



**Tishekia E. Williams**  
Managing Counsel, Regulatory

411 Seventh Avenue  
Mail drop 15-7  
Pittsburgh, PA 15219

Tel: 412-393-1541  
Fax: 412-393-5757  
twilliams@duqlight.com

December 20, 2016

**Via Electronic Filing**

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building, 2<sup>nd</sup> Floor  
400 North Street  
Harrisburg, PA 17120

**Re: Duquesne Light Company – Rider No. 20 Smart Meter Charge  
Supplement No. 148 to Tariff Electric – PA. P.U.C. No. 24  
Docket No. M-2009-2123948**

Dear Secretary Chiavetta:

Enclosed for filing is an original copy of Supplement No. 148 to Duquesne Light Company's Tariff-Electric PA. P.U.C. No. 24 issued on December 20, 2016 to become effective on January 1, 2017.

Should you have any questions, please feel free to contact me.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Tishekia E. Williams', with a long horizontal flourish extending to the right.

Tishekia E. Williams  
Attorney ID#208997

Cc: Enclosures  
Certificate of Service

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

**VIA FIRST-CLASS MAIL & EMAIL**

Sharon E. Webb, Esq.  
Office of Small Business Advocate  
300 North 2nd Street, Suite 202  
Harrisburg, PA 17101

Pennsylvania Public Utility Commission  
Bureau of Investigation & Enforcement  
PO Box 3265  
Harrisburg, PA 17105-3265

David T. Evrard, Esq.  
devrard@paoca.org  
Aron J. Beatty, Esq.  
abeatty@paoca.org  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, 5th Floor  
Harrisburg, PA 17101-1923

Patrick M. Cicero, Esq.  
pciceropulp@palegalaid.net  
Pennsylvania Utility Law Project  
118 Locust Street  
Harrisburg, PA 17101-1414

Pamela C. Polacek, Esq.  
ppolacek@mwn.com  
McNees Wallace & Nurick LLC  
100 Pine Street  
PO Box 1166  
Harrisburg, PA 17108-1166



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Tishekia E. Williams, Esq.  
Duquesne Light Company  
411 Seventh Avenue, 15<sup>th</sup> Floor  
Pittsburgh, PA 15219  
412-393-1541  
412-393-5757 (fax)  
twilliams@duqlight.com

Dated: December 20, 2015



# 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: December 20, 2016

EFFECTIVE: January 1, 2017

Issued in compliance with Commission Order dated May 11, 2010,  
at Docket No. M-2009-2123948.

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# NOTICE

**THIS TARIFF SUPPLEMENT INCREASES RATES WITHIN AN EXISTING RIDER**

**See Page Two**

LIST OF MODIFICATIONS MADE BY THIS TARIFF

INCREASE

Rider No. 20 – Smart Meter Charge

Thirty-First Revised Page No. 108  
Cancelling Thirtieth Revised Page No. 108

The Smart Meter Charge has been adjusted as required by the provisions of the Rider.

The monthly charge per meter has increased from \$3.73 to \$5.44 for Single-Phase meters.

The monthly charge per meter has increased from \$3.05 to \$5.16 for Poly-Phase meters.

STANDARD CONTRACT RIDERS - (Continued)

**RIDER NO. 20 – SMART METER CHARGE**

(Applicable to Rates RS, RH, RA, GS/GM, GMH, GL, GLH, L, HVPS and AL)

**PURPOSE**

The Smart Meter Charge (“SMC”) is instituted as a cost recovery mechanism to recover all costs to implement the Company’s Smart Meter Procurement and Implementation Plan (“Plan”). The SMC has been added per Commission Order at Docket No. M-2009-2123948. Act 129 (“Act”) became effective November 14, 2008, requiring all Pennsylvania electric distribution companies (“EDCs”) with more than 100,000 customers to implement smart meters. Act 129 set forth the timeline for implementation, the definition of smart meters and the provisions for full and current cost recovery of all costs incurred by EDCs to install and make fully functional a smart meter system defined in and required by Act 129. The Company filed its Plan on August 14, 2009, in compliance with the Act, including this Charge and provisions for cost recovery. This Charge shall be updated as described below to recover all costs associated with implementing the Plan.

The SMC is a non-bypassable charge and shall be applicable to the monthly bill of all metered customers based on the number of meters installed at the premise.

**ELIGIBLE COSTS**

The SMC recovers all eligible costs incurred by the Company to implement smart meter technology and the supporting infrastructure. Eligible costs, described in 66 Pa. C.S. § 2807(f), include capital and expense items relating to all Plan elements, equipment and facilities, as well as all related administrative costs. Plan costs include, but are not limited to, capital expenditures for any equipment and facilities that may be required to implement the Plan, as well as depreciation, operating and maintenance expenses, a return component based on the EDC’s weighted cost of capital and taxes. In general, eligible administrative costs include, but are not limited to, incremental costs relating to Plan development, cost analysis, measurement and verification and reporting. The costs associated with testing, upgrades, maintenance and personnel training are considered eligible costs.

**MONTHLY SMART METER CHARGE**

Meter Type	Monthly Charge Per Meter
Single-Phase	\$5.44
Poly-Phase	\$5.16

(I)  
(I)

The SMC, calculated independently for each meter type, shall be applied to all applicable customers served under the Tariff. Customers will be billed based on the number of meter types installed at their premise. Customers with multiple meters will incur multiple charges. The SMC shall be determined in dollars and cents per month per meter in accordance with the formula described in the “Calculation of Charge” section and shall be applied to all applicable customers served during any part of a billing month.

(I) – Indicates Increase

Duquesne Light Company  
Smart Meter Cost Recovery Charge  
Calculation of Smart Meter Charge Rates  
Tariff Rider No. 20  
Effective January 1, 2017

Line	Common Plant	Single Phase Meters	Poly Phase Meters	
1	Average Projected Smart Meter Plant In Service	\$68,227,121	\$53,583,301	\$1,545,312
2	Annual Depreciation (years)	10	15	15
3	Annual Depreciation	\$6,822,712	\$3,572,220	\$103,021
4	Accrued Depreciation	\$8,721,985	\$3,772,410	\$29,451
5	Weighted Average Pre-Tax Rate of Return (PTRR)(page 2)	11.29%	11.29%	11.29%
<u>Formula and Calculation</u>				
6	SMC = ((( NPIS * PTRR/4) + Dep/4 + O&M - S + e/4) / M) * (1/(1-T))			
7	<u>(Plant-accrued depreciation-ADIT)*Return + Depreciation + O&amp;M - Savings + e-Factor</u>			
8	Meters per Quarter * (1-Gross Receipts Tax)			
9	Smart Meter Plant In Service	\$68,227,121	\$53,583,301	\$1,545,312
10	Less Accrued Depreciation	(\$8,721,985)	(\$3,772,410)	(\$29,451)
11	Less Accumulated Deferred Income Taxes	(\$13,811,120)	(\$11,000,003)	(\$230,574)
12	Net Plant	\$45,694,016	\$38,810,888	\$1,285,288
13	Weighted Rate of Return/4	2.82%	2.82%	2.82%
14	Return	\$1,290,011	\$1,095,690	\$36,286
15	Depreciation/4	\$1,705,678	\$893,055	\$25,755
16	O&M Expense (Projected for Quarter)	\$3,167,046	\$0	\$0
17	Savings	\$0	\$0	\$0
18	e-Factor/4 (1)	\$0	\$769,805	\$25,113
19	Smart Meter Revenue Requirement (SMRR)	\$6,162,735	\$2,758,549	\$87,154
20	Meters		566,610	21,337
21	Share of Total Meters		96.4%	3.6%
22	Allocated Common Plant SMRR Based on Meters (Line 19 * Line 21)		\$5,939,085	\$223,650
23	Total Revenue Requirement by Meter Type for Upcoming Quarter (Line 19 + Line 22)		\$8,697,634	\$310,804
24	Current Meter Count		566,610	21,337
25	Projected Quarterly Bills Based on Meter Count (line 24 x 3)		1,699,830	64,011
26	Monthly Charge per Meter for Upcoming Quarter (Line 23 / Line 25)		\$5.12	\$4.86
27	Pennsylvania Gross Receipts Tax Rate (PA GRT)		5.9%	5.9%
28	Monthly Smart Meter Charge Including GRT (\$/month/meter)		\$5.44	\$5.16

(1) E-factor component based on \$1,696,304 under collection balance at June 30, 2016 and projected E-factor revenue of (\$1,483,372) through December 2016, for a total estimated undercollection of \$3,179,675 through December 2016. Under collection to be collected over the one-year period commencing on January 1, 2017 (Single Phase \$3,079,218/4, Poly Phase \$100,453/ 4).

Duquesne Light Company  
Smart Meter Cost Recovery Charge  
Weighted Average Cost of Capital  
Tariff Rider No. 20  
Effective January 1, 2017

Line

Pre-Tax Weighted Average Cost of Capital

	<u>Weight</u> (1)	<u>Cost</u>	<u>Weighted Average Cost</u>	<u>Gross Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Average Cost</u>
1 Debt (2)	42.95%	4.79%	2.06%		2.06%
2 Preferred Equity (2)	5.11%	4.09%	0.21%	1.70921	0.36%
3 Common Equity (3)	<u>51.94%</u>	10.00%	<u>5.19%</u>	1.70921	<u>8.88%</u>
4 Total Return	100.00%		7.46%		11.29%

Calculation of Gross Revenue Conversion Factor

	<u>Rate</u>	
5 Gross Revenue Charge		100.00%
6 Less: State Income Taxes	9.99%	<u>9.99%</u>
7 Income Before Federal Income Taxes		90.01%
8 Less: Federal Income Taxes	35.00%	<u>31.50%</u>
9 Income After Income Taxes		58.51%
10 Gross Revenue Conversion Factor		1.70921

Notes:

- 1/ Weighted capitalization ratio's per the Company's base rate case proceeding at Docket No. R-2013-2372129 in accordance with Commission's Order entered April 23, 2014.
- 2/ Cost of debt and preferred per Company's records. This information was submitted to the PA PUC in the Company's Third Quarter 2016 Quarterly Financial Report.
- 3/ Cost of common equity per the Company's base rate case proceeding at Docket No. R-2013-2372129 in accordance with Commission's Order entered April 23, 2014.