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March 6, 2020

**Via Electronic Filing**

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

**Re: Petition of Duquesne Light Company for Approval of a Customer Rate Contract  
Docket No. P-2019-3014640**

Dear Secretary Chiavetta:

On November 21, 2019, Duquesne Light Company filed a CONFIDENTIAL, unredacted copy of the *Petition of Duquesne Light Company for Approval of a Customer Rate Contract* ("Petition") at the above-captioned docket. Attached for filing, please find a public, redacted copy of the Petition.

Sincerely,

A handwritten signature in blue ink that reads "Michael Zimmerman".

Michael Zimmerman

Enclosures

cc: Darren Gill, TUS (dgill@pa.gov)  
Debra Backer, TUS (dbacker@pa.gov)  
Jordan Van Order, TUS (jvanorder@pa.gov)



**I. Background**

*a. Duquesne Light Company*

1. Duquesne Light Company is a public utility and electric distribution company (“EDC”) as defined in Sections 102 and 2803 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2803. Duquesne Light provides electric supply service to approximately 600,000 customers in its certified service territory, which includes portions of the City of Pittsburgh and Allegheny and Beaver Counties of Pennsylvania.

2. The name and address of Duquesne Light’s attorney for purposes of this filing is as follows:

Michael Zimmerman (Pa. I.D. 323715)  
Counsel, Regulatory  
Duquesne Light Company  
411 Seventh Avenue  
MD: 15-7  
Pittsburgh, PA 15219  
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Counsel consents to electronic service of any documents associated with this Petition.

3. Enclosed with this Petition are: Appendix A, the CONFIDENTIAL Rate Contract between the Company and [REDACTED] entered into and filed pursuant to the Company’s Tariff Rule No. 4; and Appendix B, a copy of the Company’s Tariff page containing Tariff Rule No. 4.

[REDACTED] *The* [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

5. The Company plans to establish electric service to [REDACTED]

[REDACTED] electric demand will initially be [REDACTED] which corresponds to the Company's Rate

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

6. The Company will incur limited incremental costs to serve [REDACTED] The

Company will deliver 23 kV untransformed service via new supply line facilities to an existing 5

MVA customer-owned substation. The Company estimates that these new facilities associated

with interconnecting [REDACTED] primarily constituting [REDACTED]

[REDACTED]

\_\_\_\_\_

[REDACTED]

[REDACTED], will cost approximately [REDACTED]. These facilities comprise the Company's total incremental capital costs to serve [REDACTED]. The Company does not project any incremental operations and maintenance ("O&M") expense associated with service to [REDACTED] during the term of the Contract.

*c. The Contract*

7. The Contract would provide [REDACTED] discount off the otherwise-applicable base distribution variable rate until [REDACTED]. The Contract recognizes that [REDACTED] [REDACTED] The Contract would discount only base distribution variable charges; the discount would not apply to the customer charge, generation charges, transmission charges, or distribution surcharges.<sup>3</sup> [REDACTED] [REDACTED] would remain subject to all applicable tariff rules and riders.

8. [REDACTED] monthly distribution charges under the Contract will vary depending on its peak demand and load factor. [REDACTED] Correspondingly, the total value of the discount

<sup>3</sup> The Company's Distribution System Improvement Charge (DSIC) is computed, in part, using the Company's quarterly distribution revenues. Because the amount of the Contract discount represents an extremely small proportion of the Company's total distribution revenues, the Company anticipates the discount will have only negligible impact on the DSIC. See Tariff Rider No. 22 – Distribution System Improvement Charge.

over the term of the Contract [REDACTED]  
[REDACTED].

9. The Contract, including the amount of the rate discount, was the result of arms-length negotiations between the Company and [REDACTED]. As discussed below, the Company submits that the Contract's rate discount is reasonable [REDACTED]  
[REDACTED].

10. Upon expiration of the Contract on [REDACTED] the Company anticipates entering into a subsequent special contract to the extent warranted, or returning [REDACTED] to the then-applicable tariffed rate.

## **II. The Contract Should be Approved**

### *a. The Contract's Benefits Outweigh Its Costs*

11. The Company anticipates that it will recover all of its incremental costs to serve [REDACTED] during the term of the Contract or shortly thereafter. As indicated above, the Company expects to recover [REDACTED] in incremental base distribution revenues under this Contract. [REDACTED] would thereafter continue to generate incremental throughput and base distribution revenues. These incremental revenues from [REDACTED] will be more than adequate to recover the Company's estimated [REDACTED] in incremental costs to serve it. The Contract thus secures a valuable source of new throughput that will ultimately offset the revenue requirement recovered through rates.

12. In addition to these incremental net revenues, [REDACTED] will deliver other benefits to the Company's customers that further justify the rate discount reflected in the Contract. [REDACTED]  
[REDACTED]

[REDACTED]

13. The Company also foresees significant potential opportunities [REDACTED]

[REDACTED]

14. [REDACTED] will also be an asset to the Company and its customers [REDACTED]

[REDACTED]

*b. The Contract Satisfies the Requirements of Rule No. 4 Special Contracts*

15. The Contract conforms to the Company's Tariff Rule No. 4, which provides in relevant part:

The Company at its sole discretion may enter into special contracts for electric service with industrial or commercial customers to address changing business needs, operating conditions or less expensive competitive alternatives for energy. If requested by the Company, the customer shall provide to the Company, on a confidential basis, all information, records and financial analysis necessary to evaluate the customer's request for a special contract.

Terms and conditions of service will be mutually agreed upon by the Company and the customer and included in a signed contract, which will be filed with the Public Utility Commission. The Company at its sole discretion may request Public Utility Commission approval. The terms of the agreement will be confidential upon filing

with the Commission. Rates established under special contracts will be sufficient to recover, at a minimum, all appropriate incremental costs. Any special contracts written to become effective on or after January 1, 2007, shall apply only to charges for the distribution service provided by the Company.

The contract shall contain all terms and conditions and the rates and charges to be paid for electric service.

The contract shall be for a period of no less than one (1) year and no greater than ten (10) years.

16. [REDACTED] is eligible for a special contract under Rule No. 4 because [REDACTED] represents a significant change to [REDACTED] business needs and operating conditions. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

17. As discussed above, the Company's projected total incremental revenues recovered from [REDACTED] will exceed its projected total incremental costs [REDACTED] either during the term of the Contract or shortly thereafter. Finally, the Contract's term is [REDACTED] which falls within the 1-to-10 year period provided for under Rule No. 4.

**III. Conclusion**

WHEREFORE, the Company submits that the Contract is reasonable, justified in light of its benefits, and consistent with all applicable requirements of the Company's tariff. The Company therefore respectfully requests that the Commission approve the Contract to become effective.

Respectfully submitted,



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DATE: November 21, 2019





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**RULES AND REGULATIONS - (Continued)****CONTRACTS, DEPOSITS AND ADVANCE PAYMENTS**

**4. CONTRACTS** The Company reserves the right to require non-residential customers to sign a written contract indicating the rate for electric service and to require a contract term which, in the judgment of the Company, is sufficient to justify the cost of any facilities installed for the exclusive use of the customer and to compensate the Company for other incremental costs of Nonstandard Service. Customers who have facilities extended for their exclusive use will be permitted to purchase electricity from an EGS according to the provisions of direct access and 66 Pa.C.S. § 2807. Extension of such facilities will not be conditioned on the customer's agreement to purchase supply from the Company. Receipt of electric service by any entity, however, shall constitute the receiver a customer of the Company, subject to its rules and regulations, whether service is based upon contract, agreement, accepted signed application or otherwise. The customer shall notify the Company, in advance of receipt of electric service, of the customer's name, address to which the electricity is to be delivered, the address to which the bill is to be mailed, the date delivery of electricity is to commence, and provide information requested by the Company regarding the customer's credit standing. The customer shall notify the Company to cancel electric service and the customer shall be responsible for payment for all electric charges until the customer has so notified the Company to cancel electric service. (C)

The Company at its sole discretion may enter into special contracts for electric service with industrial or commercial customers to address changing business needs, operating conditions or less expensive competitive alternatives for energy. If requested by the Company, the customer shall provide to the Company, on a confidential basis, all information, records and financial analysis necessary to evaluate the customer's request for a special contract. (C)

Terms and conditions of service will be mutually agreed upon by the Company and the customer and included in a signed contract, which will be filed with the Public Utility Commission. The Company at its sole discretion may request Public Utility Commission approval. The terms of the agreement will be confidential upon filing with the Commission. Rates established under special contracts will be sufficient to recover, at a minimum, all appropriate incremental costs. Any special contracts written to become effective on or after January 1, 2007, shall apply only to charges for the distribution service provided by the Company.

The contract shall contain all terms and conditions and the rates and charges to be paid for electric service.

The contract shall be for a period of no less than one (1) year and no greater than ten (10) years. (C)

The contract will be terminated by the Company if the Company charges are not paid when due as specified in Tariff Rule No. 21, before the addition of the Late Payment Charge. Upon termination of the contract under these conditions, the regular electric tariff rates will be applied to electric service rendered from that point forward. A new special contract will not be made available to a customer whose previous special contract was terminated because of failure to pay bills as specified in Tariff Rule No. 21. (C)

For contracts that contain provisions governing the customer's rights under direct access, the Company will unbundle the customer's contract and the customer will be eligible to obtain electricity from an EGS only in accordance with the terms and conditions of the customer's contract. Upon expiration of their contract, special contract customers will default to Rider No. 9 – Day-Ahead Hourly Price Service. (C)