.67                                  | 33,350,257                             |                           |                              |                     |   |
| 350  | LAND AND LAND RIGHTS                                 | 14,372,954.12                                   |  |                           |                              |                     |   |
| 360  | LAND AND LAND RIGHTS                                 | 13,038,452.65                                   |  |                           |                              |                     |   |
| 389  | LAND AND LAND RIGHTS                                 | 6,144,797.11                                    |  |                           |                              |                     |   |
| 390  | STRUCTURES AND IMPROVEMENTS - LEASEHOLDS             | 9,724,498.05                                    | 6,834,803                              |                           |                              |                     |   |
|  | <b>TOTAL INTANGIBLE AND NONDEPRECIABLE PLANT</b>     | <b>221,680,496.88</b>                           | <b>40,185,060</b>                      |                           |                              |                     |   |
|  | <b>TOTAL UTILITY PLANT</b>                           | <b>3,675,652,125.54</b>                         | <b>1,167,223,430</b>                   |                           | <b>91,906,202</b>            |                     |   |

NOTE: Transportation was switched from group to individual with gain loss.

\* Life Span Procedure was used. Curve Shown is Interim Survivor Curve.

\*\* Annual Accrual is charged on a vehicle by vehicle basis.

\*\*\* 5-year Amortization of Unrecovered Reserve related to Amortization accounting. There is 1 year remaining

DUQUESNE LIGHT COMPANY

TABLE 3. SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2015

| DEPRECIABLE GROUP<br>(1)                       | BALANCE<br>AT<br>BEGINNING OF YEAR<br>(2) | ADDITIONS<br>(3)      | RETIREMENTS<br>(4)   | TRANSFERS<br>AND<br>ADJUSTMENTS<br>(5) | BALANCE<br>AT<br>END OF YEAR<br>(6) | PERCENT OF<br>ORIGINAL COST<br>RETIRED<br>(7) |
|--|---|-----------------------|----------------------|--|-------------------------------------|---|
| <b>TRANSMISSION PLANT</b>                      |   |                       |                      |  |                                     |   |
| 350 LAND AND LAND RIGHTS                       | 14,385,090.12                             | 0.00                  | 0.00                 | (12,136.00)                            | 14,372,954.12                       | 0.00  |
| 352 STRUCTURES AND IMPROVEMENTS                | 21,004,272.76                             | 67.19                 | 107,495.11           | 0.00                                   | 20,896,844.84                       | 0.51  |
| 353 STATION EQUIPMENT                          | 363,972,468.53                            | 11,195,864.01         | 9,253,859.04         | (16,493,375.72)                        | 349,421,097.78                      | 2.54  |
| 354 TOWERS AND FIXTURES                        | 67,507,200.09                             | 235,881.19            | 0.00                 | 0.00                                   | 67,743,081.28                       | 0.00  |
| 355 POLES AND FIXTURES                         | 50,947,034.15                             | 197,749.01            | 0.00                 | 0.00                                   | 51,144,783.16                       | 0.00  |
| 356 OVERHEAD CONDUCTORS AND DEVICES            | 86,448,150.80                             | 2,688,738.66          | 282,573.05           | 0.00                                   | 88,854,316.41                       | 0.33  |
| 357 UNDERGROUND CONDUIT                        | 67,227,002.48                             | 248,099.17            | 0.00                 | 0.00                                   | 67,475,101.65                       | 0.00  |
| 358 UNDERGROUND CONDUCTORS AND DEVICES         | 90,933,210.12                             | 18,559,580.51         | 249,250.96           | 0.00                                   | 109,243,539.67                      | 0.27  |
| 359 ROADS AND TRAILS                           | 9,186,475.32                              | 28,130.22             | 0.00                 | 0.00                                   | 9,214,605.54                        | 0.00  |
| <b>TOTAL TRANSMISSION PLANT</b>                | <b>771,610,904.37</b>                     | <b>33,154,109.96</b>  | <b>9,893,178.16</b>  | <b>(16,505,511.72)</b>                 | <b>778,366,324.45</b>               |   |
| <b>DISTRIBUTION PLANT</b>                      |   |                       |                      |  |                                     |   |
| 360 LAND AND LAND RIGHTS                       | 13,038,452.65                             |                       |                      |  | 13,038,452.65                       | 0.00  |
| 361 STRUCTURES AND IMPROVEMENTS                | 63,042,903.18                             | 915,968.16            | 47,273.59            | 0.00                                   | 63,911,597.75                       | 0.07  |
| 362.1 STATION EQUIPMENT                        | 391,928,973.14                            | 4,889,698.72          | 1,869,639.74         | 35,169.47                              | 394,984,201.59                      | 0.48  |
| 362.2 STATION EQUIPMENT - CUSTOMER HV          | 32,343,949.52                             | 300,791.44            | 271,440.08           | 0.00                                   | 32,373,300.88                       | 0.84  |
| 362.3 STATION EQUIPMENT - PORTABLE SUBSTATIONS | 4,387,706.86                              | 0.00                  | 0.00                 | 0.00                                   | 4,387,706.86                        | 0.00  |
| 364.1 POLES, TOWERS AND FIXTURES               | 404,350,553.08                            | 18,846,262.35         | 10,375,426.30        | 0.00                                   | 412,821,389.13                      | 2.57  |
| 365 OVERHEAD CONDUCTORS AND DEVICES            | 420,563,517.24                            | 13,520,003.38         | 4,597,302.71         | 0.00                                   | 429,486,217.91                      | 1.09  |
| 366 UNDERGROUND CONDUIT                        | 123,879,093.81                            | 6,148,337.55          | 36,314.86            | 0.00                                   | 129,991,116.50                      | 0.03  |
| 367 UNDERGROUND CONDUCTORS AND DEVICES         | 327,212,009.78                            | 22,689,821.70         | 3,281,976.00         | 0.00                                   | 346,619,855.48                      | 1.00  |
| 368 LINE TRANSFORMERS                          | 346,735,216.10                            | 22,253,549.99         | 6,762,786.80         | 0.00                                   | 362,225,979.29                      | 1.95  |
| 369.2 SERVICES                                 | 91,602,044.41                             | 1,930,357.32          | 101,802.62           | 0.00                                   | 93,430,599.11                       | 0.11  |
| 370 METERS                                     | 100,315,798.31                            | 1,542,449.92          | 24,356,074.11        | 0.00                                   | 77,502,174.12                       | 24.28   |
| 370.1 METERS - COMMUNICATION EQUIPMENT         | 127,588.21                                | 0.00                  | 51,759.14            | 0.00                                   | 75,829.07                           | 40.57   |
| 370.2 SMART METERS                             | 1,027,133.56                              | 20,307,710.41         | 0.00                 | 0.00                                   | 21,334,843.97                       | 0.00  |
| 370.4 SMART METERS - COMMUNICATION EQUIPMENT   | 0.00                                      | 8,193,752.73          | 0.00                 | (8,193,752.73)                         | 0.00                                | 0.00  |
| 373 STREET LIGHTING EQUIPMENT                  | 40,955,040.61                             | 1,344,341.59          | 2,406,276.91         | 0.00                                   | 39,893,105.29                       | 5.88  |
| <b>TOTAL DISTRIBUTION PLANT</b>                | <b>2,361,509,980.46</b>                   | <b>122,883,045.26</b> | <b>54,158,072.86</b> | <b>(8,158,583.26)</b>                  | <b>2,422,076,369.60</b>             |   |
| <b>GENERAL PLANT</b>                           |   |                       |                      |  |                                     |   |
| 389 LAND AND LAND RIGHTS                       | 6,144,797.11                              | 0.00                  | 0.00                 | 0.00                                   | 6,144,797.11                        | 0.00  |
| 390 STRUCTURES AND IMPROVEMENTS                | 108,822,254.36                            | 2,852,816.39          | 21,813.58            | (149,504.33)                           | 111,503,752.84                      | 0.02  |
| 391 OFFICE FURNITURE AND EQUIPMENT             | 8,829,118.48                              | 2,522,607.10          | 1,320,345.62         | 0.00                                   | 10,031,379.96                       | 14.95   |
| 392 TRANSPORTATION EQUIPMENT                   | 55,847,855.28                             | 6,729,326.70          | 4,243,162.89         | 0.00                                   | 58,334,019.09                       | 7.60  |
| 393 STORES EQUIPMENT                           | 2,405,625.89                              | 0.00                  | 30,684.98            | 0.00                                   | 2,374,940.91                        | 1.28  |
| 394 TOOLS, SHOP AND GARAGE EQUIPMENT           | 16,500,724.69                             | 2,783,165.98          | 567,249.86           | 0.00                                   | 18,716,640.81                       | 3.44  |
| 395 LABORATORY EQUIPMENT                       | 4,158,875.27                              | 48,312.99             | 151,854.78           | (1,024,923.78)                         | 3,030,409.70                        | 3.65  |

DUQUESNE LIGHT COMPANY

TABLE 3. SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2015

| DEPRECIABLE GROUP<br>(1)                       | BALANCE<br>AT<br>BEGINNING OF YEAR<br>(2) | ADDITIONS<br>(3)      | RETIREMENTS<br>(4)   | TRANSFERS<br>AND<br>ADJUSTMENTS<br>(5) | BALANCE<br>AT<br>END OF YEAR<br>(6) | PERCENT OF<br>ORIGINAL COST<br>RETIRED<br>(7) |
|--|---|-----------------------|----------------------|--|-------------------------------------|---|
| 396 POWER OPERATED EQUIPMENT                   | 3,223,101.11                              | 178,872.07            | 0.00                 | 0.00                                   | 3,401,973.18                        | 0.00  |
| 397 COMMUNICATION EQUIPMENT                    | 65,305,893.86                             | 4,944,081.58          | 5,271,127.63         | 8,193,752.73                           | 73,172,600.54                       | 8.07  |
| 398 MISCELLANEOUS EQUIPMENT                    | 364,002.62                                | 10,621.75             | 0.00                 | 0.00                                   | 374,624.37                          | 0.00  |
| <b>TOTAL GENERAL PLANT</b>                     | <b>271,602,248.67</b>                     | <b>20,069,804.56</b>  | <b>11,606,239.34</b> | <b>7,019,324.62</b>                    | <b>287,085,138.51</b>               |   |
| <b>TOTAL DEPRECIABLE PLANT</b>                 | <b>3,404,723,133.50</b>                   | <b>176,106,959.78</b> | <b>75,657,490.36</b> | <b>(17,644,770.36)</b>                 | <b>3,487,527,832.56</b>             |   |
| <b>INTANGIBLE PLANT</b>                        |   |                       |                      |  |                                     |   |
| 301 ORGANIZATION                               | 100,275.19                                | 0.00                  | 0.00                 | 0.00                                   | 100,275.19                          |   |
| 302 FRANCHISES AND CONSENTS                    | 6,830.09                                  | 0.00                  | 0.00                 | 0.00                                   | 6,830.09                            |   |
| 303 MISC INTANGIBLE PLANT                      | 152,916,505.85                            | 30,717,540.01         | 5,341,356.19         | 0.00                                   | 178,292,689.67                      |   |
| 390.2 STRUCTURES AND IMPROVEMENTS - LEASEHOLDS | 9,361,363.32                              | 213,630.40            | 0.00                 | 149,504.33                             | 9,724,498.05                        |   |
| <b>TOTAL INTANGIBLE PLANT</b>                  | <b>162,384,974.45</b>                     | <b>30,931,170.41</b>  | <b>5,341,356.19</b>  | <b>149,504.33</b>                      | <b>188,124,293.00</b>               |   |
| <b>TOTAL PLANT IN SERVICE</b>                  | <b>3,567,108,107.95</b>                   | <b>207,038,130.19</b> | <b>80,998,846.55</b> | <b>(17,495,266.03)</b>                 | <b>3,675,652,125.56</b>             |   |

DUQUESNE LIGHT COMPANY

TABLE 4. SUMMARY OF BOOK RESERVE ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2015

|        | DEPRECIABLE GROUP<br>(1)                 | BOOK RESERVE<br>AT<br>BEGINNING OF YEAR<br>(2) | ANNUAL<br>ACCRUALS<br>(3) | RETIREMENTS<br>(4)   | GROSS<br>SALVAGE<br>(5) | COST OF<br>REMOVAL<br>(6) | MISCELLANEOUS<br>DEBITS AND<br>CREDITS<br>(7) | BOOK RESERVE<br>AT<br>END OF YEAR<br>(8) | BOOK RESERVE<br>AS A PERCENT<br>OF ORIGINAL<br>COST<br>(9) |
|--------|--|--|---------------------------|----------------------|-------------------------|---------------------------|---|--|--|
| 303    | MISCELLANEOUS INTANGIBLE PLANT           | 17,396,982.10                                  | 21,349,818.86             | 5,341,356.19         | 0.00                    | 0.00                      | (55,187.93)                                   | 33,350,256.84                            | 18.71  |
|        | <b>TRANSMISSION PLANT</b>                |  |                           |                      |                         |                           |   |  |  |
| 352    | STRUCTURES AND IMPROVEMENTS              | 6,521,272.00                                   | 562,148.85                | 107,495.11           | 469.36                  | 17,844.10                 | 0.00  | 6,958,551.00                             | 33.30  |
| 353    | STATION EQUIPMENT                        | 86,607,006.83                                  | 13,508,234.22             | 9,253,850.04         | 406,903.75              | 2,452,330.49              | (2,148.08)                                    | 88,813,807.19                            | 25.42  |
| 354    | TOWERS AND FIXTURES                      | 29,451,471.56                                  | 1,445,645.97              | 0.00                 | 0.00                    | 0.00                      | 0.00  | 30,907,117.53                            | 45.62  |
| 355    | POLES AND FIXTURES                       | 7,500,707.40                                   | 1,375,531.71              | 0.00                 | 0.00                    | 0.00                      | 0.00  | 8,876,239.11                             | 17.36  |
| 356    | OVERHEAD CONDUCTORS AND DEVICES          | 26,686,806.58                                  | 2,570,216.09              | 282,573.05           | 73,970.77               | 607,614.70                | 0.00  | 28,440,805.69                            | 32.01  |
| 357    | UNDERGROUND CONDUIT                      | 24,221,396.36                                  | 1,156,760.56              | 0.00                 | 0.00                    | 0.00                      | 0.00  | 25,378,156.92                            | 37.61  |
| 358    | UNDERGROUND CONDUCTORS AND DEVICES       | 17,426,735.84                                  | 1,481,737.18              | 249,250.96           | 29,829.08               | 31,304.88                 | 0.00  | 18,657,746.26                            | 17.08  |
| 359    | ROADS AND TRAILS                         | 342,060.70                                     | 178,401.86                | 0.00                 | 0.00                    | 0.00                      | 0.00  | 520,462.56                               | 5.65   |
|        | <b>TOTAL TRANSMISSION PLANT</b>          | <b>198,767,457.27</b>                          | <b>22,278,676.44</b>      | <b>9,893,178.16</b>  | <b>511,172.96</b>       | <b>3,109,094.17</b>       | <b>(2,148.08)</b>                             | <b>208,552,886.26</b>                    |  |
|        | <b>DISTRIBUTION PLANT</b>                |  |                           |                      |                         |                           |   |  |  |
| 361    | STRUCTURES AND IMPROVEMENTS              | 31,827,146.31                                  | 1,720,248.50              | 47,273.59            | 0.00                    | 7,175.76                  | 0.00  | 33,492,945.46                            | 52.41  |
| 362    | STATION EQUIPMENT                        | 119,721,711.16                                 | 12,107,759.02             | 2,141,079.82         | 171,240.74              | 981,548.08                | 2,148.08                                      | 128,880,231.10                           | 29.85  |
| 364 11 | POLES, TOWERS AND FIXTURES               | 158,868,621.99                                 | 10,803,799.00             | 10,375,428.30        | 518,064.79              | 2,507,523.45              | 0.00  | 157,307,536.03                           | 38.11  |
| 365 01 | OVERHEAD CONDUCTORS AND DEVICES          | 133,186,001.24                                 | 11,155,824.01             | 4,597,302.71         | 1,262,541.20            | 1,039,575.08              | 0.00  | 139,967,488.66                           | 32.59  |
| 366    | UNDERGROUND CONDUIT                      | 42,723,507.95                                  | 2,128,448.77              | 36,314.86            | 0.00                    | 140,960.38                | 0.00  | 44,674,681.48                            | 34.37  |
| 367    | UNDERGROUND CONDUCTORS AND DEVICES       | 93,307,144.78                                  | 7,912,344.26              | 3,281,976.00         | 607,548.13              | 478,526.96                | 0.00  | 98,066,534.21                            | 28.29  |
| 368    | LINE TRANSFORMERS                        | 96,520,766.47                                  | 12,138,752.61             | 6,762,786.80         | 550,223.24              | 1,248,520.96              | 0.00  | 101,198,434.56                           | 27.94  |
| 369 2  | SERVICES                                 | 33,943,927.13                                  | 2,572,428.26              | 101,802.62           | 0.00                    | 1,699,065.68              | 0.00  | 34,715,487.09                            | 37.16  |
| 370    | METERS                                   | 62,754,733.36                                  | 6,713,189.61              | 24,356,074.11        | 0.00                    | 139,301.14                | (38,975.10)                                   | 44,933,572.62                            | 57.98  |
| 370 1  | METERS - COMMUNICATION EQUIPMENT         | 49,932.01                                      | 208,885.86                | 51,759.14            | 0.00                    | 0.00                      | (160,200.00)                                  | 46,858.73                                | 61.80  |
| 370 2  | SMART METERS                             | 0.00   | 537,542.30                | 0.00                 | 0.00                    | 0.00                      | 199,175.15                                    | 736,717.45                               | 3.45   |
| 370 4  | SMART METERS - COMMUNICATION EQUIPMENT   | 0.00   | 94,496.46                 | 0.00                 | 0.00                    | 0.00                      | (94,496.46)                                   | 0.00                                     | -  |
| 373    | STREET LIGHTING EQUIPMENT                | 26,833,566.78                                  | 1,113,634.44              | 2,406,276.91         | 0.00                    | 143,369.76                | 0.00  | 25,397,554.55                            | 63.66  |
|        | <b>TOTAL DISTRIBUTION PLANT</b>          | <b>799,737,059.18</b>                          | <b>69,207,353.10</b>      | <b>64,158,072.86</b> | <b>3,109,618.10</b>     | <b>8,385,567.25</b>       | <b>(92,348.33)</b>                            | <b>809,418,041.94</b>                    |  |
|        | <b>GENERAL PLANT</b>                     |  |                           |                      |                         |                           |   |  |  |
| 390 1  | STRUCTURES AND IMPROVEMENTS              | 23,293,937.08                                  | 4,309,765.86              | 21,813.58            | 0.00                    | 3,517.45                  | (1,173.96)                                    | 27,577,197.95                            | 24.73  |
| 390 2  | STRUCTURES AND IMPROVEMENTS - LEASEHOLDS | 6,377,608.11                                   | 456,021.42                | 0.00                 | 0.00                    | 0.00                      | 1,173.96                                      | 6,834,803.49                             | 70.28  |
| 391 1  | OFFICE FURNITURE                         | 638,786.47                                     | 517,870.81                | 63,128.57            | 0.00                    | 0.00                      | 0.00  | 1,093,528.71                             | 29.51  |
| 391 2  | E D P. EQUIPMENT                         | 2,146,694.68                                   | 2,417,223.70              | 1,257,217.05         | 0.00                    | 0.00                      | 0.00  | 3,306,701.33                             | 52.27  |
| 392    | TRANSPORTATION EQUIPMENT                 | 33,139,582.79                                  | 4,264,567.68              | 4,243,162.89         | 355,858.98              | (28,931.52)               | 150,223.67                                    | 33,696,001.75                            | 57.76  |
| 393    | STORES EQUIPMENT                         | 1,365,576.93                                   | 149,662.30                | 30,684.98            | 0.00                    | 0.00                      | 0.00  | 1,484,554.25                             | 62.51  |
| 394    | TOOLS, SHOP AND GARAGE EQUIPMENT         | 5,423,581.37                                   | 1,079,518.22              | 567,249.86           | 0.00                    | 0.00                      | 0.00  | 5,935,849.73                             | 31.71  |
| 395    | LABORATORY EQUIPMENT                     | 1,704,480.20                                   | 431,822.46                | 151,854.78           | 0.00                    | 0.00                      | 0.00  | 1,984,447.88                             | 65.48  |
| 396    | POWER OPERATED EQUIPMENT                 | 1,197,087.41                                   | 135,921.24                | 0.00                 | 0.00                    | 0.00                      | 0.00  | 1,333,008.65                             | 39.18  |
| 397    | COMMUNICATION EQUIPMENT                  | 30,723,867.78                                  | 6,858,443.21              | 5,271,127.63         | 938.82                  | 3,890.42                  | 94,496.41                                     | 32,402,728.17                            | 44.28  |
| 398    | MISCELLANEOUS EQUIPMENT                  | 213,427.10                                     | 39,995.48                 | 0.00                 | 0.00                    | 0.00                      | 0.00  | 253,422.58                               | 67.65  |
|        | <b>TOTAL GENERAL PLANT</b>               | <b>106,224,629.92</b>                          | <b>20,660,812.38</b>      | <b>11,606,239.34</b> | <b>356,797.80</b>       | <b>(21,523.65)</b>        | <b>244,720.08</b>                             | <b>115,902,244.49</b>                    |  |
|        | <b>TOTAL UTILITY PLANT</b>               | <b>1,122,126,128.47</b>                        | <b>133,496,660.78</b>     | <b>80,998,846.55</b> | <b>3,977,588.86</b>     | <b>11,473,137.77</b>      | <b>95,035.74</b>                              | <b>1,167,223,429.53</b>                  |  |

DUQUESNE LIGHT COMPANY

TABLE 5. SUMMARY OF NET SALVAGE BY FUNCTION  
AND AMORTIZATION FOR THE PERIOD, 2011-2015

| Year         | Function              |                       |                  | Total<br>Net<br>Salvage | 5-Year<br>Amortization |
|--------------|-----------------------|-----------------------|------------------|-------------------------|------------------------|
|              | Transmission<br>Plant | Distribution<br>Plant | General<br>Plant |                         |                        |
| (1)          | (2)                   | (3)                   | (4)              | (5)                     | (6)=(5)/5              |
| 2011         | 6,346,099             | 8,545,673             | 398,314          | 15,290,086              | 3,058,017              |
| 2012         | 2,164,691             | 4,600,637             | 1,705,621        | 8,470,950               | 1,694,190              |
| 2013         | 151,704               | 1,807,293             | 314,024          | 2,273,022               | 454,604                |
| 2014         | 990,072               | (186,455)             | (579,749)        | 223,867                 | 44,773                 |
| 2015         | 2,597,921             | 5,275,949             | (378,321)        | 7,495,549               | 1,499,110              |
| <b>Total</b> | <u>12,250,487</u>     | <u>20,043,098</u>     | <u>1,459,889</u> | <u>33,753,473</u>       | <u>6,750,695</u>       |

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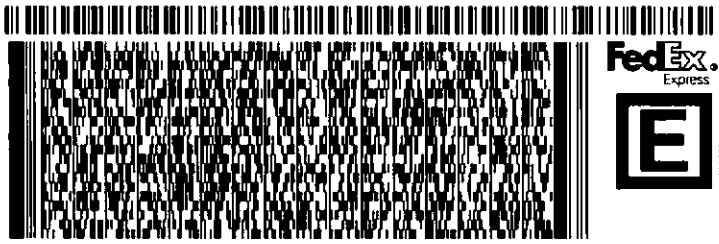
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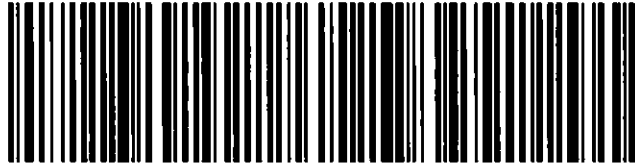


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