



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. 22 Distribution System Improvement Charge
Supplement No. 43 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. 43 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 April 1, 2022. Seven Schedules comprising supporting documentation are also enclosed.

Should you have any questions, please do not hesitate to contact me or David Ogden, Manager of Rates and Tariff Services, at dogden@duqlight.com or 412-393-6268.

Respectfully Submitted,

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

Michael Zimmerman
Senior Counsel, Regulatory

Enclosure
Cc: 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
Forum Place, 5th Floor
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ABeatty@paoca.org

Office of Small Business Advocate
Sharon Webb
Steve Gray
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Bureau of Audits
Pennsylvania Public Utility Commission
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Dated: March 18, 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: March 18, 2022

EFFECTIVE: April 1, 2022

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

NOTICE

THIS TARIFF SUPPLEMENT DECREASES A RATE WITHIN AN EXISTING RIDER

See Page Two

LIST OF MODIFICATIONS MADE BY THIS TARIFF

DECREASE

Rider No. 22 – Distribution System Improvement Charge

**Twelfth Revised Page No. 137
Cancelling Eleventh 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 (0.04%) to (0.09%) for the period April 1, 2022, through June 30, 2022.

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 (0.09%) 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
April 1, 2022 through June 30, 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	2.31%	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	(126,516)	Note 3
8	Net Amount to be Recovered, including (Over)/Under Collections (w/o GRT)	<u>(126,516)</u>	Line 5 + Line 6 + Line 7
9	Net Amount to be Recovered, including (Over)/Under Collections (w/ GRT)	<u>(134,448)</u>	Line 8 * Note 2
10	PQR = Projected Quarterly Distribution Revenue	<u>157,243,059</u>	Schedule 2, Line 6, Columns D through F
11	DSIC = Distribution System Improvement Charge Rate % of Billed Distribution Revenues (w/ GRT)	<u>-0.09%</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 \$506,062 over collection balance at December 31, 2021, as detailed on Schedule 6. Over collection will be refunded over the one-year period commencing on April 1, 2022 in the amount of \$506,062/4.

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
April 1, 2022 through June 30, 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Line 2 - Line 3
5	-	-	-	-	-	-	-	-	-	-	-	-	
6				\$ 45,511,449	\$ 52,074,446	\$ 59,657,164							

Duquesne Light Company
Schedule 3 - Computation of Cumulative Distribution System Improvement Charge Pre-Tax Rate of Return
April 1, 2022 through June 30, 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	45.62%	4.38% (1)	2.00%	-	2.00%
2	Preferred	0.00%	0.00% (1)	0.00%	1.40631	0.00%
3	Common Equity (2)	54.38%	9.45% (2)	5.14%	1.40631	7.23%
4	Total	<u>100.00%</u>		<u>7.14%</u>		<u>9.22%</u>
5				Annual PTRR / 4 Quarters =		2.31%

(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 Third Quarter 2021 Quarterly Earnings Report Summary, Docket No. M-2021-3030045.

(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 February 28, 2022

<u>Line No.</u>		<u>Total Company Actual Amount Outstanding (1)</u>	<u>Ratios (2)</u>
1	Total Debt (Sch. 5., Col. 1)	\$ 1,380,137,156	45.62%
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	658,271,718	
9	Unappropriated undistributed sub earnings	-	
10	Accumulated other comp income	<u>(1,225,925)</u>	
11	Total Common Equity	<u>1,645,472,314</u>	<u>54.38%</u>
12	Total Capital	<u><u>\$ 3,025,609,470</u></u>	<u><u>100.00%</u></u>

Duquesne Light Company
Schedule 5 - Cost of Debt and Preferred Stock as Adjusted
As of February 28, 2022

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	(14,862,844)			2,027,613	
14	Amortization of gain on reacquired debt	-			-	
15	Net Long-Term Debt	<u>\$ 1,380,137,156</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, 2021

1	Surcharge Revenue, Inc. GRT	\$26,082,486	
2	Surcharge Revenue, Excl. GRT		\$24,543,619 Line 1 * 0.941
3	E-Factor Revenue, Inc. GRT	\$2,002,897	
4	E-Factor Revenue, Excl. GRT		\$1,884,726 Line 3 * 0.941
5	Net DSIC Related Revenue, Excl. GRT		\$22,658,894 Line 2 - Line 4
6	Filed Current (DSIC) Revenue Requirement - Excl. GRT		\$22,398,710
7	Reconciliation Period (Over)/Under Collection		(\$260,183) Line 6 - Line 5
8	Interest on (Over)/Under Collection		(\$14,293)
9	Total Reconciliation Period (Over)/Under Collection		(\$274,476) Line 7 + Line 8
10	Balance at YE December 31, 2020, Excl. GRT		(\$212,351)
11	Billing Error Included in E-Factor, Excl. GRT		\$1,865,492
12	E-Factor Revenue - January 2021 - December 2021, Excl. GRT		\$1,884,726 Line 4
13	Prior Period Balance at December 31, 2021		(\$231,585) Line 10 - Line 11 + Line 12
14	Reconciliation Period (Over)/ Under Collection - Jan 21 - Dec 21		(\$274,476) Line 9
15	E-Factor Balance at YE December 31, 2021		(\$506,062) Line 13 + Line 14

(1) Line 1 through Line 9 tie to the 2021 DSIC annual 1307e reconciliation filing at Docket No. M-2022-3030608

(2) Line 10 ties to the Q2 2021 DSIC quarterly filing at Docket No. M-2021-3024748

Duquesne Light Company
Schedule 7 - Distribution FERC Account Balance Tracker
April 1, 2022 through June 30, 2022

Distribution FERC Accounts	Balances at												Balances at 12/31/2022	
	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
360 LAND AND LAND RIGHTS	\$ 23,281,381	\$ 21,796,942	\$ 21,796,989											
361 STRUCTURE AND IMPROVEMENTS	90,226,841	90,223,455	90,225,329											
362 STATION EQUIPMENT	527,958,580	527,376,194	528,687,116											
364 POLES, TOWERS & FIXTURES	636,916,111	639,690,880	644,771,817											
365 OVERHEAD COND. & DEVICES	618,176,042	617,446,849	622,075,571											
366 UNDERGROUND CONDUIT	146,497,189	146,952,558	146,872,079											
367 UNDERGROUND CONDUCTORS	466,484,291	476,081,859	477,197,850											
368 LINE TRANSFORMERS	458,319,337	461,117,172	463,409,177											
369 OVERHEAD & UNDERGROUND SERVICES	106,982,786	107,291,687	107,613,176											
370 METERS & APPURTECES	140,532,631	140,669,281	140,691,411											
370.1 METER COMMUNICATION EQUIPMENT	-	-	-											
373 STREES LIGHTING	45,552,851	45,834,737	45,869,825											
	\$ 3,260,928,040	\$ 3,274,481,613	\$ 3,289,210,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Pro Forma FPFTY 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.

**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: March 18, 2022