



Michael Zimmerman
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March 18, 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. 20 Smart Meter Charge
Tariff Electric – PA. P.U.C. No. 25
Docket No. – M-2022-_____**

Dear Secretary Chiavetta:

Enclosed for filing, please find an original copy of Duquesne Light Company's ("Company") supporting calculations for its Rider 20 - Smart Meter Charge rates effective April 1, 2022. As indicated herein, the Smart Meter Charge rates will remain unchanged; 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 dogden@duqlight.com or 412-393-6343.

Respectfully Submitted,

A handwritten signature in blue ink that reads "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, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265
rkanaskie@pa.gov

Office of Consumer Advocate
Aron Beatty
555 Walnut Street
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ABeatty@paoca.org

Office of Small Business Advocate
Sharon Webb
Steve Gray
555 Walnut Street, 1st Floor
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Bureau of Audits
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Dated: March 18, 2022

Duquesne Light Company
Smart Meter Cost Recovery Charge
Calculation of Smart Meter Charge Rates
Tariff Rider No. 20
Effective April 1, 2022 (1)

<u>Line</u>	<u>Common Plant</u>	<u>Single Phase Meters</u>	<u>Poly Phase 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&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	\$5,144	\$2,713
19 Adjustment/4	\$0	\$0	\$0
20 Smart Meter Revenue Requirement (SMRR)	\$0	\$5,144	\$2,713
21 Meters		581,214	21,798
22 Share of Total Meters		96.4%	3.6%
23 Allocated Common Plant SMRR Based on Meters (Line 20 * Line 22)		\$0	\$0
24 Total Revenue Requirement by Meter Type for Upcoming Quarter (Line 20 + Line 23)		\$5,144	\$2,713
25 Current Meter Count		581,214	21,798
26 Projected Quarterly Bills Based on Meter Count (line 25 x 3)		1,743,642	65,393
27 Monthly Charge per Meter for Upcoming Quarter (Line 24 / Line 26)		\$0.00	\$0.04
28 Pennsylvania Gross Receipts Tax Rate (PA GRT)		5.9%	5.9%
29 Monthly Smart Meter Charge Including GRT (\$/month/meter)		\$0.00	\$0.04

(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 \$39,318 under collection balance at June 30, 2021 and projected E-factor revenue of \$7,892 through December 2021, for a total estimated under collection of \$31,426 through December 2021. Under collection to be recouped over the one-year period commencing on January 1, 2022 (Single Phase \$20,575/4; Poly Phase \$10,851/ 4).

Duquesne Light Company
Smart Meter Cost Recovery Charge
Weighted Average Cost of Capital
Tariff Rider No. 20
Effective April 1, 2022

LinePre-Tax Weighted Average Cost of Capital

	<u>Weight (1)</u>	<u>Cost</u>	<u>Weighted Average Cost</u>	<u>Gross Revenue Conversion Factor</u>	<u>Pre-Tax Weighted Average 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, June 30, 2021 or Septmber 30, 2021 because the Company had 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 Third Quarter 2021 Quarterly Earnings Report Summary, Docket No. M-2021-3030045.