



Michael Zimmerman
Senior Counsel, Regulatory

411 Seventh Avenue
Mail drop 15-7
Pittsburgh, PA 15219

Tel: 412-393-6268
mzimmerman@duqlight.com

January 4, 2022

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 – Rider No. 22 - Distribution System Improvement Charge Supplement No. 37 to Tariff Electric – PA. P.U.C. No. 25 Docket No. M-2022-_____

Dear Secretary Chiavetta:

Enclosed for filing, please find an original copy of Supplement No. 37 to Duquesne Light Company's ("Company") Tariff-Electric, PA. P.U.C. No. 25, which amends Rider No. 22 – Distribution System Improvement Charge, to become effective January 15, 2022 through March 31, 2022. The Distribution System Improvement Charge has been updated as per Item No. 7- Residual E-Factor Recovery Upon Reset to Zero under the "Customer Safeguards" section of the Rider, which provides in relevant part:

7. RESIDUAL E-FACTOR RECOVERY UPON RESET TO ZERO The Company shall file with the Commission interim rate revisions to resolve the residual over/under collection or E-factor amount after the DSIC rate has been reset to zero. The Company can collect or credit the residual over/under collection balance when the DSIC rate is reset to zero. The Company shall refund any overcollection to customers and is entitled to recover any undercollections as set forth in Item No. 2. Audit / Reconciliation under the Customer Safeguards section. Once the Company determines the specific amount of the residual over or under collection amount after the DSIC rate is reset to zero, the Company shall file a tariff supplement with supporting data to address that residual amount.

Accordingly, Supplement No. 37 updates the Distribution System Improvement Charge to resolve E-factor. Supporting documentation is also enclosed.



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

Respectfully Submitted,

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

Michael Zimmerman
Senior Counsel, Regulatory

Enclosures

cc: Certificate of Service (w/ encl.)

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, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
rkanaskie@pa.gov

Office of Small Business Advocate
Sharon Webb
Steve Gray
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
swebb@pa.gov
sgray@pa.gov

Office of Consumer Advocate
Aron Beatty
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
ABeatty@paoca.org



Michael Zimmerman
Duquesne Light Company
411 Seventh Avenue, 15-7
Pittsburgh, PA 15219
Phone: 412-393-6268
Email: mzimmerman@duqlight.com

Dated: January 4, 2022

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).

Scott R. Ward

Scott R. Ward

Dated: January 4, 2022



SCHEDULE OF RATES

For Electric Service in Allegheny and Beaver Counties

(For List of Communities Served, see Pages No. 4 and 5)

Issued By

DUQUESNE LIGHT COMPANY

411 Seventh Avenue

Pittsburgh, PA 15219

Kevin E. Walker

President and Chief Executive Officer

ISSUED: January 4, 2022

EFFECTIVE: January 15, 2022

Issued in compliance with
Commission Order entered September 15, 2016, at Docket No. P-2016-2540046.

NOTICE

**THIS TARIFF SUPPLEMENT REMOVES PAGES, MAKES A CHANGE TO THE TABLE OF CONTENTS
AND DECREASES A RATE WITHIN AN EXISTING RIDER**

See Page Two

CANCELLING SECOND REVISED PAGES NO. 2A - 2G, FIRST REVISED PAGES NO. 2H - 2J, AND

LIST OF MODIFICATIONS MADE BY THIS TARIFF

CHANGES

List of Modifications Made by this Tariff Second Revised Page No. 2A through Second Revised Page No. 2G

First Revised Page No. 2H through First Revised Page No. 2J

Second Revised Page No. 2A through Second Revised Page No. 2G and First Revised Page No. 2H through First Revised Page No. 2J are being cancelled and removed from Tariff No. 25 via Thirty-Sixth Revised Page No. 2 as they are no longer necessary.

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Seventh Revised Page No. 3
Cancelling Sixth Revised Page No. 3

Second Revised Page No. 2A through Second Revised Page No. 2G and First Revised Page No. 2H through First Revised Page No. 2J have been removed from Tariff No. 25 and therefore from the Table of Contents.

DECREASE

Rider No. 22 – Distribution System Improvement Charge

Eleventh Revised Page No. 137
Cancelling Tenth Revised Page No. 137

The Distribution System Improvement Charge has been updated as per Item No. 7 - Residual E-Factor Recovery Upon Reset to Zero under the "Customer Safeguards" section of the Rider.

The monthly charge applicable to all rates has decreased from 0.00% to (0.04%) for the period January 15, 2022, through March 31, 2022.

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STANDARD CONTRACT RIDERS - (Continued)**RIDER NO. 22 – DISTRIBUTION SYSTEM IMPROVEMENT CHARGE****(Applicable to All Rates)**

In addition to the net charges provided for in this Tariff, a charge of (0.04%) will apply consistent with the Commission Order entered September 15, 2016, at Docket No. P-2016-2540046 approving the Distribution System Improvement Charge (“DSIC”).

(D)**GENERAL DESCRIPTION****PURPOSE**

To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

ELIGIBLE PROPERTY

The DSIC-eligible property will consist of the following:

- Poles and towers (account 364);
- Overhead conductors (account 365) and underground conduit and conductors (accounts 366 and 367);
- Line transformers (account 368) and substation equipment (account 362);
- Any fixture or device related to eligible property listed above including insulators, circuit breakers, fuses, reclosers, grounding wires, cross arms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and
- Other related capitalized costs.

EFFECTIVE DATE

The DSIC will become effective October 1, 2016.

Duquesne Light Company
Schedule 1 - Computation of Cumulative Distribution System Improvement Charge
January 15, 2022 through March 31, 2022 (Note 1)

<u>Line No.</u>	<u>Total</u>
1 Applicable Plant	- Schedule 2, Line 2
Less:	
2 Accumulated Depreciation	- Schedule 2, Line 3
DSI = Distribution System Improvement Projects	
3 Net of Accumulated Depreciation and Retirements	- Line 1 - Line 2
4 PTRR = Pre-tax return rate applicable to DSIC-eligible property	2.29% Schedule 3, Line 5, Column F
5 Pre-Tax Return	- Line 3 * Line 4
6 Dep = Depreciation Expense	- Schedule 2, Line 5
7 E = Experienced Net (Over)/Under Collections	(53,088) Note 3
8 Net Amount to be Recovered, including (Over)/Under Collections (w/o GRT)	<u>(53,088)</u> Line 5 + Line 6 + Line 7
9 Net Amount to be Recovered, including (Over)/Under Collections (w/ GRT)	<u>(56,416)</u> Line 8 * Note 2
10 PQR = Projected Quarterly Distribution Revenue	<u>156,757,889</u> Schedule 2, Line 6, Columns A through C
11 DSIC = Distribution System Improvement Charge Rate % of Billed Distribution Revenues (w/ GRT)	<u>-0.04%</u> Line 9 / Line 10 or Note 4

Note 1:

As part of the Company's distribution rate case at Docket No. R-2021-3024750, the Company sought permission to roll its Distribution System Improvement Charge ("DSIC") and the associated plant additions into base rates. The Company will be eligible to include plant additions in the DSIC once the total distribution account balances exceed the levels projected by the Company at December 31, 2022. Please see Schedule 7 - Distribution FERC Account Balance Tracker.

Note 2:

$1/(1-T) = (T = 5.9\% \text{ Gross Receipts Tax} = \text{GRT})$

Note 3:

E-factor component based on \$212,351 over collection balance at December 31, 2020, as detailed on Schedule 6. Over collection will be refunded over the one-year period commencing on April 1, 2021 in the amount of \$212,351/4.

Note 4:

The distribution system improvement charge may not exceed 5% of the amount billed to customers under the applicable distribution rates of the electric distribution company, in compliance with 66 Pa. C.S.A. § 1358(a)(1)

Duquesne Light Company
Schedule 2 - Computation of Cumulative Distribution System Improvement Charge by Month
January 15, 2022 through March 31, 2022

Line No.	(A) Jan-22	(B) Feb-22	(C) Mar-22	(D) Apr-22	(E) May-22	(F) Jun-22	(G) Jul-22	(H) Aug-22	(I) Sep-22	(J) Oct-22	(K) Nov-22	(L) Dec-22		
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	DSI = Distribution System Improvement Projects Net of Accumulated Depreciation and Retirements													Line 2 - Line 3
5	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	\$ 53,948,964	\$ 51,349,902	\$ 51,459,022											

Duquesne Light Company
Schedule 3 - Computation of Cumulative Distribution System Improvement Charge Pre-Tax Rate of Return
January 15, 2022 through March 31, 2022

Line No.	(A) Description	(B) Capitalized Ratio (1)	(C) Embedded Cost	(D) Rate of Return	(E) Tax Multiplier (3)	(F) Pre-Tax Rate of Return (PTRR) (1)
1	Long-Term Debt	46.24%	4.38% (1)	2.02%	-	2.02%
2	Preferred	0.00%	0.00% (1)	0.00%	1.40631	0.00%
3	Common Equity (2)	53.76%	9.45% (2)	5.08%	1.40631	7.14%
4	Total	<u>100.00%</u>		<u>7.11%</u>		<u>9.17%</u>
5				Annual PTRR / 4 Quarters =		2.29%

(1) The pre-tax rate of return is calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates. See Schedules 4 and 5 for additional detail.

(2) Cost of common equity reflects the published Market Based Returns on Common Equity in the Second Quarter 2021 Quarterly Earnings Report Summary, Docket No. M-2021-3028488.

(3) The tax multiplier is calculated as follows: $1/[(1 - \text{Pa. Tax Rate}) \times (1 - \text{Fed. Tax Rate})]$ where the Pa. tax rate is 9.99% and the Fed. Tax rate is 21%
 $1/[(1 - 9.99\%) \times (1 - 21\%)] = 1.40631$

Duquesne Light Company
Schedule 4 - Calculation of Capital Structure and Related Ratios
As of November 30, 2021

<u>Line No.</u>		<u>Total Company Actual Amount Outstanding (1)</u>	<u>Ratios (2)</u>
1	Total Debt (Sch. 5, Col. 1)	\$ 1,379,630,253	46.24%
2	Total Preferred & Preference Stock (Sch. 5, Col. 1)	-	0.00%
3	<u>Common Equity:</u>		
4	Common stock	-	
5	Premium on capital stock	-	
6	Other paid in capital	988,426,521	
7	Capital stock expense	-	
8	Retained earnings	618,352,326	
9	Unappropriated undistributed sub earnings	-	
10	Accumulated other comp income	<u>(2,690,662)</u>	
11	Total Common Equity	<u>1,604,088,185</u>	<u>53.76%</u>
12	Total Capital	<u><u>\$ 2,983,718,438</u></u>	<u><u>100.00%</u></u>

Duquesne Light Company
Schedule 5 - Cost of Debt and Preferred Stock as Adjusted
As of November 30, 2021

Line No	Description	[1] Amount Outstanding	[2] Percent to Total	[3] Effective Interest Rate	[4] Annual Interest Cost	[5] Average Weighted Cost Rate
1	1st Mortgage Bond 4.76% due 2/3/42	\$ 200,000,000	14.34%	4.81%	\$ 9,620,000	0.69%
2	1st Mortgage Bond 4.97% due 11/14/43	\$ 160,000,000	11.47%	5.01%	\$ 8,016,000	0.57%
3	1st Mortgage Bond 5.02% due 2/4/44	\$ 45,000,000	3.23%	5.06%	\$ 2,277,000	0.16%
4	1st Mortgage Bond 5.12% due 2/4/54	\$ 85,000,000	6.09%	5.16%	\$ 4,386,000	0.31%
5	1st Mortgage Bond 3.78% due 3/2/45	\$ 100,000,000	7.17%	3.81%	\$ 3,810,000	0.27%
6	1st Mortgage Bond 3.93% due 3/2/55	\$ 200,000,000	14.34%	3.95%	\$ 7,900,000	0.57%
7	1st Mortgage Bond 3.93% due 7/15/45	\$ 160,000,000	11.47%	3.96%	\$ 6,336,000	0.45%
8	1st Mortgage Bond 3.82% due 10/3/47	\$ 60,000,000	4.30%	3.86%	\$ 2,316,000	0.17%
9	1st Mortgage Bond 3.89% due 2/1/48	\$ 60,000,000	4.30%	3.93%	\$ 2,358,000	0.17%
10	1st Mortgage Bond 4.04% due 2/1/58	\$ 125,000,000	8.96%	4.07%	\$ 5,087,500	0.36%
11	1st Mortgage Bond 3.11% due 5/5/50	\$ 200,000,000	14.34%	3.14%	\$ 6,280,000	0.45%
12	Sub-Total	1,395,000,000	100.00%		58,386,500	4.19%
13	Amortization of loss on reacquired debt	(15,369,747)			2,027,613	
14	Amortization of gain on reacquired debt	-			-	
15	Net Long-Term Debt	<u>\$ 1,379,630,253</u>			<u>\$ 60,414,113</u>	<u>4.38%</u>

Preferred Stock

Line No	Description	Amount Outstanding	Percent to Total	Effective Cost Rate	Annual Cost	Weighted Cost Rate
1	3.75% Preferred Stock	-	0.00%	0.00%	\$ -	0.00%
2	4.15% Preferred Stock	-	0.00%	0.00%	-	0.00%
3	4.20% Preferred Stock	-	0.00%	0.00%	-	0.00%
4	4.10% Preferred Stock	-	0.00%	0.00%	-	0.00%
5	\$2.10 Preferred Stock	-	0.00%	0.00%	-	0.00%
6	Total Preferred Stock	<u>\$ -</u>	<u>0.00%</u>		<u>\$ -</u>	<u>0.00%</u>

Duquesne Light Company
Schedule 6 - E Factor Balance Reconciliation
As of December 31, 2020

1	Surcharge Revenue, Inc. GRT	\$9,138,944	
2	Surcharge Revenue, Excl. GRT		\$8,599,746 Line 1 * 0.941
3	E-Factor Revenue, Inc. GRT	\$423,111	
4	E-Factor Revenue, Excl. GRT		\$398,147 Line 3 * 0.941
5	Net DSIC Related Revenue, Excl. GRT		\$8,201,599 Line 2 - Line 4
6	Filed Current (DSIC) Revenue Requirement - Excl. GRT		\$7,874,838
7	Reconciliation Period (Over)/Under Collection		(\$326,761) Line 6 - Line 5
8	Interest on (Over)/Under Collection		(\$16,691)
9	Total Reconciliation Period (Over)/Under Collection		(\$343,452) Line 7 + Line 8
10	Balance at YE December 31, 2019, Excl, GRT		\$529,248
11	E-Factor Revenue - January 2020 - December 2020, Excl. GRT		\$398,147 Line 4
12	Prior Period Balance at December 31, 2020		\$131,100 Line 10 - Line 11
13	Reconciliation Period (Over)/ Under Collection - Jan 20 - Dec 20		(\$343,452) Line 9
14	E-Factor Balance at YE December 31, 2020		(\$212,351) Line 12 + Line 13

(1) Line 1 through Line 9 tie to the 2020 DSIC annual 1307e reconciliation filing at Docket No. M-2021-3023940

(2) Line 10 ties to the Q2 2020 DSIC quarterly filing at Docket No. M-2020-3019326

Duquesne Light Company
Schedule 7 - Distribution FERC Account Balance Tracker
January 15, 2022 through March 31, 2022

Distribution FERC Accounts	Balances at 12/31/2021 (1)	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Balances at 12/31/2022
360 LAND AND LAND RIGHTS														
361 STRUCTURE AND IMPROVEMENTS														
362 STATION EQUIPMENT														
364 POLES, TOWERS & FIXTURES														
365 OVERHEAD COND. & DEVICES														
366 UNDERGROUND CONDUIT														
367 UNDERGROUND CONDUCTORS														
368 LINE TRANSFORMERS														
369 OVERHEAD & UNDERGROUND SERVICES														
370 METERS & APPURTECES														
370.1 METER COMMUNICATION EQUIPMENT														
373 STREES LIGHTING														
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

2021 Rate Case - Distribution Electric Plant In Service - Pro Forma PFPTY (3)
Source: Docket No. R-2021-3024750

	Pro Forma PFPTY Ended 12/31/22 (2)
360 LAND AND LAND RIGHTS	\$ 23,190,000
361 STRUCTURE AND IMPROVEMENTS	72,288,000
362 STATION EQUIPMENT	536,936,000
364 POLES, TOWERS & FIXTURES	624,016,000
365 OVERHEAD COND. & DEVICES	629,457,000
366 UNDERGROUND CONDUIT	219,375,000
367 UNDERGROUND CONDUCTORS	460,253,000
368 LINE TRANSFORMERS	490,788,000
369 OVERHEAD & UNDERGROUND SERVICES	114,962,000
370 METERS & APPURTECES	151,189,000
370.1 METER COMMUNICATION EQUIPMENT	(20,000)
373 STREES LIGHTING	44,730,000
	\$ 3,367,164,000

(1) Balances at December 31, 2021 will tie to the Company's FERC Form 1, filed on April 15, 2022.

(2) DLC Exhibit 2, Book 5, Schedule C-2, Page 2 of 4, Column 2, lines 16-29.

(3) Per the final Opinion and Order of the Commission, issued on December 16, 2021 within Docket No. R-2021-3024750, paragraph #35 on page #15 states "as of the effective date of rates in this proceeding, Duquesne Light will be eligible to include plant additions in the Distribution System Improvement Charge ("DSIC") once the total distribution account balances exceeds \$3,367,154,000, which are the levels projected by the Company in this proceeding at December 31, 2022 per DLC Exhibit 2, Book 5, Schedule C-2, page 2." Please note that there is a de minimis difference between the settlement language and DLC Exhibit 2, Book 5, Schedule C-2.