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July 31, 2019

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: 2018-2019 LED Street Light Pilot Program
Docket No. R-2013-2372129**

Dear Secretary Chiavetta:

Pursuant to the Joint Petition for Approval of Non-Unanimous Settlement in the above-referenced proceeding, attached is Duquesne Light Company's 2018-2019 LED Street Light Pilot Program Report. Please note that Duquesne Light is filing both a CONFIDENTIAL and public version of this report. Duquesne Light Company respectfully requests that the Pennsylvania Public Utility Commission treat the confidential version of the report as Confidential and exempt from public disclosure.

Please do not hesitate to contact us if you have any questions.

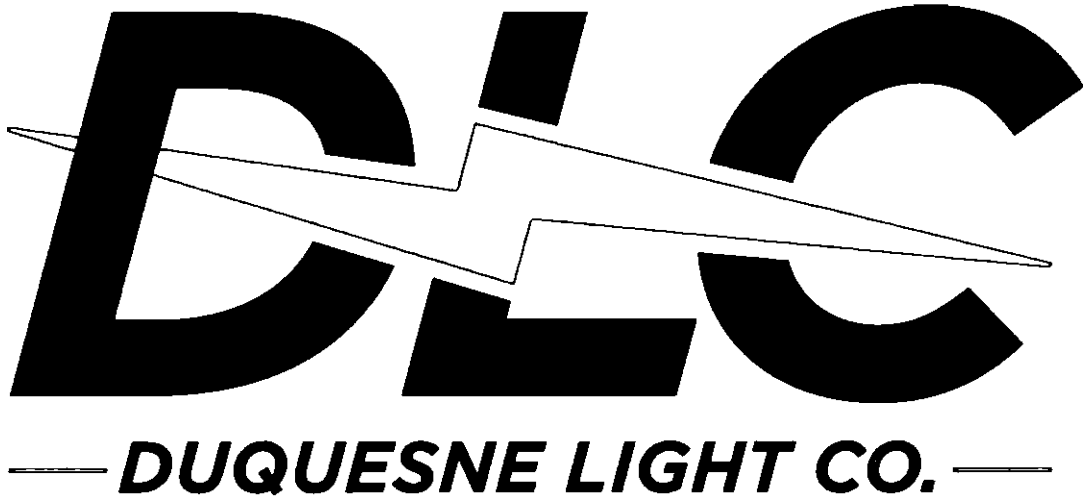
Respectfully Submitted,

Michael Zimmerman
Counsel, Regulatory

Enclosure

Cc: Certificate of Service (*non-confidential version*)

R-2013-2372129



Duquesne Light Company

2018/2019 LED Street Light
Pilot Program Report

July 31, 2019

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Introduction

Duquesne Light Company (“Duquesne Light” or the “Company”) hereby submits this Light Emitting Diode (LED) Street Light report pursuant to the Company’s Distribution Rate Case Settlement approved by the Pennsylvania Public Utility Commission (“Commission”) at Docket No. R-2013-2372129 (“Rate Case Settlement”). Pursuant to the Rate Case Settlement, the Company agreed to submit a report to PennFuture, the Commission, the Bureau of Investigation & Enforcement (I&E), the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA) within 90 days after the end of each annual period commencing May 1 in which the program is in effect.¹ The annual reports will outline (a) the actions that Duquesne Light has taken in the continuation of the program, (b) the responses that have been received from municipalities, (c) the number of LED fixtures installed in Duquesne’s service territory during the preceding year, (d) average cost of the fixtures, (e) average costs of installation and (f) replacement costs for any failed fixtures. Duquesne Light’s 2018-2019 LED Street Light Program commenced on April 30, 2018. This report details the information described above as required by the Rate Case Settlement.

Summary of LED Street Light Pilot Program

a) Actions Duquesne Light Took Facilitating the 2018-2019 LED Pilot Program

Duquesne Light Company successfully completed its fifth annual LED Street Light Pilot Program. Information about the pilot program was communicated to the 154 municipalities within Duquesne Light’s service territory at the beginning of the pilot. A letter announcing the program, an application, and the participation requirements and guidelines was sent to all municipal street lighting customers in the Company’s service territory (see Appendix A for an example of these materials). Announcements were sent via US Mail as well as email and were addressed to the municipal, borough, and

¹ Paragraph 47 of the Rate Case Settlement provides, “The LED pilot will remain in effect until the end of the Future Test Year in the Company’s next general rate proceeding.” The Company’s next general rate case, at Docket No. R-2018-3000124, used calendar year 2018 as a Future Test Year; thus, the LED Street Light Pilot Program will no longer be in effect after program year 2018-2019. The Company’s subsequent LED street light conversions are subject to paragraph 46 of the settlement in that proceeding, which the Commission approved by Order entered December 20, 2018.

township administration. The program allowed municipalities to convert a minimum of ten (10) contiguously installed 70 Watt and/or 150 Watt High Pressure Sodium (HPS) Cobrahead fixtures to the equivalent 43 Watt and 106 Watt LED Cobrahead fixtures. Participating municipalities were required to accept a minimum of ten (10) LED street lights in a contiguous location. The deadline to apply for the LED Pilot Program was August 1, 2018. The LED street lights were allocated on a first come first served basis to the participating municipalities by their respective application dates. In an effort to promote the pilot program, a LED Street Lighting Team representative was assigned to each municipality to answer any questions and to assist with any issues. The LED Street Lighting Team worked closely with the municipalities to answer questions and to provide cost savings analysis, street light locations and wattages. The program continues to be well received and the responses showed a high level of interest to participate. The LED Street Lighting Team worked with the municipalities to determine the locations of 10 contiguous street lights for the LED street light conversion. The first LED street light installations commenced after the August 1, 2018 application deadline and levelized over the course of one year. A total of 1507 LED street lights were subscribed.

b) Responses Received From Municipalities

Duquesne Light received responses from 62 municipalities to participate in the LED Street Light Pilot Program. Overall, the Company received positive feedback from the participants. Community leaders and residents expressed that they prefer the “white” light and claimed the lights have enhanced visibility.

c) Number of LED Fixtures Installed

Duquesne Light installed 1,507 LED street lights over this report period. Pursuant to the Company’s rate case settlement, the Company allocated 1,507 lights for municipal customers. All 1,507 street lights were installed before the end of the pilot program year.

d) Average Cost of Fixtures

The cost of a 43 Watt LED street light fixture is \$ [REDACTED] and the cost of a 106 Watt street light fixture is \$ [REDACTED]. The costs listed above were applicable during the entire fifth year of the pilot program.

e) Average Costs of Installation

The average cost to install a 43 Watt LED street light fixture, including materials and labor, is approximately \$ [REDACTED]. The average cost to install a 106 Watt LED street light fixture, including materials and labor, is approximately \$ [REDACTED].

The breakdown of the average installation cost per fixtures is as follows:

- 43 Watt LED Fixture – fixture cost \$ [REDACTED] plus \$ [REDACTED] in labor cost is a total average cost of \$ [REDACTED].
- 106 Watt LED Fixture – fixture cost \$ [REDACTED] plus \$ [REDACTED] in labor is a total average cost of \$ [REDACTED].

The average installation labor cost of \$ [REDACTED] was calculated using the total labor cost incurred to install all of the 1,507 LED street lights.

As stated above, the material costs per fixture are actual costs.

f) Replacement and Repair Costs

During the fifth year of the program, Duquesne Light had zero LED street light replacements compared to the fourth year with six replacements.

Conclusion

The LED Pilot Program continues to be successfully implemented and well received by customers. The overall response to the LED pilot program was very positive and demonstrates that the municipalities in the Company's service territory are interested in converting the HPS street lights to LED street lights. The feedback that the Company received regarding the willingness of the municipalities to participate in the program was due to cost savings and environmental concerns.

APPENDIX A – Communications Material

April 30, 2018

Re: 2018 LED Municipal Cobra head Street Lighting Conversion Pilot Program

Dear Municipal Street Lighting Customer,

We are pleased to announce that the LED Pilot Program will again be offering our Municipal Street Lighting customers an opportunity to participate in the 2018 LED Cobra head Street Lighting Conversion Pilot Program. The program will allow municipalities to convert a minimum of ten (10) contiguously installed 70 Watt and/or 150 Watt High Pressure Sodium (HPS) Cobrahead fixtures to the equivalent 43 Watt and 106 Watt LED Cobrahead fixtures. There will be a charge associated with the removal of the existing High Pressure Sodium (HPS) street lights which is set forth in enclosed documents.

The Duquesne Light LED Pilot Program has been approved by the PA Public Utility Commission. The energy efficient LED Cobrahead Street Light has been added to the Municipal Street Light rate (Tariff SM) and all facilities will continue to be installed, maintained, and owned by Duquesne Light Company. This year's pilot program will begin May 1, 2018 and all municipalities in our service territory are eligible to participate upon the filing of an application and meeting the requirements of the pilot program.

We are looking forward to working with our municipal partners to provide this exciting opportunity. Attached you will find the guidelines and requirements to participate in the pilot program, a list of frequently asked questions, and an application for enrollment. Please do not hesitate to contact us with any questions that you may have about the program. Send your questions to LEDPILOT@duqlight.com and a member of our Duquesne Light LED Street Lighting Team will return your call within approximately three (3) business days.

Sincerely,

LED Street Lighting Team

PURPOSE OF DUQUESNE LIGHT'S LED STREET LIGHTING PILOT PROGRAM

The Duquesne Light LED Cobrahead Street Lighting Pilot Program is a result of a settlement agreement between Duquesne Light and other parties, including PennFuture, to advance LED Street Light Technology. The technology for LED Street Lights is relatively new and there are currently no long-term studies regarding their performance and longevity or any data that can predict future maintenance costs and acceptance by customers and the public once installed along roadways. The pilot program will provide Duquesne Light, PennFuture and our municipalities with valuable data related to life cycle performance, maintenance costs, and public response to the new LED fixtures. The Pilot Program provides a maximum of 1,500 LED Street Lights to be installed yearly. This will allow all interested municipalities to participate during the pilot periods which began May 1, 2014 and will remain in effect until the Commission enters an Order in Duquesne Light's next base rate case.

DUQUESNE LIGHT'S 2018 LED COBRAHEAD STREET LIGHT PILOT PROGRAM

PARTICIPATION REQUIREMENTS

- Duquesne Light will install up to a maximum of 1,500 LED Cobrahead Street Lights yearly in nominal LED Lamp wattages of 43 or 106 watts, which are equivalent to 70 watt and/or 150 watt Cobrahead High Pressure Sodium Street lights, respectively, under Rate SM. Duquesne Light will incur the cost of the LED Street Light Fixture and the installation costs and include them in its utility rate base.
- Duquesne Light will offer participation in the LED Street Light Pilot Program beginning in May 2018.
- The LED street lights will be offered to all of our Municipal Street Lighting Customers with existing 70 and 150 watt Cobrahead High Pressure Sodium Lights installed under Duquesne Light's Rate SM.
- Municipalities interested in participating in the 2018 pilot program must submit their application to our LED Street Lighting Team via e-mail at LEDPILOT@duqlight.com by **August 1st 2018**. If you do not have access to an email account, please mail your application to 'Duquesne Light LED Pilot Program' c/o Earl Elder – 469 Hershey Rd. Pittsburgh, Pa 15235
- Participating municipalities are required to accept a minimum of (10) LED street lights in a contiguous location.
- Duquesne Light reserves the right to limit participation in any year of the pilot program.
- Only existing 70 Watt and 150 Watt High Pressure Sodium (HPS) Cobrahead street light fixtures will be converted to their equivalent 43 Watt and 106 Watt Cobrahead LED fixture.
- The current monthly distribution cost for a 43 Watt LED street light (equivalent to 70 watt HPS) will be \$11.16 per light (cost does not include supply charges).
- The current monthly distribution cost for a 106 Watt LED street light (equivalent to 150 watt HPS) will be \$12.82 per light (cost does not include supply charges).

- The 2018 removal charge for each HPS street light fixture is \$109.00. Payment is required before the conversion can be scheduled. Acceptable payment method is by check made out to Duquesne Light Company and mailed to 'Duquesne Light LED Pilot Program c/o Earl Elder – 469 Hershey Rd. Pittsburgh, Pa 15235.
- If the pilot program is undersubscribed in any period it may be possible for the participating municipalities to receive more than ten (10) LED Street Lights on a first come, first served basis by application date at the discretion of Duquesne Light, provided there are a minimum of ten (10) contiguous lights at any location.
- Upon receipt of the application a LED Street Lighting Team Member will contact you to review your application and discuss the details of converting the street lights.
- All questions pertaining to the LED Pilot Program should be sent to LEDPILOT@duqlight.com or contact us at 412-393-2704.

FREQUENTLY ASKED QUESTIONS

What LED street light fixture did Duquesne Light select for the pilot program? *Duquesne Light selected for the pilot program the GE Evolve LED Roadway Scalable Cobrahead fixture. The GE Evolve fixture was awarded a "Best in Class" designation in 2012 Next Generation Luminaires Solid State Lighting Design Competition in the Roadway Lighting category. The award was created to recognize excellence in energy-efficient LED commercial lighting unit design.*

Why isn't the LED Street Light Rate significantly lower than the HPS Street Light Rate? *The rate does not include the energy or supply charges. The monthly rate is for Distribution only which includes the cost of the new LED street light fixture and an estimate of associated maintenance costs. LED Street Lights are a relatively new technology and there is currently considerable uncertainty regarding the life span of the LED street lights. In addition, a LED fixture is much more expensive than the equivalent HPS fixture.*

Why are we being charged maintenance costs? *While industry expert predict that LED street lights can have up to a 12 year life span there is currently no data that substantiates this prediction. The LEDs or Light Emitting Diodes do have an extended life compared to HPS lamps, but they are not maintenance-free. Other components, i.e. drivers, photocells of LED fixture have the same potential to fail as an HPS fixture. Additionally, street lights are susceptible to damage by motor vehicle accidents, lightning strikes, and vandalism.*

Who selects the location of the LED street lights and who will determine if the street lights are in a contiguous location? *The municipalities will be required to identify and submit the proposed location of the HPS/LED conversion. Duquesne Light field personnel will verify that the street lights submitted by municipalities are in a contiguous location and meet the criteria of the program. HPS street lights will not be allowed to be interspersed with the new LED street lights on any street or roadway.*

What is the definition of contiguous? *Contiguous means "connected throughout in an unbroken sequence or touching along a common border immediately next to each other." The purpose of the pilot program is to demonstrate and observe the difference between the existing HPS "lighting" and new LED "lighting" in a location that is currently lit.*

How do we apply for the pilot program? *All applications must be sent to the following e-mail address: LEDPILOT@duqlight.com or if you do not have e-mail send to 'Duquesne Light Pilot Program' c/o New Business 2645 New Beaver Ave., Pittsburgh, PA 15233 by August 1st, 2018.*

When is the deadline and what if we miss the deadline? *The deadline for applications for 2018 is August 1, 2018. Late responses may be considered for the pilot program if it is undersubscribed.*

What if we have a question or need help filling out my application? *Send all questions to our e-mail address LEDPILOT@duqlight.com or by calling 412-393-2704 and a member of our LED Street Lighting Team will contact you within approximately 3 business days to answer your questions or offer any assistance.*

How many municipalities did you include to participate in the pilot program? *The pilot program is being offered to all municipalities in Duquesne Light service territory. Private Area Lighting customers are not eligible to participate in the program.*

Can we install new LED street lights where we currently do not have any? *No, the current program is a replacement program, but the Company will also consider circumstances where a municipality has taken down lights which have not been replaced; provided the HPS Streetlight was taken down sometime after January 1, 2013.*

Can we apply for more than ten (10) LED street lights? *Yes, but you must take a minimum of 10 contiguous street lights and the award will depend on the overall interest in the program. Undersubscribed street lights will be allocated on a first come, first served basis by application date.*

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have 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 FIRST CLASS MAIL

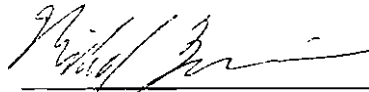
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

David T. Evrard, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Sharon Webb, Esquire
Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Citizens for Pennsylvania's Future
200 First Avenue
Suite 200
Pittsburgh, PA 15222

Date: July 31, 2019



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| <p>0.3 LBS LTR 1 OF 1</p> <p>SHIP TO: ROSEMARY CHIAVETTA, SECRETARY 717-772-7777 PA PUBLIC UTILITY COMMISSION 400 NORTH STREET 2ND FLOOR, ROOM N201 COMMONWEALTH KEYSTONE BLDG HARRISBURG PA 17120-0200</p> | <p>PA 171 9-20</p>  | <p>UPS 2ND DAY AIR 2</p> <p>TRACKING #: 1Z 187 399 02 9817 3659</p> | <p>BILLING: P/P</p> <p>Cost Center: 492 Reference #: 2: LED Streetlight Report 08231524</p> <p>WNTNVS0 15 0A 07,2019</p>  |
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