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March 28, 2018

Via Overnight Delivery

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Duquesne Light Company – Default Service Plan VIII Compliance Filing
Docket No. P-2016-2543140
Supplement No. 173 to Tariff Electric – PA. P.U.C. No. 24**

Dear Secretary Chiavetta:

Enclosed please find Supplement No. 173 to Duquesne Light Company's ("Duquesne Light" or the "Company") Tariff No. 24 – Retail Tariff. Supplement No. 173 is filed in compliance with the Public Service Commission's ("Commission") Order issued December 22, 2016, in the above-captioned docket, and has an effective date of June 1, 2018.

Supplement No. 173 would modify the fixed retail adder rates contained in Rider No. 9, which applies to customers taking default hourly price service. Herein, the Company is providing statements that support the proposed default service rates. Included with this filing are public and **CONFIDENTIAL** versions of the supporting statements. The **CONFIDENTIAL** versions include competitive Request for Proposal results. The Company respectfully requests that the **CONFIDENTIAL** versions be excluded from the public file.

Should you have any questions, please do not hesitate to contact David Ogden, Manager, Rates & Tariff Services, at (412) 393-6343 or dogden@duqlight.com.

Respectfully Submitted,

Michael Zimmerman
Counsel, Regulatory

Enclosure

Cc: Certificate of Service, Non-confidential version

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 52 Pa. Code § 1.54 (relating to service by a participant).

VIA U.S. MAIL

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Office of Small Business Advocate
Commerce Tower, Suite 202
300 North Second Street
Harrisburg, PA 17101-1923

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Bureau of Audits
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor East
Harrisburg, PA 17120

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Dated: March 28, 2018



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

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ISSUED: March 28, 2018

EFFECTIVE: June 1, 2018

Issued in compliance with
Commission Order dated December 22, 2016, at Docket No. P-2016-2543140.

NOTICE

THIS TARIFF SUPPLEMENT DECREASES A RATE WITHIN AN EXISTING RIDER

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASE

Rider No. 9 – Day-Ahead Hourly Price Service

Fifth Revised Page No. 91
Cancelling Fourth Revised Page No. 91

The Fixed Retail Adder ("FRA") has decreased from \$1.77 MWH to \$1.74 MWH for the Application Period June 1, 2018, through May 31, 2019.

STANDARD CONTRACT RIDERS - (Continued)

RIDER NO. 9 – DAY-AHEAD HOURLY PRICE SERVICE – (Continued)

(Applicable to Rates GL, GLH, L and HVPS and Generating Station Service)

MONTHLY CHARGES – (Continued)

PJM Ancillary Service Charges and Other PJM Charges – (Continued)

- PJM_S**= PJM Surcharge is a pass-through of the charges incurred by the Company for grid management and administrative costs associated with membership and operation in PJM. These are the charges incurred by the Company under PJM Schedules 9 and 10 to provide hourly price service.
- R_D** = Reactive supply service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 2.
- B_D** = Blackstart service charge in \$/MW-day to serve the customer's load as calculated under the PJM Tariff Schedule 6A.

Fixed Retail Administrative Charge

FRA = The Fixed Retail Administrative Charge in \$ per MWh. The Fixed Retail Administrative Charge consists of the sum of administrative charges for the suppliers providing hourly price service (as determined by a competitive solicitation process) and for the Company to obtain supply and administer this service. Default service supply-related costs shall include the cost of preparing the company's default service plan filing and working capital costs associated with default service supply. The Company will recover these costs over the default service plan period as defined in the Commission's order at Docket No. P-2016-2543140.

The supplier charges shall be based on the winning bids in the Company's most recent solicitation for supply of hourly price default service.

The Company's administrative charges shall be based on an amortization of the costs incurred by the Company to acquire generation supply from any source for the Large C&I Customer Class during the most recent twelve-month (12-month) period ended May 31st (as determined by amortizing such costs over a 12-month period) plus the amortization of the cost of administering the hourly price service over the duration of the default service plan, including any unbundled costs of preparing the Company's default service plan filing and working capital costs associated with default service supply.

This charge shall also include the Company's costs associated with any Commission approved solar contracts and its administration, if applicable, in \$ per MWh. The proceeds of any solar energy, capacity, ancillary services and solar AECs that are acquired and in excess of those allocated to default service suppliers, and sold into the market, will be netted against solar contract costs.

Application Period	FRA \$/MWH
June 1, 2017 through May 31, 2018	\$1.77
June 1, 2018 through May 31, 2019	\$1.74
June 1, 2019 through May 31, 2020	\$X.XX
June 1, 2020 through May 31, 2021	\$X.XX

(D)

(D) – Indicates Decrease

Exhibit 1

**Duquesne Light Company
Rider No. 9 - Day Ahead Hourly Price Service (HPS) Fixed Retail Adder (FRA)
Proposed HPS FRA Effective June 1, 2018**

Annual HPS FRA Adjustment - February 1, 2017 through January 31, 2018

1	HPS FRA Revenue, Incl. GRT	\$220,971		Exh. 1, Page 2
2	HPS FRA Revenue, Excl. GRT		\$207,933	Line 1 * 0.941
3	E-Factor Revenue, Incl. GRT	\$0		Exh. 1, Page 2
4	E-Factor Revenue, Excl. GRT		\$0	Line 3 * 0.941
5	Net Revenue, Excl. GRT		\$207,933	Line 2 - Line 4
6	<u>HPS Expense</u>		\$236,965	Exh. 1, Page 2
7	<u>Reconciliation Period (Over)/Under Collection</u>		\$29,031	Line 6 - Line 5
8	<u>Interest</u>		\$1,980	Exh. 1, Page 3
9	<u>Total Reconciliation Period (Over)/Under Collection</u>		\$31,011	Line 7 + Line 8
10	Net (Over)/Under Collection at January 2017		\$0	Exh. 1, Page 4
11	E-Factor Revenue - February 2017 - January 2018, Excl. GRT		\$0	Line 4
12	(Over)/Under E-Factor Recovery at January 31, 2018		\$0	Line 10 - Line 11
13	<u>Reconciliation Period (Over)/Under Collection - Feb 2017 - Jan 2018</u>		\$31,011	Line 9
14	<u>E-Factor Balance at January 31, 2018</u>		\$31,011	Line 12 + Line 13

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Exhibit 1

Duquesne Light Company
 Rider No. 9 - Day Ahead Hourly Price Service (HPS) Fixed Retail Adder (FRA)
 Proposed HPS FRA Effective June 1, 2018

Annual Reconciliation of Revenue and Expense - Current Period

	FEB. 2017	MAR. 2017	APR. 2017	MAY. 2017	JUN. 2017	JUL. 2017	AUG. 2017	SEP. 2017	OCT. 2017	NOV. 2017	DEC. 2017	JAN. 2018	Total
Revenue													
Actual HPS FRA Revenue	\$0	\$0	\$0	\$0	\$27,087	\$32,188	\$29,373	\$25,167	\$25,756	\$24,864	\$26,578	\$29,957	\$220,971
E-Factor Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Revenue	\$0	\$0	\$0	\$0	\$27,087	\$32,188	\$29,373	\$25,167	\$25,756	\$24,864	\$26,578	\$29,957	\$220,971
Less PA Gross Receipts Tax (GRT) at 5.8%	\$0	\$0	\$0	\$0	\$1,598	\$1,898	\$1,738	\$1,485	\$1,520	\$1,467	\$1,568	\$1,767	\$13,037
Net Calendar Month Revenue	\$0	\$0	\$0	\$0	\$25,489	\$30,289	\$27,640	\$23,682	\$24,237	\$23,397	\$25,010	\$28,190	\$207,933
Expenses													
Supply Expense	\$0	\$0	\$0	\$0	\$18,771	\$22,003	\$20,176	\$17,639	\$17,865	\$17,136	\$18,606	\$20,677	\$152,874
Filing Preparation and Approval Process	\$0	\$0	\$0	\$0	\$1,307	\$1,302	\$1,302	\$1,302	\$1,302	\$1,302	\$1,302	\$1,302	\$10,417
Working Capital for Default Service Supply	\$0	\$0	\$0	\$0	\$4,442	\$4,442	\$4,442	\$4,442	\$4,442	\$4,442	\$4,442	\$4,442	\$35,540
Administrative Expense	\$0	\$0	\$12,308	\$0	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$37,308
Internal Administrative Expense	\$0	\$0	\$0	\$0	\$826	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$826
Total Expense	\$0	\$0	\$12,308	\$0	\$25,967	\$28,373	\$26,545	\$24,009	\$24,235	\$24,505	\$24,978	\$27,047	\$236,965
(Over)/Under Collection	\$0	\$0	\$12,308	\$0	\$478	(\$1,916)	(\$1,095)	\$327	(\$2)	\$108	(\$35)	(\$1,149)	\$29,031

Exhibit 1

Duquesne Light Company
 Rider No. 9 - Day Ahead Hourly Price Service (HPS) Fixed Retail Adder (FRA)
 Proposed HPS FRA Effective June 1, 2018

Annual HPS FRA Adjustment - Interest Calculation on (Over)/Under Collection

	<u>Feb 2017</u>	<u>Mar 2017</u>	<u>Apr 2017</u>	<u>May 2017</u>	<u>Jun 2017</u>	<u>Jul 2017</u>	<u>Aug 2017</u>	<u>Sep 2017</u>	<u>Oct 2017</u>	<u>Nov 2017</u>	<u>Dec 2017</u>	<u>Jan 2018</u>	<u>Total</u>
1 (Over)/Under Collection	\$0	\$0	\$32,308	\$0	\$478	(\$1,916)	(\$1,095)	\$327	(\$2)	\$108	(\$35)	(\$1,143)	\$29,031
2 Interest Rate (1)	3.75%	3.88%	4.00%	4.00%	4.13%	4.25%	4.25%	4.25%	4.25%	4.25%	4.40%	4.50%	
3 Interest Weight	22/12	21/12	20/12	19/12	18/12	17/12	16/12	15/12	14/12	13/12	12/12	11/12	
4 Interest	\$0	\$0	\$2,154	\$0	\$30	(\$115)	(\$62)	\$17	(\$0)	\$5	(\$2)	(\$47)	\$1,980

1/ Interest rate per Section 54 Pa. Code 54.190(c).

Exhibit 1

Duquesne Light Company
Rider No. 9 - Day Ahead Hourly Price Service (HPS) Fixed Retail Adder (FRA)
Proposed HPS FRA Effective June 1, 2018

Annual HPS FRA Adjustment - Reconciliation of E-Factor Revenue

Filed April 2018
Effective June 2018 to May 2019

1		Prior Period Total (Over)/Under E-Factor Recovery	\$0	
2	Feb 2017 to Jan 2018	Current Period E-Factor Revenue (excl. GRT)	<u>\$0</u>	
3		(Over)/Under E-Factor Recovery		<u>\$0</u> Line 1 - Line 2
4	Feb 2017 to Jan 2018	Current Period (Over)/Under Recovery	\$29,031	
5		Interest	<u>\$1,980</u>	
6		Total		<u>\$31,011</u> Line 4 + Line 5
7		Net (Over)/Under Collection		<u>\$31,011</u> Line 3 + Line 6

CONFIDENTIAL

ATTACHMENT A

**Duquesne Light Company
Rider No. 9 - Day Ahead Hourly Price Service (HPS) Fixed Retail Adder (FRA)
Proposed HPS FRA Effective June 1, 2018**

Summary of RFP Results

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ATTACHMENT A

Duquesne Light Company
Rider No. 9 - Day Ahead Hourly Price Service (HPS) Fixed Retail Adder (FRA)
Proposed HPS FRA Effective June 1, 2018

Rate Design for HPS FRA

1	HPS FRA Bid Price		\$0.91 /MWh	Weighted bid price - Att. A, Page 1
2	Outside Services	\$39,808		Outside services to conduct RFPs
3	Forecast POLR Sales (MWh)	168,005		Forecast POLR sales (MWh) June 1, 2018 through May 31, 2019
4	Administrative Adder (per MWh)		\$0.24 /MWh	Line 2 / Line 3
5	Filing Preparation and Approval Process Expense	\$15,625		Unbundling provisions of Appendix C of the Joint Petition Settlement adopted as part of the Commission order entered December 22, 2016 at Docket No. P-2016-2543140.
6	Working Capital for Default Service Supply Expense	\$53,310		
7	Total Large C&I Unbundling Expense	\$68,935		
8	Forecast POLR Sales (MWh)	168,005		
9	Unbundling Adder (per MWh)		\$0.41 /MWh	Line 7 / Line 8
10	E-factor (Over)/Under Collection	\$0		Prior Period - Exh. 1, Page 4
	<u>Reconciliation</u>			
11	(Over)/Under Collection	\$29,031		Exh. 1, Page 2
12	Interest on (Over)/Under Collection	\$1,980		Exh. 1, Page 3
13	Total (Over)/Under Collection	\$31,011		Line 11 + Line 12
14	Total E Factor (Over)/Under Reconciliation	\$31,011		Line 10 + Line 13
15	Forecast POLR Sales (MWh)	168,005		Forecast POLR sales (MWh) June 1, 2018 through May 31, 2019
16	E-Factor Rate (per MWh)		\$0.18 /MWh	Line 14 / Line 15
17	HPS FRA (\$/MWh)		\$1.74 /MWh	Line 1 + Line 4 + Line 9 + Line 16
18	Forecast POLR Sales (kWh)	168,005		Forecast POLR sales (kWh) June 1, 2018 through May 31, 2019
19	Projected RFP Revenue	\$291,816		Line 17 * Line 18

ATTACHMENT A

Duquesne Light Company
Rider No. 9 - Day Ahead Hourly Price Service (HPS) Fixed Retail Adder (FRA)
Proposed HPS FRA Effective June 1, 2018

Summary of Current Tariff Rates and Proposed Tariff Rates

<u>Rate Schedule</u>	<u>Units</u>	<u>Rate</u>	Current Tariff Effective <u>6/1/2017</u>	Proposed Tariff Effective <u>6/1/2018</u>
GL GLH L HVPS				
All MWh	MWh	\$/MWh	\$1.77	\$1.74

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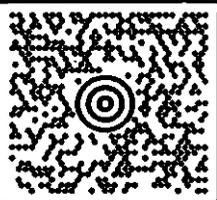
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411 SEVENTH AVENUE
PITTSBURGH PA 15219

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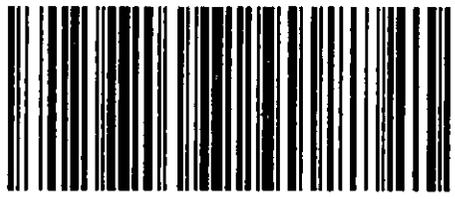
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HARRISBURG PA 17120-0093



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