



Michael Zimmerman
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January 30, 2019

VIA ELECTRONIC FILING

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

**Re: Duquesne Light Company's Annual Reconciliation Statement – January 1, 2018
through December 31, 2018, for Rider No. 22 – Distribution System Improvement
Charge
Docket No. P-2016-2540046**

Dear Secretary Chiavetta:

Enclosed for filing is Duquesne Light Company's Reconciliation of Revenue and Expenses for the period of January 1, 2018 through December 31, 2018, for Tariff-Electric, PA. P.U.C. No. 24, Rider No. 22 – Distribution System Improvement Charge.

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

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Michael Zimmerman", is written over a light blue circular stamp.

Michael Zimmerman
Counsel, Regulatory

Enclosure

Cc: 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
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, Suite 202
Harrisburg, PA 17101

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



Michael Zimmerman
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Dated: January 30, 2019

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for :
Approval of a Distribution System : Docket No. P-2016-2540046
Improvement Charge :

VERIFICATION

I, Scott Ward, hereby state that the personnel performing DSIC-eligible work are qualified and that any DSIC-eligible work that is performed by independent contractors is properly inspected by utility employees, in compliance with 66 Pa. C.S. § 1359.

The facts set forth above are true and correct to the best of my knowledge, information and belief, and 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).



Dated: January 30, 2019

Exhibit 1

Duquesne Light Company
Rider 22 - Distribution System Improvement Charge
Annual Reconciliation - January 1, 2018 through December 31, 2018

Summary of Reconciliation Period

1	Surcharge Revenue, Inc. GRT	\$23,280,168	Exh. 1, Page 2
2	Surcharge Revenue, Excl. GRT		\$21,906,638 Line 1 * 0.941
3	E-Factor Revenue, Inc. GRT	(\$119,650)	Exh. Page 4
4	E-Factor Revenue, Excl. GRT		<u>(\$112,591)</u> Line 3 * 0.941
5	Net DSIC Related Revenue, Excl. GRT		\$22,019,229 Line 2 - Line 4
6	Filed Current (DSIC) Revenue Requirement - Excl. GRT		<u>\$19,403,426</u> Exh. 1, Page 2
7	Reconciliation Period (Over)/Under Collection		<u>(\$2,615,803)</u> Line 6 - Line 5
8	Interest on (Over)/Under Collection		<u>(\$185,680)</u> Exhibit 1, Page 5
9	Total Reconciliation Period (Over)/Under Collection		<u>(\$2,801,483)</u> Line 7 + Line 8

Exhibit 1

Duquesne Light Company
Rider 22 - Distribution System Improvement Charge
Annual Reconciliation - January 1, 2018 through December 31, 2018

Summary of Revenue for the Reconciliation Period - January 2017 through December 2017

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
1 Net Surcharge Revenue, Incl. GRT	\$1,663,691	\$1,426,699	\$1,578,316	\$1,467,473	\$1,767,033	\$1,924,169	\$2,285,775	\$2,229,098	\$1,918,932	\$2,647,075	\$2,281,616	\$2,090,291	\$23,280,168
2 Less E-Factor Revenue, Incl. GRT	\$0	\$0	\$0	(\$11,115)	(\$13,424)	(\$13,499)	(\$15,399)	(\$14,374)	(\$14,366)	(\$12,584)	(\$12,417)	(\$12,473)	(\$119,650)
3 DSIC Related Revenue	\$1,663,691	\$1,426,699	\$1,578,316	\$1,478,587	\$1,780,457	\$1,937,669	\$2,301,175	\$2,243,472	\$1,933,298	\$2,659,659	\$2,294,033	\$2,102,763	\$23,399,818
4 DSIC Related Revenue	\$1,663,691	\$1,426,699	\$1,578,316	\$1,478,587	\$1,780,457	\$1,937,669	\$2,301,175	\$2,243,472	\$1,933,298	\$2,659,659	\$2,294,033	\$2,102,763	\$23,399,818
5 Less PA Gross Receipts Tax	\$98,158	\$84,175	\$93,121	\$87,237	\$105,047	\$114,322	\$135,769	\$132,365	\$114,065	\$156,920	\$135,348	\$124,063	\$1,380,589
6 Net DSIC Related Revenue	\$1,565,533	\$1,342,523	\$1,485,196	\$1,391,351	\$1,675,410	\$1,823,346	\$2,165,405	\$2,111,107	\$1,819,233	\$2,502,739	\$2,158,685	\$1,978,700	\$22,019,229
7 Filed Current (DSIC) Revenue Requirement - Excl. GRT	\$1,316,773	\$1,210,419	\$1,221,119	\$1,360,506	\$1,497,011	\$1,637,099	\$1,905,877	\$1,843,242	\$1,527,281	\$1,896,583	\$1,897,354	\$2,090,161	\$19,403,426
8 (Over)/Under Collection	(\$248,760)	(\$132,104)	(\$264,077)	(\$30,844)	(\$178,398)	(\$186,248)	(\$259,528)	(\$267,865)	(\$291,952)	(\$606,157)	(\$261,331)	\$111,460	(\$2,615,803)
9 Interest	(\$21,766)	(\$11,009)	(\$21,951)	(\$3,408)	(\$14,884)	(\$14,590)	(\$18,839)	(\$18,056)	(\$18,201)	(\$33,990)	(\$13,765)	\$4,778	(\$185,680)
10 Total (Over)/Under Collection	(\$270,526)	(\$143,113)	(\$286,028)	(\$34,252)	(\$193,283)	(\$200,837)	(\$278,367)	(\$285,921)	(\$310,153)	(\$640,146)	(\$275,096)	\$116,239	(\$2,801,483)

Exhibit 1

Duquesne Light Company
Rider 22 - Distribution System Improvement Charge
Annual Reconciliation - January 1, 2018 through December 31, 2018

Revenue Requirement and Actual Revenues

	Jan-18 (1)	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18 (2)	Nov-18	Dec-18	Total
Filed Distribution Revenue, including GRT	\$45,285,878	\$41,628,215	\$41,996,175	\$38,047,609	\$41,865,076	\$45,782,722	\$52,335,260	\$50,615,298	\$41,939,037	\$40,069,521	\$40,085,818	\$44,159,288	\$523,809,899
Filed DSIC Rate (Including GRT) - Excluding E-Factor	3.09%	3.09%	3.09%	3.80%	3.80%	3.80%	3.87%	3.87%	3.87%	5.03%	5.03%	5.03%	
Calculated DSIC Revenue Requirement (Including GRT) - Excluding E-Factor	\$1,399,334	\$1,286,312	\$1,297,682	\$1,445,809	\$1,590,873	\$1,739,743	\$2,025,375	\$1,958,812	\$1,623,041	\$2,015,497	\$2,016,317	\$2,221,212	\$20,620,006
Gross Receipts Tax Factor	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	0.941	
Calculated DSIC Revenue Requirement (Excluding GRT)	\$1,316,773	\$1,210,419	\$1,221,119	\$1,360,506	\$1,497,011	\$1,637,099	\$1,905,877	\$1,843,242	\$1,527,281	\$1,896,583	\$1,897,354	\$2,090,161	\$19,403,426
Actual DSIC Revenue Billed (Excluding GRT)	\$1,565,533	\$1,342,523	\$1,485,196	\$1,391,351	\$1,675,410	\$1,823,346	\$2,165,405	\$2,111,107	\$1,819,233	\$2,502,739	\$2,158,685	\$1,978,700	\$22,019,229
Net (Over)/Under Collection	(\$248,760)	(\$132,104)	(\$264,077)	(\$30,844)	(\$178,398)	(\$186,248)	(\$259,528)	(\$267,865)	(\$291,952)	(\$606,157)	(\$261,331)	\$111,460	(\$2,615,803)
Interest on (Over)/Under Collection	(\$21,766)	(\$11,009)	(\$21,951)	(\$3,408)	(\$14,884)	(\$14,590)	(\$18,839)	(\$18,056)	(\$18,201)	(\$33,990)	(\$13,765)	\$4,778	(\$185,680)
Net (Over)/Under Collection, including Interest	(\$270,526)	(\$143,113)	(\$286,028)	(\$34,252)	(\$193,283)	(\$200,837)	(\$278,367)	(\$285,921)	(\$310,153)	(\$640,146)	(\$275,096)	\$116,239	(\$2,801,483)

(1) Q1 2018 DSIC rate has been updated to reflect a federal tax rate of 21%. The filed rate of 3.50% reflected a federal tax rate of 35%.

(2) Q4 DSIC rate was capped at 5%. When netted with the negative e-factor rate, the filed DSIC rate does not exceed 5%.

Exhibit 1

Duquesne Light Company
Rider 22 - Distribution System Improvement Charge
Annual Reconciliation - January 1, 2018 through December 31, 2018

Calculation of E-Factor Revenue

	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Total</u>
1 Total Distribution Revenue													
2 including surcharges	\$45,389,436	\$38,590,491	\$42,945,138	\$37,049,633	\$44,745,985	\$44,996,952	\$51,331,096	\$47,912,802	\$47,887,119	\$41,945,401	\$41,389,259	\$41,575,424	
3 E-Factor DSIC % Inc. GRT	0.00%	0.00%	0.00%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%	-0.03%
4 E-Factor Revenue, Inc. GRT	\$0	\$0	\$0	(\$11,115)	(\$13,424)	(\$13,499)	(\$15,399)	(\$14,374)	(\$14,366)	(\$12,584)	(\$12,417)	(\$12,473)	(\$119,650)
5 E-Factor Revenue, Excl. GRT	\$0	\$0	\$0	(\$10,459)	(\$12,632)	(\$12,703)	(\$14,491)	(\$13,526)	(\$13,519)	(\$11,841)	(\$11,684)	(\$11,737)	(\$112,591)

Exhibit 1

**Duquesne Light Company
Rider 22 - Distribution System Improvement Charge
Annual Reconciliation - January 1, 2018 through December 31, 2018**

Calculation of Interest

	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Total</u>
1 Actual Surcharge Revenue, Excl. GRT	\$1,565,533	\$1,342,523	\$1,485,196	\$1,391,351	\$1,675,410	\$1,823,346	\$2,165,405	\$2,111,107	\$1,819,233	\$2,502,739	\$2,158,685	\$1,978,700	\$22,019,229
2 Less E-Factor Revenue, Excl. GRT	\$0	\$0	\$0	(\$10,459)	(\$12,632)	(\$12,703)	(\$14,491)	(\$13,526)	(\$13,519)	(\$11,841)	(\$11,684)	(\$11,737)	(\$112,591)
3 Net Surcharge Related Revenue	\$1,565,533	\$1,342,523	\$1,485,196	\$1,401,810	\$1,688,042	\$1,836,049	\$2,179,896	\$2,124,633	\$1,832,752	\$2,514,580	\$2,170,369	\$1,990,437	\$22,131,820
4 Calculated Current (DSIC) Revenue Requirement - Excl. GRT	\$1,316,773	\$1,210,419	\$1,221,119	\$1,360,506	\$1,497,011	\$1,637,099	\$1,905,877	\$1,843,242	\$1,527,281	\$1,896,583	\$1,897,354	\$2,090,161	\$19,403,426
5 (Over)/Under Collection	(\$248,760)	(\$132,104)	(\$264,077)	(\$41,303)	(\$191,030)	(\$198,950)	(\$274,019)	(\$281,391)	(\$305,471)	(\$617,998)	(\$273,015)	\$99,724	(\$2,728,394)
6 Interest Rate (1)	5.00%	5.00%	5.25%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.75%	
7 Interest Weight	21/12	20/12	19/12	18/12	17/12	16/12	15/12	14/12	13/12	12/12	11/12	10/12	
8 Interest (2)	(\$21,766)	(\$11,009)	(\$21,951)	(\$3,408)	(\$14,884)	(\$14,590)	(\$18,839)	(\$18,056)	(\$18,201)	(\$33,990)	(\$13,765)	\$4,778	(\$185,680)
9 Total (Over)/Under Collection	(\$270,526)	(\$143,113)	(\$286,028)	(\$44,711)	(\$205,915)	(\$213,540)	(\$292,857)	(\$299,447)	(\$323,672)	(\$651,988)	(\$286,780)	\$104,502	(\$2,914,074)

(1) Interest calculated at the residential mortgage lending rate as specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law.
(2) Per Duquesne Light's Retail Tariff, Rider No. 22, page 112E, the Company is not permitted to accrue interest on under collections.