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September 25, 2018

Via Electronic Filing

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
400 North Street
Harrisburg, PA 17120

**Re: Affiliated Interest Agreement between Duquesne Light Company and Its Affiliates
Docket No. G-2018-3002809**

Dear Secretary Chiavetta,

Enclosed please find a copy of Duquesne Light Company's Amended Response to the Data Requests of the Bureau of Technical Utility Services, No. 5. Please feel free to contact me with any questions, comments, or concerns.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Emily M. Farah", is written over the typed name.

Emily M. Farah

Enclosures

cc: Jeff McCracken (via email - jmccracken@pa.gov)
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 52 Pa. Code § 1.54 (relating to service by a participant):

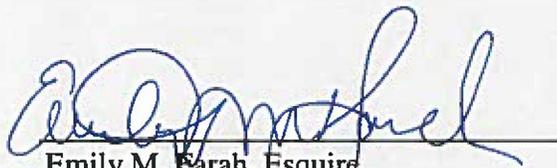
FIRST-CLASS MAIL

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

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

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

Date: September 25, 2018



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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Affiliated Interest Agreement between
Duquesne Light Company and Affiliates

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Docket No. G-2018-3002809

VERIFICATION

I, Jaime Bachota, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



Jaime Bachota
Assistant Controller, Duquesne Light Company

Date: 9/25/2018

**Bureau of Technical Utility Services
Data Requests to Duquesne Light Company**

Docket No. G-2018-3002809

Witness: Jamie Bachota

AMENDED RESPONSE

5. Reference Filing, Page 9, Appendix A – Please explain the below issues and/or provide updated documentation, if necessary:
 - a. Please update the descriptions to be as all-inclusive as possible and remove the words “such as.”
 - b. Please explain how the Information Services are applicable in relation to Duquesne Light Company’s affiliated interest agreement with DQE Communications LLC, approved at Docket No. G-2017-2593836
 - c. Please explain the term “non-inventory related materials.”
 - d. Please update Appendix A to include the cost allocation used per service from Appendix C

Response:

- a. Please see the edits on Page 9, Appendix A. With the addition of “system implementation” under Information Services, the redlined descriptions provided are as inclusive as possible at this time.
- b. Information Services within apply to the shared services offered by Duquesne Light Company employees. These include service and IT support, maintenance and support of existing corporate business applications, report coordination, consultative support, and mail and printer/copier services. Docket No. G-2017-2593836 relates to the ~~affiliate agreement associated with Pole and Duct leasing matters~~ Company identifying DQE Communications, LLC as the winning bidder to provide Dedicated Internet Service to two of its locations. The Company does not consider Internet Service as a shared service.
- c. Non-inventory related materials relate to the Company’s office supplies which do not flow through inventory accounts. See the attached redlines on Revised Appendix A, attached.

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- d. Cost allocations included in Appendix A may be allocated utilizing any of the methods outlined within Appendix C. By way of example, for HR-related training or pension costs, the Company uses the Number of Regular Employees allocation method. For audit fees, on the other hand, the Company uses the EBITDA allocation method. The Company reviews its allocation methodologies on at least an annual basis to ensure the most effective and efficient allocations. See the attached Revised Appendix A, which provides the cost allocation used for each service.

Revised Appendix A

Description of Services

This Appendix provides a description of services provided under the Administrative Service Agreement dated June 18, 2018. Listed below are services provided. All services listed are allocated directly when possible. If direct allocation is not possible, the indirect allocation method that is used is listed. :-

Service	Description	Basis of Allocation
Audit Services	Provide services such as including coordinating the examination of accounting records with the external auditors.	The allocation for these services will be based on direct allocation and is based on the Average Assets allocation method.
Compliance Services	Provide enterprise-wide compliance and consultation to the Company as well as to specific corporate projects on compliance matters.	The allocation for these services is based on the EBITDA allocation method. The allocation for these services will be based on direct allocation and/or EBITDA allocation method.
Executive Services	Provide leadership and strategic services for the Company.	The allocation for these services is based on the EBITDA allocation method. The allocation for these services will be based on direct allocation and/or EBITDA allocation method.
Finance / Accounting Services	Provide services such as including the setting accounting policies and practices, preparation and dissemination of consolidated financial results, research of new financial reporting requirements, maintenance of the general ledger system, management of the budget and forecasting process and preparation and review all external financial reporting.	The allocation for these services is based on the EBITDA allocation method. The allocation for these services will be based on direct allocation and/or EBITDA allocation method.
Financial Planning & Analysis Services	Provide services related to the preparation and development of budgets and budgetary controls.	The allocation for these services is based on the EBITDA allocation method. The allocation for these services will be based on direct allocation and/or EBITDA allocation method.
Human Resources	Provide services to manage and maintain employee policy and program development and oversight of all human resource initiatives.	The allocation for these services will be based on direct allocation and/or the Headcount allocation method.
Information Services	Provide services including, but not limited to, service and IT support, maintenance and support of existing corporate business applications, <u>system implementation costs</u> , report coordination, consultative support, and mail and printer/copier services.	The allocation for these services is based on the Average Asset allocation method. The allocation for these services will be based on direct allocation and average assets allocation method.

Internal Audit Services	Provide audit plans and strategies for the Company for financial, compliance, information technology and operational audits. Additionally provide services related to control risk assessments and special investigations.	<u>The allocation for these services is based on the EBITDA allocation method.</u>
Legal Services	Provide the Company with legal services, including, but not limited to, general corporate matters and internal corporate maintenance, contract drafting and negotiation, litigation, liability and risk assessment, financing, state and federal regulatory compliance, state and federal regulatory support and rule interpretation and advice, bankruptcy and collection matters, union contracting and all other matters requiring legal services.	<u>The allocation for these services is based on the EBITDA allocation method.</u>
Materials	Provides the Company with non-inventory related materials, <u>which are materials relating to the Company's office supplies that do not flow through inventory accounts.</u>	<u>The allocation for these materials is based on total materials per employee. The listing of materials is updated annually.</u>
Payroll & Disbursements	Provides Company-wide payroll and accounts payable processing functions.	<u>The allocation for these charges are based on Headcount allocation.</u>
Pension Administration Services	Provide services for the management and administration of all pension and savings plan assets for the Company. Services provided include, but are not limited to, the implementation of investment policies, monitoring of investment performance, and coordination of actuarial valuation reviews.	<u>The allocation for these charges are based on Headcount allocation.</u>
Rent Services	Provides office space at the headquarters building.	<u>The allocation for these services is based on total cost per employee per floor.</u>
Safety & Workforce Development	Provides Company-wide safety and workforce development reporting and initiatives.	<u>The allocation for these services is based on the EBITDA allocation method.</u>
Security Services	Provides new hire background process and alarm monitoring services for the Company.	<u>The allocation for these services is based on the EBITDA allocation method.</u>
Tax Services	Provide services related to preparation of tax returns and other filings, consultation services, research of tax planning initiatives, coordination of audits, and various other tax related accounting functions.	<u>The allocation for these services is based on the EBITDA allocation method.</u>
Treasury Services	Provide services including, but not limited to, daily banking transactions, monitoring of cash holdings, monitoring of credit facilities, forecasting cash requirements, various reporting requirements, management of bank, investor and agency relationships, and management of insurance policies.	<u>The allocation for these services is based on the Average Asset allocation method.</u>