



**Michael Zimmerman**  
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September 20, 2021

**Via Electronic Filing**

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

**Re: Duquesne Light Company – Rider No. 20 Smart Meter Charge  
Docket No. – M-2021-\_\_\_\_\_**

Dear Secretary Chiavetta:

Enclosed for filing, please find an original copy of Duquesne Light Company's ("Company") supporting documentation for the rates at Rider No. 20 to Tariff-Electric, PA. P.U.C. No. 25 ("Smart Meter Charge") for the period October 1, 2021 through December 31, 2021. As indicated herein, Smart Meter Charge rates will not be changing, therefore, the Company is not here filing a tariff supplement.

Should you have any questions, please feel free to contact me or David Ogden, Manager of Rates and Tariff Services, at 412-393-6343.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Michael Zimmerman".

Michael Zimmerman  
Senior Counsel, Regulatory

Cc: Enclosure  
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):

### ELECTRONIC MAIL

Bureau of Investigation & Enforcement  
Richard Kanaskie  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor West  
PO Box 3265  
Harrisburg, PA 17105-3265  
[rkanaskie@pa.gov](mailto:rkanaskie@pa.gov)

Office of Consumer Advocate  
Aron Beatty  
555 Walnut Street  
Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101-1923  
[ABeatty@paoca.org](mailto:ABeatty@paoca.org)

Office of Small Business Advocate  
Sharon Webb  
Steve Gray  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101  
[swebb@pa.gov](mailto:swebb@pa.gov)  
[sgray@pa.gov](mailto:sgray@pa.gov)

Bureau of Audits  
Pennsylvania Public Utility Commission  
Barbara Sidor  
Commonwealth Keystone Building  
400 North Street, 3<sup>rd</sup> Floor East  
Harrisburg, PA 17120  
[bsidor@pa.gov](mailto:bsidor@pa.gov)



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Dated: September 20, 2021

Duquesne Light Company  
Smart Meter Cost Recovery Charge  
Calculation of Smart Meter Charge Rates  
Tariff Rider No. 20  
Effective October 1, 2021 (1)

| <u>Line</u>  | <u>Common<br/>Plant</u>   | <u>Single<br/>Phase<br/>Meters</u> | <u>Poly<br/>Phase<br/>Meters</u> |
|--|---|------------------------------------|----------------------------------|
| 1 Average Projected Smart Meter Plant In Service                                       | \$0   | \$0                                | \$0                              |
| 2 Annual Depreciation (years)  | 10  | 15                                 | 15                               |
| 3 Annual Depreciation  | \$0   | \$0                                | \$0                              |
| 4 Accrued Depreciation   | \$0   | \$0                                | \$0                              |
| 5 Weighted Average Pre-Tax Rate of Return (PTRR)(page 2)                               | 9.04%   | 9.04%                              | 9.04%                            |
| <u>Formula and Calculation</u>   |   |                                    |                                  |
| 6  | $SMC = [(( NPIS * PTRR/4) + Dep/4 + O\&M - S + e/4) / M] * (1/(1-T))$                         |                                    |                                  |
| 7  | <u>(Plant-accrued depreciation-ADIT)*Return + Depreciation + O&amp;M - Savings + e-Factor</u> |                                    |                                  |
| 8  | Meters per Quarter * (1-Gross Receipts Tax)   |                                    |                                  |
| 9 Smart Meter Plant In Service   | \$0   | \$0                                | \$0                              |
| 10 Less Accrued Depreciation   | \$0   | \$0                                | \$0                              |
| 11 Less Accumulated Deferred Income Taxes  | \$0   | \$0                                | \$0                              |
| 12 Net Plant   | \$0   | \$0                                | \$0                              |
| 13 Weighted Rate of Return/4   | 2.26%   | 2.26%                              | 2.26%                            |
| 14 Return  | \$0   | \$0                                | \$0                              |
| 15 Depreciation/4  | \$0   | \$0                                | \$0                              |
| 16 O&M Expense (Projected for Quarter)   | \$0   | \$0                                | \$0                              |
| 17 Savings   | \$0   | \$0                                | \$0                              |
| 18 e-Factor/4 (2)  | \$0   | \$5,766                            | \$4,169                          |
| 19 Adjustment/4  | \$0   | \$0                                | \$0                              |
| 20 Smart Meter Revenue Requirement (SMRR)  | \$0   | \$5,766                            | \$4,169                          |
| 21 Meters  |   | 578,526                            | 21,772                           |
| 22 Share of Total Meters   |   | 96.4%                              | 3.6%                             |
| 23 Allocated Common Plant SMRR Based on Meters<br>(Line 20 * Line 22)                  |   | \$0                                | \$0                              |
| 24 Total Revenue Requirement by Meter Type for Upcoming Quarter<br>(Line 20 + Line 23) |   | \$5,766                            | \$4,169                          |
| 25 Current Meter Count   |   | 578,526                            | 21,772                           |
| 26 Projected Quarterly Bills Based on Meter Count (line 25 x 3)                        |   | 1,735,579                          | 65,315                           |
| 27 Monthly Charge per Meter for Upcoming Quarter (Line 24 / Line 26)                   |   | \$0.00                             | \$0.06                           |
| 28 Pennsylvania Gross Receipts Tax Rate (PA GRT)                                       |   | 5.9%                               | 5.9%                             |
| 29 <b>Monthly Smart Meter Charge Including GRT (\$/month/meter)</b>                    |   | <b>\$0.00</b>                      | <b>\$0.07</b>                    |

(1) As part of the Company's distribution rate case at Docket No. R-2018-3000124, the Company sought permission to roll its Smart Meter Charge ("SMC") into base rates. All SMC costs have been subject to audit as part of the reconcilable surcharge, and any costs that were previously included in the surcharge remain subject to audit pursuant to the Commission's rules and regulations. Any remaining over/under collection balance will continue to be refunded or recouped, as applicable, through the SMC.

(2) E-factor component based on \$515,937 under collection balance at June 30, 2020 and projected E-factor revenue of \$476,197 through December 2020, for a total estimated under collection of \$39,740 through December 2020. Under collection to be recouped over the one-year period commencing on January 1, 2021 (Single Phase \$23,062/4; Poly Phase \$16,678/ 4).

Duquesne Light Company  
Smart Meter Cost Recovery Charge  
Weighted Average Cost of Capital  
Tariff Rider No. 20  
Effective October 1, 2021

Line

Pre-Tax Weighted Average Cost of Capital

|                        | <u>Weight (1)</u> | <u>Cost</u> | <u>Weighted<br/>Average<br/>Cost</u> | <u>Gross<br/>Revenue<br/>Conversion<br/>Factor</u> | <u>Pre-Tax<br/>Weighted<br/>Average<br/>Cost</u> |
|------------------------|-------------------|-------------|--------------------------------------|--|--|
| 1 Debt (1)             | 47.74%            | 4.39%       | 2.09%                                |  | 2.09%  |
| 2 Preferred Equity (1) | 0.00%             | 0.00%       | 0.00%                                | 1.40631  | 0.00%  |
| 3 Common Equity (2)    | <u>52.26%</u>     | 9.45%       | <u>4.94%</u>                         | 1.40631  | <u>6.94%</u>                                     |
| 4 Total Return         | 100.00%           |             | 7.03%                                |  | 9.04%  |

Calculation of Gross Revenue Conversion Factor

|                                      | <u>Rate</u> |               |
|--------------------------------------|-------------|---------------|
| 5 Gross Revenue Charge               |             | 100.00%       |
| 6 Less: State Income Taxes           | 9.99%       | <u>9.99%</u>  |
| 7 Income Before Federal Income Taxes |             | 90.01%        |
| 8 Less: Federal Income Taxes         | 21.00%      | <u>18.90%</u> |
| 9 Income After Income Taxes          |             | 71.11%        |
| 10 Gross Revenue Conversion Factor   |             | 1.40631       |

Notes:

- 1/ Weighted capitalization ratio's and cost of debt and preferred per Company's records. This information was submitted to the PA PUC in the in the Company's Fourth Quarter 2020 Quarterly Financial Report, Docket No. M-2021-3023558. Pursuant to 52 Pa. Code 71.4(c), the Company has not filed an Earnings Report for the twelve months ending March 31, 2021 or June 30, 2021 because the Company presently has a distribution rate case pending before the Commission at Docket No. R-2021-3024750.
- 2/ Effective July 1, 2017, cost of common equity reflects the published Market Based Returns on Common Equity, published in the First Quarter 2021 Quarterly Earnings Report Summary, Docket No. M-2021-3026753.